

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 7, 2009  
1:00 p.m.

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PRESENT: Madeline McMillan; Sharon P. Scott; Tina L. Vick; Joseph C. Whitaker; Dr. Patricia P. Woodbury; Herbert H. Bateman; and Joe S. Frank -----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; Gregg Jones; Lisa Cipriano; Robyn Rose; Rhonda Everton; Steve Carpenter; Chad Pritchett; Monique Warren; Florence Kingston; John Roberts; Andy Stein; Izabela Cieszynski; Reed Fowler; Glenn Butler; Michael Poplawski; Everett Skipper; Brian Ramaley; Jeri Wilson; Sabine Hirschauer; and Jennifer D. Walker

Fiscal Year 2010 Recommended Operating Budget:

City Manager Hildebrandt indicated he would provide a briefing paper to City Council regarding the Information Technology budget. He reminded City Council members that the April 14, 2009 Work Session would be the next group of departmental budget presentations and would include Fire, Police and Schools.

City Manager Hildebrandt distributed a memo regarding the ICMA match program, which was a program for employees making under \$35,000 per year. The annual cost of the program totaled \$365,000. This program matched an employee's ICMA contribution up to \$40 per month. (A copy of City Manager Hildebrandt's memo is attached and made part of these minutes.)

City Manager Hildebrandt indicated that he had provided the final report from the City Assessor showing the overall increase in assessments was 2.37%, including new construction. He stated the total of all assessments was about \$150,000 less than budgeted, which created a small deficit. Single family assessments rose, on average, .01%, with some modest priced properties realizing a larger increase. Commercial, industrial and apartments, which represented about 40% of the tax base, also saw modest increases in assessments.

City Manager Hildebrandt referenced contractual services, i.e. custodians, security, landscaping, etc., in the budget. This portion of the budget totaled about \$4 million. These areas were contracted out because work could be performed more economically.

City Manager Hildebrandt referenced the performance pool line items in the budget. The amount was approximately \$190,000. This pool of money was for pay increases granted by the State for Constitutional Officers on December 1, 2008 which were deferred until July 1, 2009. He indicated that there were no pay increases included in the FY2010 budget.

Councilwoman McMillan asked for an explanation of increases in payroll line items from FY2009 to FY2010. She indicated there were areas that had increased.

City Manager Hildebrandt explained that some would appear to be increases but were actually situations, such as when an employee was replaced by a new employee making more money or, in

some cases, the position was unfilled for part of FY2009. These numbers did not include pay raises but indicated what the person would be making on July 1, 2009.

Councilwoman McMillan questioned the line item for janitorial services when the City had a contract for services that covered the entire City. She requested an explanation of why the individual departments were not using the contract.

Ms. Lisa Cipriano, Budget Manager, Department of Budget and Evaluation, indicated that the level of services needed varied based on need. She used the example of the Health Department, which would need different services than City Hall.

City Manager Hildebrandt stated that he would investigate the contractual services line items, but he believed that the services were all under the contract but were just shown differently in some budgets.

Councilwoman Woodbury asked for an explanation of the revolving funds.

City Manager Hildebrandt explained that revolving funds were situations, such as classes provided by Parks and Recreation, where the fees for the class would be received, and the payment to the instructor would be paid from the same line item, rather than having a separate account for receivables and payables.

Councilwoman Woodbury requested clarification on the contractual services for the Industrial Development Authority (IDA). Mrs. Florence Kingston, Director, Department of Development, explained that IDA contractual services were facility maintenance, surveying, engineering, consulting, legal services and accounting fees. Councilwoman Woodbury asked why the IDA did not use the City Attorney rather than paying separate legal fees.

Mrs. Kingston responded that when the IDA was initially established it was decided by the City Attorney that outside legal counsel should be used because it was a separate political subdivision, and should have its own counsel.

Councilwoman McMillan stated that if the IDA paid for maintenance of roads in the industrial parks, then it was included in Public Works budget and no State money would be received for those roads.

Mrs. Kingston indicated that the IDA paid for landscape planning and new ditch easements, not necessarily actual road maintenance.

Councilwoman McMillan questioned whether the IDA was reimbursed for costs if the maintenance was contracted out, or if Public Works was used. Mrs. Kingston explained that some ditches in high profile areas such as Oyster Point, needed to be maintained more often because of landscaping that may be damaged if not properly maintained. She indicated that grass cutting in Oakland Industrial Park was another maintenance expense. Councilwoman McMillan questioned why only certain ditches were maintained when ditches all over the City needed attention.

Councilwoman Woodbury questioned the \$950,000 debt service for Achievable Dream and why the Schools did not pay part of the debt service. Ms. Lisa Cipriano responded that the debt

service was paid jointly by the Schools and the City. The Schools transferred the funds to the City so that one payment could be issued. It was budgeted as an expense by both.

Department of Human Services

Mr. Glenn Butler, Director, Department of Human Services, indicated that the Newport News Human Services Department was one of twenty departments statewide. The Department was State supervised but locally administered. He presented the FY2010 Human Services budget. (A copy of Mr. Butler's presentation is attached and made part of these minutes.)

The proposed total was \$46.2 million and was summarized as follows:

- Projected revenues                      \$32.3 million
- Net City cost                              \$13.9 million

Core social service programs, defined as, Foster Care, Child and Adult Protective Services, Family Stabilization, Food Stamps, Medicaid and Temporary Assistance to Needy Families (TANF), were \$40.2 million in the FY 2010 budget and summarized as follows:

- Projected revenues                      \$32 million
- Net City cost                              \$8.2 million

Mr. Butler indicated that the proposed budget would allow FY2010 services to continue just as they were in FY2009.

Mr. Butler explained that the Human Services budget did have expenditure increases, most of which were offset by revenues. The Human Services expenditure increases were as follows:

- Child day care was expected to increase by \$239,411 of which 90% (\$215,470) would be reimbursable by the Commonwealth of Virginia.
- Adoption subsidy and special needs adoption were expected to increase by \$977,460, which was 100% reimbursed by the Commonwealth of Virginia.

Mr. Butler indicated that the proposed FY2010 budget reductions would not affect services. The Comprehensive Services Act (CSA) matching funds had been built up over time in anticipation of eventual shortfalls. These funds could be released without adverse affects. The proposed FY2010 Budget Reductions for the Department of Human Services were as follows:

- CSA Matching Funds                      \$1,023,122
- State/Local Hospital                      \$ 58,337
- Two vacant Senior Social Work positions      \$ 141,994
- Vacant Services Coordinator                      \$ 52,474
- Two vacant Part time Fuel Assistants              \$ 55,630
- Move four guards to Public Works              \$ 135,400
- Reduce conference room size                      \$ 19,000

The proposed reductions totaled \$1,485,957, with no job loss or affected services.

Other program costs/revenues entailed services such as Healthy Families, Comprehensive Services Act, Newport News/Virginia Cooperative Extension, Office on Children Youth and Families, and the Family Homeless Prevention Services.

• Estimated costs	\$5,900,000
• Revenue	\$ 248,102
• Net City cost	\$5,700,000

Mr. Butler shared the following accomplishments of the Department of Human Services:

- 98.75 Food Stamp payment accuracy rate, which was the second highest in the Commonwealth of Virginia
- 236 children in Foster Care, which was the lowest number in the history of the Department
- Of 1,143 the hard-to-serve clients in Welfare to Work program, 681 were employed with an average wage of \$7.62, 70% of those employed maintained their job for five months or more
- Targeted outreach programs – 19,000 hours of service to participants by 45 agencies
- Community Services Board/Healthy Families Pilot

Mr. Butler explained, from 2007 - 2008, requests for services increased in the following areas, due to the weak economy:

- Food Stamp requests increased 19%
- Fuel Assistance requests increased 22%
- Temporary Assistance to Needy Families (TANF) requests increased by 16%
- Medicaid requests increased by 7%
- Child Day Care requests increased by 3%
- Child Protective Service requests increased by 7%
- Family Stabilization requests increased 64%

Mr. Butler stated, in FY2010, community support grants would be level funded, which meant no new requests, but funding remained the same. The rationale was that the needs of citizens increased due to the economy.

Mr. Butler explained, in FY2009, the City relied heavily on the PORT Winter Shelter program operated by LINK of Hampton Roads. This program provided shelter for individuals and families in church-based emergency shelters. These shelters were appropriate for adults, but not families. In FY2010, families would be sheltered via a Salvation Army motel/hotel voucher program or through Transitions Family Violence Services. The cost was expected to exceed \$200,000 for 41 homeless families. Mr. Butler suggested using a model such as the one used in the City of Norfolk, which involved a Housing Broker Team that worked with landlords and tenants to establish an acceptable lease, despite credit and other issues. The FY2010 proposed budget for this program would be \$250,000 to implement the plan.

Councilwoman McMillan inquired about other programs these families may be involved in to end the cycle of homelessness. She requested benchmarks for success about the Norfolk program.

Mr. Butler explained that model required a case management piece be established to help families get past the credit problems and other issues that caused their problems. He indicated that part of the agreement was that Human Services staff would be contacted as soon as a problem arose. The \$250,000 would be used for eviction costs and damages caused to properties by tenants. Councilwoman McMillan inquired whether new staff would have to be hired to implement the program. Mr. Butler explained that the program would use existing staff and would be rolled into current services.

Councilwoman Woodbury was concerned about the number of employees who lost jobs in Human Services. Mr. Butler assured that no jobs were lost, the eliminated positions were vacant.

Councilman Bateman inquired about the line item for rent. Mr. Butler explained that Human Services was a tenant in their building and paid rent accordingly. Ms. Cipriano indicated the rent was reimbursable by the State, which was indicated in the revenue column.

Councilwoman McMillan inquired about the Head Start daycare line item and the extreme increase. Mr. Butler explained that there were five different types of day care through Human Services and would not necessarily be affiliated with Head Start. Ms. Cipriano explained that the reason for the increase was so there would not be a search for money, if needed.

Councilwoman McMillan suggested that the notes be placed in the Budget book explaining increased items.

Councilwoman Woodbury asked if the \$1 million saved by Human Services could be transferred to the CSB. City Manager Hildebrandt indicated that the \$1 million was to help reduce the budget deficit.

Mr. Butler explained that the Center for Child and Family Services (CCFS) was a not-for-profit corporation dedicated to providing counseling services throughout Hampton Roads. CCFS accepted insurance, or a sliding scale fee for those unable to pay. He requested a one-time grant to help sustain the Hispanic Outreach Program until future funding was obtained. The program would require a commitment from the cities of Newport News and Hampton of \$18,500. If not funded, approximately 8,000 Hispanic residents would not receive services due to language and cultural barriers.

Councilwoman McMillan inquired about a recent appropriation for a Hispanic worker.

City Manager Hildebrandt explained that the position would be with the non-profit organization, while the other position worked with the Hispanic community through Child and Family Services. He indicated this was a one-time request.

Councilwoman McMillan stated that she had always discouraged programs being funded only by grants. When the funds were gone, the programs that citizens had come to rely on went away. She disagreed with funding a program that citizens would come to rely on and then waiting to see if the funds were available the next year.

Mr. Butler indicated that the CCFS Hispanic Outreach was much broader than the Healthy Families program, and was not a duplication of services.

Mayor Frank suggested that Human Services hire bi-lingual employees to avoid duplication of services.

Department of Public Works

Mr. Reed Fowler, Director, Department of Public Works, indicated that the Public Works Department was a good steward of City funds; a first responder; and provided a wide array of services. The Department was accredited and recently audited. As first responders, any budget cuts would impact response to natural disasters. He asked City Council to consider that, with each additional tax dollar lost, services would be impacted. (A copy of Mr. Fowler's presentation is attached and made part of these minutes.)

Mr. Fowler indicated that Public Works had 350 hard working employees, who were customer focused and front-line professionals. These employees were responsible for the following:

- Securing the City's public buildings and protecting employees
- Recording the City's energy consumption and improving mechanical systems to reduce utility expenses
- Maintaining and providing custodial services for more than 2 million square feet of public buildings
- Maintaining 435 street centerline miles
- Collecting 11,109 tons of recycling
- Collecting 95,000 tons of municipal solid waste
- Maintaining 60 miles of major outfall ditches, 70 miles of back and side ditches, 50 roadside ditches, 60 bmps, 479 miles of storm drain pipe and 17,500 catch basins
- Maintaining 179 sewer pump stations, 2.5 million feet of gravity main, 13,657 manholes and 235,303 feet of sewage force mains.

Mr. Fowler stated, in FY2009, the Public Works Department accomplished the following:

- Energy Management – with a potential reduction of \$260,873 in the Public Works General Fund utility accounts for FY2010
- Greatly improved Citywide building and employee security
- Asset Management Team awarded by the ERSI International Special Achievement in GIS (SAG) Award
- APWA Accredited Award

Mr. Fowler indicated that a survey and cost of services study was completed in December of 2008. The objective of the study was to conduct a comprehensive rate analysis of the sewer user fee, stormwater fee, and solid waste user fee accounts. The study was to determine the methodology for rate increases and to be sure that rates stayed low over time through sound financial management. It also reviewed stormwater, solid waste and wastewater funds to assure sound financial stability and users of the systems were appropriately charged for the services they used. The survey determined that the Stormwater, Solid Waste and Wastewater Funds were financially healthy; rates for all three services had been set to adequately cover operating and debt expenses for FY2009; and Public Works was spending appropriately to repair and replace the wastewater system assets in a timely and efficient manner, through planning in both capital and operating budgets.

Mr. Fowler indicated that Public Works received approximately 30,000 service requests per year through its Call Center. The largest portion of the service calls were solid waste calls at almost 60%, followed by waste water calls at 16%, and stormwater with 15% of the calls. The Customer Service Center

received the calls. An analysis of the calls determined that call levels reduced after 5 p.m., which allowed a reduction in hours at the Center to be open only from 6 a.m. - 6 p.m., and the elimination of two positions (one dispatcher and one Call center Supervisor). All calls received after 6 p.m. would be recorded and answered the next business day. Mr. Fowler pointed out that the sewage stoppage crews would still be able to respond to the public health and safety issues with calls being dispatched by telephone.

Mr. Fowler explained the improvements made to Security. Cameras monitor all public buildings to mitigate illicit activities and eliminate lawsuits. The FY2010 budget included shifting some part time security officers into the monitoring center so the public buildings could be monitored 24 hours per day. Councilwoman McMillan inquired about the difference between the Human Services security and Public Works. Ms. Cipriano explained that the guards would now fall under the umbrella of Public Works so that all security guards would have the same training. She stated the funds from Human Services security had been shifted to Public Works.

Mr. Fowler advised that one Senior Storekeeper position would be eliminated from the Public Works warehouse. The workload from that position would be shared by other members of the Public Works Warehouse team. The use of P-cards shifted some of the workload from the Warehouse to the Division level. He further advised that Building Services in-house painting would be eliminated. There were two painter positions, one unfilled and one filled. Major painting would be completed by a contractor, with smaller jobs completed by preventative maintenance crews, which could have resulted in a delay for Department Directors who needed large painting jobs completed. The Juvenile Detention Maintenance Supervisor position would be eliminated; work from that position would be completed on an as needed and prioritized basis by employees staged in the City Hall area. One Assistant Administrator position was eliminated with the workload being absorbed by two Operations Superintendents.

Councilman Bateman inquired about overtime expenses, some of which had decreased, and the use of part time workers. Mr. Fowler explained those expenses were as a result of a shift in hours and workloads among custodial staff.

Councilman Bateman inquired about the decrease in part time hours in Engineering.

Mr. Everett Skipper, Director, Department of Engineering, explained that the part time decrease was due to a shift in workloads.

City Manager Hildebrandt explained it was more economical to use part time employees whenever possible, which eliminated the cost of benefits.

Councilwoman McMillan inquired about the increase in the Street Administrator, Senior Engineer Technician and Staff Technician positions that appeared to be increases in pay. Ms. Cipriano explained that the positions were vacant for a portion of the year, and then the following year, the positions were filled for the full year.

Councilwoman McMillan inquired about the increase in travel and training for Building Services of nearly \$4,000. She was concerned about the expense. Mr. Fowler explained that the line item was for new technology to clean ventilation, heating and air equipment.

Mr. Fowler stated the proposed Street Maintenance reductions were as follows:

- Street paving, maintenance and construction was reduced by \$1.7 million in FY2009, and would not be increased in FY2010
- Concrete replacement contract of \$500,000 would be eliminated because the streets were not being paved
- Ten positions would be frozen

Mayor Frank asked if any paving and resurfacing would be complete, and how long the streets could sustain under the diminished or eliminated street maintenance program.

Mr. Fowler stated that the residential street paving program had been eliminated from the FY2010 budget.

Mr. Fowler explained that the impacts caused by street maintenance reductions would be as follows:

- Approximately 6 centerline miles of street paving eliminated
- 8,000 linear feet of concrete curb and gutter replacement would not be scheduled
- Capacity to replace deteriorated sidewalks reduced
- Capacity to respond to snow storms, manmade and natural disasters diminished
- Pavement Condition Index (PCI) diminished

Mr. Fowler explained that as the streets were not repaired, the cost to make repairs increased, and the life of the streets diminished significantly. With proper maintenance, a 30-year road could last 70 years. As of April, 2009, 69% of the City's roads were in good condition. The longer repairs were delayed, the more deterioration occurred and the further behind the work fell. Councilwoman McMillan inquired about which streets ranked in the poor or failed categories. Mr. Fowler responded that 80 miles were in the worst shape, which meant, if the funds were not budgeted in the FY2011 budget, the work would be too far behind to catch up without significant increases. Mr. Fowler reiterated that the longer maintenance was delayed, the higher the costs. He hoped to see some funding for street maintenance through the Federal Stimulus Bill; however if received, those funds would be for arterial roads, not residential. Councilwoman McMillan expressed concern about the danger of relying on handouts to maintain the roads.

Mr. Fowler stated the Solid Waste User Fee increased by \$0.35 to \$5.38. This increase was put in place by Ordinance 6485-08 passed by City Council on May 12, 2008. He explained that the recycling contract was going out for bid in the near future, which could result in lower costs. Councilwoman McMillan asked for the total annual increase in solid waste operational costs.

Mr. Fowler replied that solid waste operational costs rose about 3 to 5 percent annually. Councilwoman McMillan asked why the contractual expenses would increase.

Mr. Fowler explained that the requirement to increase fees was based on one of the economic indicators.

Mr. Fowler explained that the landfill contract originated in 1990. The City was paying \$30 per ton for tipping fees, whereas on the Southside tipping fees were \$175 to \$200 per ton. The City had a good bargain and 10 years remained on the contract.

Mr. Fowler stated that Ordinance 6485-08 allowed Public Works to charge a fee to violators of Solid Waste regulations. Since the implementation of the Ordinance, 8,100 violations had occurred. He explained that one particular violator disputed the fee. This dispute was currently being handled by the City Attorney's Office and would be a test case to see whether the enforcement was in compliance with the Commonwealth of Virginia Constitution.

Councilwoman McMillan inquired whether this included neighborhood violations, and if so, how those violations were reported.

Mr. Fowler indicated that violations were reported by citizens over the phone and drive by inspections. He stated that the publicity would help bring awareness to the violations when the pending case brought a conviction. Councilman Bateman asked about the number of inspectors. Mr. Fowler stated there were five Public Works inspectors who patrolled the City looking for violations.

Mr. Fowler stated that Stormwater User Fees would increase to \$5.45/ERU, which was a 6.9% increase over the current rate of \$5.10. According to Mr. Fowler, the average household would see an increase of \$4.20 per year to \$65.40. He explained that the increase was due to Swale repairs, GIS mapping, lake enhancement, slip lining and storm restoration, that were usually included in the Capital Improvements Projects (CIP) budget; but due to cuts in the CIP, the costs had to be rolled into the operating budget for FY2010, with partial funding of \$500,000 included in the CIP cash capital.

Mr. Fowler explained that the Sewer User Fee would remain unchanged, but he recommended a \$0.45 increase of the surcharge to \$0.90, which would add an additional cost of approximately \$52.11 per single family household. The surcharge increase was necessary due to the Consent Order with the State. If the City didn't follow the procedures outlined in the Order, the EPA would evaluate the fees at 1.75% of median household income or approximately \$900 per year. He explained that the average annual bill was approximately \$189 per year. Councilwoman McMillan recalled the rate being raised in FY2009 as a result of State guidelines. She explained that City Council was not told that the rate would increase each year. She questioned whether the surcharges were placed in a fund to cover the required work, and why the surcharge was being raised again for FY2010 for the same reason. Mr. Fowler explained that Public Works was collaborating with the Department of Engineering to evaluate the status of the City's sewer system. Many unpredictable events could and had occurred. Mr. Fowler encouraged Council members not to tell citizens that the rates would not rise each year because the costs were unpredictable, given that Public Works was trying to make a best guess about underground lines.

Councilwoman McMillan questioned why a consultant was needed. She felt their job was to pinpoint the unpredictable expenses and the costs associated with them. She felt the City should receive a refund from the consultant. Mr. Fowler explained that the consultant pinpointed many expenses. He explained that the work involved conducting field studies of sewer systems. The process leading to the study predicted that 30%, or 70 basins, would need to be studied; however, the number had increased to 70%, or 140, more than double, in the original plan.

Councilwoman Woodbury asked for clarification on why the study area had doubled. Mr. Fowler explained for technical reasons, which were unclear to him, he felt sure that it was not the consultant's fault. He stated that predictions were made about what happened underground based on a

certain amount of rain and over a prolonged period. When unpredicted variables changed, it could not be controlled. Councilwoman Woodbury suggested that a new consultant be hired. Councilwoman McMillan inquired whether future construction would have an impact on the system. She felt that if it did, an impact fee should be implemented to cover the cost of new construction on the Consent Order requirements. Mayor Frank stated charging an impact fee would not allow for a reduction in the surcharge because it would not provide a current stable source of revenue. Councilwoman McMillan agreed that the impact fees would not create steady revenue, but felt that it could supplement the fund. She stated that she did not fault Mr. Fowler, but felt that asking citizens to withstand an increase each year, along with all of the other increases, was unacceptable.

City Manager Hildebrandt explained that the City was being forced by the DEQ and EPA to improve sewer and water systems. Their priority was to clean up the waters of the U.S. One of the ways they were cleaning up the water was to implement changes that required cities to find and fix areas where leaks occurred. Once all of the problems were found, they had to be repaired immediately and could not be spread out over years. By EPA guidelines, the fair rate would be \$900 per year, while residents were paying less than \$200.

Mr. Fowler stated that Public Works, in conjunction with Engineering, was scrutinizing the contract but legal pieces were not negotiable. Mayor Frank inquired when the physical inspection of the system would begin. Mr. Fowler stated the physical inspection of the system would begin in June of 2009, which would provide a better estimate of the magnitude of repairs. Councilman Bateman understood the magnitude of the problem and was concerned about the fiscal impact of the open ended project. He inquired how long this would continue. Mr. Fowler stated that the work had to continue until all problems were repaired and the City's sewer system was in compliance. Mayor Frank asked if this fee increase would cover the costs for the next five years so there would be no further increases. Mr. Fowler explained that the current increase would only give the City enough funds to get through the evaluation process. Councilwoman Woodbury stated she would rather pay the work crews than consultants who were inaccurate. Mr. Fowler explained that the funds would be used to pay crews to do "find and fix" work. Mr. Fowler suggested that Mr. Everett Skipper, Director, Department of Engineering, explain the role of the consultant.

Mr. Skipper explained that the workload of consultants was shifted substantially as new discoveries were made. He agreed that the estimate was not as good as it should have had been. Contracts that might have exceeded \$10 million had been reduced to \$2 million. Five consultants who had worked successfully with the City in the past were asked to assist with spreading the work around. The initial study was a flow monitoring program that told which of the sanitary sewer areas exceeded the standards set by DEQ and EPA. They estimated the flow rate each household was assumed to generate; it was assumed that if the flow was larger, it would be due to leakage in the system. Leakage was generally in, not out, and not pressurized. Mr. Skipper explained that the high water table in the area often lead to leakage into the sewer rather than leakage out. Another problem would be broken, cracked or deteriorated manhole covers. During 2009, meters were installed to monitor how much water flowed into the various sewer areas, compared to what was expected. The anticipated result was 30%, however 60% had failed. Due to the significant number of failures, a detailed study of each of the basins was required. The work, which involved smoke tests and cameras inserted into each system, was due to begin in June of 2009. The inspections would cost approximately \$8 million, twice the budgeted amount. Mr. Skipper expressed concern and could not estimate when the project would be over. He reminded City Council members that after the study, costly repairs may have to be done. The original estimate for Newport News was \$100 million, which could be spread over 15 years. Mr. Skipper stated the good news was that Newport News

had been investing \$4 million per year, significantly more than most localities, and the overall cost may be lower than cities who had not maintained their systems as well.

City Manager Hildebrandt explained that the \$4 million per year the City budgeted needed to be increased to \$7 million per year in order to reach the \$100 million in the 15 year limit.

Mr. Skipper explained that the work would begin as a "find and fix" project, with work beginning in small areas to study details; and if an eminent threat or leak was found, it would be fixed immediately.

Councilwoman McMillan asked whether the funding was for evaluation and not for repairs. Mr. Skipper responded the funds would be used for evaluation and "find and fix" at a rate of \$2 million per year. His concern was that the entire region was required to study the sewer systems, and trying to obtain contractors to perform repairs, which could drive costs higher. He felt it was vital to have City staff who could do some of the work. Councilman Bateman asked about the consequences if the work was not completed. Mr. Skipper stated Mr. Fowler and the City Council would face jail time if the work was not completed.

Mr. Katz iterated that City would be sanctioned \$3,200 per day until the repairs were made.

Mr. Fowler explained that Public Works was making every effort to keep the rate low, but there was no way to get past the requirements.

Mayor Frank expressed concern about not being capable of meeting the City's emergency plan with the proposed cuts. Mr. Fowler explained that one more fiscal year of cuts would make it impossible to meet the plan. He explained that the scope and magnitude of the emergency would depend on the ability to respond. The positions that were frozen were positions of those who would haul away debris.

Mayor Frank stated that the City Council needed to be made aware of the real implications of the budget cuts. He stated they needed to be informed of the real impacts of the cuts, such as if the City could not clean up debris, businesses would not have customers, ambulances would not be able to get to hospitals, etc. He asked the Department Directors to articulate what was being sacrificed to make the budget balance.

City Manager Hildebrandt explained that 10% cuts equaled 10% less work. He stated there may be a need to hire contractors in an emergency situation, like in Hurricane Isabell. He explained the City was taking a risk that there would be no problems, but the only alternative was to find the money somehow. He stated the Department Directors were trying to make the least amount of impact day to day, but could not plan for every situation. Mayor Frank stated he appreciated the efforts of the Directors but had concerns about the cuts. Mr. Fowler explained that less people increased the response time.

Councilwoman Vick suggested that there be more collaboration between the Department of Public Works and the Office of Emergency Management.

Mr. Hildebrandt explained that the Emergency Management team were not first responders, but planners. They could help plan how to find the resources to make up the deficit.

Councilwoman Vick reminded that tough economic times required the City to have an open mind and broaden horizons to find new ways to get the job completed.

Mayor Frank stated that if contractors were brought in from out of the area in a time of disaster, they would have to have a place to stay, which may not be doable when the City was in crisis.

Councilwoman Woodbury felt that cities routinely called for help from a distance. She inquired about the recent FEMA grant. City Manager Hildebrandt explained that the FEMA funds were used for radios and other equipment to help mobilize the City as quickly as possible.

Councilwoman Woodbury suggested volunteer forces of citizens from Newport News be called in to assist.

Mr. Fowler explained that it was always better to have people who were trained on the equipment. He also mentioned the insurance risks of having citizens picking up debris. He agreed that collaboration was good but stressed that a stable City crew was essential.

Councilwoman Scott asked if Federal Stimulus funds were received for the sewer repairs. Mr. Fowler explained that the money went to areas that really needed the assistance.

Councilwoman Woodbury questioned the hiring of seven new employees in Juvenile Services.

City Manager Hildebrandt explained that the State mandates the number of counselors, just as they did for deputies, based on the number incarcerated. He explained that this was not negotiable.

Councilwoman Woodbury asked how many people were involved in the Reduction in Force through Public Works, and whether they were released based on the "last hired first fired process."

City Manager Hildebrandt explained that the ability to do the job was the criteria used, not just "last hired first fired." He stated the employees who were involved in the Reduction in Force would have an opportunity to find another position within the City for which they qualified.

Councilwoman Woodbury suggested that each Department should look at periodicals and training as a way to make cuts.

Councilman Bateman questioned the use of temporary workers, in the same quantity as the previous year. Mr. Fowler stated that it depended on the workload. Stormwater and ditch cleaning fluctuated, so it would be difficult to get a straight forward number.

Councilwoman McMillan questioned the increase in the Workers Compensation premium under Engineering Administration, where the cost in FY2007 was \$2,000 and in FY2010 increased to \$20,000. City Manager Hildebrandt replied that there was no premium because the City was self insured. The cost was allocated to each Department based on number of employees. Mr. Skipper explained that Engineering's share was larger this fiscal year because there were two senior people with extensive workers comp claims in the past few years.

Department of Engineering

Mr. Everett Skipper, Director of the Department of Engineering, explained that the responsibilities of the Department of Engineering included:

- Professional engineering support for analysis, design, construction and maintenance of
  - ◆ City buildings
  - ◆ Streets and bridges
  - ◆ Traffic signs, signals, markings, streetlights
  - ◆ Stormwater ponds, pipes, and facilities
  - ◆ Sewer pipes, pump stations and force mains
- City wide GIS
- Physical maintenance of signs, signals, markings and street lights

Mr. Skipper presented an overview of the reorganization that took place in the Department of Engineering. (A copy of Mr. Skipper's presentation is attached and made part of these minutes.)

Effective January 2009:

- 9 positions were eliminated
  - ◆ Savings: FY2009 - \$500,000; FY2010 - \$645,000
  - ◆ Savings partially offset by \$50,000 in upgraded positions reflecting new responsibilities for 25 staff members
- 6 vacant positions frozen in FY2009
  - ◆ Savings \$300,000 per year (FY2009 and FY2010)
- 2 additional vacant positions frozen through FY2010
  - ◆ FY2010 savings \$100,000

Mr. Skipper reported that the achieved savings were the result of leveraging technology and work processes to maintain the same level of service at a reduced cost. He explained that the Construction Inspection Group was formerly a standalone group. After the reorganization, Construction Inspection was located under Civil Design to improve communication and interaction. A Field Engineer position was eliminated, due to retirement, and the duties were absorbed in part by the Civil Design Engineer and in part by two Inspection Supervisors. Two long vacant and one recently vacant Inspector positions were eliminated.

Mr. Skipper explained that the Department overcame the losses by service improvement initiatives. The daily report was converted to a digital format and was now completed by the inspector while in the field, and processed directly into invoices that were received from contractors, which saved a tremendous amount of time. The Architecture Group was formerly standalone. This Group was reorganized under the leadership of Architectural Inspection to improve responsiveness to construction issues. One licensed Architect position (Grade 20) was eliminated after the employee retired and the duties were absorbed in part by the Architectural Field Engineer (Grade 23) and in part by Staff Architects (Grades 15 and 18). Some Field Engineers' duties were absorbed by two upgraded Inspection Supervisors (Grade 16) and with service improvement initiatives such as daily reports and invoices converted to digital format. Mr. Skipper explained that the reason for the shift was the Architectural Group was not very diligent about getting work processed, often taking two months to respond. With the reorganization, response times had been reduced to less than two weeks. In addition to the staff reorganization, the Project Status Report had been upgraded to include more detail and mapping.

Councilwoman McMillan inquired why not just eliminate the two Street Sign positions and one Marking Mechanic position if there was no decrease in service with the freezing of them. Mr. Skipper explained that he was very aggressive in eliminating where he could, but asked that several of the frozen positions remain funded. He suggested that he may have been too aggressive in his cuts and may find that those positions were needed to maintain adequate service levels.

Councilwoman McMillan stated that the memo accompanying the position papers indicated that the service level of sign and marking installation and maintenance had not decreased as originally anticipated. Mr. Skipper explained that the plan was to adjust to the staffing decrease by using a work order system such as the Cityworks system in Public Works to be completed more efficiently.

Mr. Skipper explained that the Survey Group was reorganized under the leadership of the Technical Support Division to integrate functions of CAD, GIS, Survey and document management. The Survey Party Chief position (Grade 11) was eliminated after the retirement of the employee. The duties were absorbed in part by the Survey Coordinator (Grade 11) and in part by technology upgrades.

Service improvement initiatives included:

- Digital survey equipment upgraded to be operable by a single person rather than two or three person crews. Very helpful with minor projects coming out of the Consent Order.
- Survey methods continued to be reviewed and altered to allow for faster conversion to design-ready drawings and direct GIS integration.

Mr. Skipper explained that in the Stormwater area:

- One Engineer III position (Grade 20) and an Engineering Technician position (Grade 12), both vacant positions, were eliminated.
- Additional Engineer and Technician positions were reclassified to Engineering Specialist and Environmental Scientist to better reflect changing regulatory requirements.

Mr. Skipper stated that Federal regulation was moving very rapidly. His fear was that Stormwater would have the same over site regulations as wastewater. If this were to come to fruition, more staff would need to be allocated to the environmental area.

The service improvement initiatives were:

- E and S inspection were converted to digital and scheduled automatically by permit process, resulting in more accurate documentation and the approval by DEQ of an alternate inspection process that reduced required visits from 9,000 to 3,000 annually.
- Absorbed Wetlands Board staffing function from Department of Development with no increase in staff.
- BMP inspection process converted to digital and enforcement/follow-up improved.

Mr. Skipper reviewed the positions that were frozen, some of which were still funded because they had not been fully eliminated.

- Site and Subdivision Technician
  - ◆ In accordance with the new residential parking permit ordinance, upgraded digital application/tracking system and permits; implemented same cashiering system as Treasurer; continued to improve site plan review/tracking systems; planned to accept credit cards, allow permit applications over the internet, re-wrote the subdivision ordinance and improved integration with the Code Compliance permitting process.
- Traffic Signs and Marking Mechanic – 2 positions
  - ◆ Higher risk, as Cityworks implementation was not decreasing time needed to manage sign and marking installation and maintenance.
- Engineering Technician III - 2 positions
  - ◆ One technical support position was a production CAD worker, waiting to see if it could be absorbed through software improvements and training. The other supported traffic signal analysis. That workload was being absorbed by remaining staff while waiting for the new transportation signal system upgrade.
- Senior Engineering Technician
  - ◆ This civil design position supported VDOT grant programs that were increasingly difficult to obtain and to administer.

Mayor Frank inquired whether there was any risk due to the elimination of these positions. Councilwoman McMillan reminded that she had asked that question earlier. Mr. Skipper stated that there was a twelve year cycle for replacement of street signs, which was currently on schedule. The impact could be a 13 or 14 year cycle if the funding was not available to fill the position. The long term effect of reduced staffing would be more spot replacements and less scheduled maintenance.

Mayor Frank questioned what would happen if someone knocked down a sign. Mr. Skipper responded that emergencies were given priority, regardless of staffing shortages.

- Other service improvement initiatives included:
  - ◆ An Accounting Technician position was upgraded to a Management Analyst position to aid in planning and structuring additional work process improvements.
  - ◆ Continue upgrading the City's GIS system to make information more readily available to all City staff.
- Shift Environmental Management Services from Office of Self Insurance to Engineering.
  - ◆ No budget impact, reallocation of \$150,000.

Mr. Skipper explained that under revenues, most of the fees would not increase. The fees that would increase were:

- Sanitary sewer connection and assessment, increase 4%
- Residential parking permits, increased from \$4 to \$10
  - ◆ Unchanged since early 1980s. The increase would cover the cost of new radio frequency enforcement. Allowed officers to drive down the street and scan the tag while in their vehicle rather than exiting the vehicles and checking each number and then calling in each number. The equipment was relatively inexpensive, but did require a bit of an increase.

Mr. Skipper provided a summary of FY2009 in the Department of Engineering.

- Completed first full year as Director.
- Significant organizational and technology changes directed toward improving responsiveness, quality, accuracy and efficiency of operations.
- Continued emphasis on applying the City's Organizational Values; commitment, caring and collaboration to demonstrate positive examples of good stewardship of our citizens' resources.
- 10% budget savings achieved in a labor intensive function.

### Public Utilities

Mr. Brian Ramaley, Director of the Department of Public Utilities, stated the mission of Public Utilities was to contribute to the well being of the community through the provision of high quality drinking water. He explained that the mission was accomplished while applying the City's Organizational Values. (A copy of Mr. Ramaley's presentation is attached and made part of these minutes.)

Mr. Ramaley began by projecting year-end operations. The FY2009 projections were based on actual receipts and expenses through February 2009 (8 months.)

Mr. Ramaley reported:

Revenues were as follows:

- Expected shortfall of -\$3.8 million, a 4.7% decrease
- 45.3 mgd budgeted, 42.9 mgd projected, a 5.3% decrease

Mr. Ramaley reminded City Council that Public Utilities was required to begin each year with a balanced budget, which was highly dependent on conditions throughout the year. He explained that Public Utilities did not have a tax base to accurately predict revenues. Water usage fluctuated with the weather and other developments. He reported, operations were above projections for 12 years and below projections for 8 years. When operations were above projections, excess funds went into reserves, when operations were below projections, deficits come out of reserves.

Mr. Ramaley explained that the shortfall was attributed to the following:

- Impact of being under budget by \$45.3 mgd was a deficit of \$3.6 million.
- Interest rates were under budget \$1.1 million because of low interest rates
- Drop in development related fees

Increases were as follows:

- Started year in mild drought- summer consumption rates exceeded budgeted rates
- Late payment fees were up, which was indicative of economy
- Net revenues under expectations by \$3.8 million

Mayor Frank inquired about the late payment fees and why they would not be included in the bill. Mr. Ramaley replied that late fees were additional fees for late payments.

Mr. Ramaley reported that expenditures were under budget by \$2.3 million or 2.8%. He reported:

- Hiring freeze and hiring lag provided a surplus of \$1.3 million
- Chemicals costs had increased dramatically. Due to the number of emerging markets, many commodity chemicals were seeing a surge in their market.
- In FY2009 \$1.9 million was budgeted for chemicals, costs were expected to reach \$2.6 million.
- Debt service known in advance.
- Budgeted \$3 million for Power, new rate increases pushed the cost \$600,000 higher.
- Fuel costs were up slightly.
- Contractual services were adjusted slightly by shifting some expenditures. Some work was deferred and some work was rearranged to balance in other work/sales analysis.

Sales Analysis –

- Sales were down, which caused confusion because 2008 was a reasonably dry year.
- Sales have fluctuated since 1990 but 2008 went flat with the lowest numbers in a decade.
- Primarily related to Anheuser Busch and their new contracts. The new management advised that they have implemented extreme water conservation measures and a shift of work away from the Williamsburg plant. Public Works did not expect the Busch usage to go below 5 million gallon per day to 3 million gallons per day.
- Between 5,000 and 6,000 new systems.
- Not including the changes at Busch, the per capita demand had dropped over last seven years, which was balanced by conservation of existing customer.

Net Fiscal Year 2009

- Unfavorable to budget by \$1.5 million or 1.9%
- Cash reserves to supplement any deficits, if needed as per policy.

FY 2010 Operating Budget - \$83.7 million

- Chemical supplies costs were expected to increase from \$1.9 million to \$4.5 million.
- Electricity costs increased by \$700,000.
- Budget based on 44.0 mgd annual demand.
- Included potential hire lag savings.
- Elimination of 12 regular full time positions, which were currently vacant.
- Bond refunding savings included.
- Fully absorbed substantial chemical, fuel and power increases.
- Multiple program reductions in all divisions.
- No application of cash reserves.

FY 2010 Revenue Budget - \$83.7 million

- Salary budget reduced \$1.8 million.
- Debt services related to King William Reservoir \$4.4 million.
- \$67 million comes directly from water sales.
- \$6 million in fixed fees.
- 2% interest.
- Hydrant fees were up slightly
- Other fees remained level.

Mr. Ramaley explained that the FY2010 budget would require fee and rate increases as follows:

- The Low Usage Lifeline rate, based on the 75 gallons per day typical use for retired couple, would remain at \$2.78 for the first 6 HCF. (3rd year with no increase).
- Increase the rate of \$3.04 to \$3.20 (+5.3%) per HCF for all other consumption beyond the Lifeline.
- Summer Consumption Rate (SCR) increased in proportion to water rate to: \$.64/HCF (up \$0.03 or 4.9% from \$0.61).
- System Development Fees (SDF) increased 8% for FY 2010, by Ordinance previously enacted, from \$1450 to \$1570.
- Service Fees and Fire Service Fees increased at inflationary levels
  - ◆ Service fee up 12.7% from \$6.30 to \$7.10 (last increased in 2006)
  - ◆ Fire service fee up 8% from \$2.50 to \$2.70 (last increased in 2007)

Mr. Ramaley explained the impact to residential customers would be:

- Usage under 6 HCF – increase of \$0.50 per month or \$6 per year.
- 12 HCF – increase per month of \$0.50 for water usage and \$0.50 for meter fees or \$12 per year.
- 18 HCF – increase per month of \$1.00 for water usage and \$0.50 for meter fees or \$18 per year.

Return on Investment (ROI)

Mr. Ramaley explained that the City directly and significantly benefited from Waterworks because it was operated similar to a private water company. Waterworks was expected to generate revenue, maintain a budget, control costs, long term planning, and pay dividends to shareholders. He explained that the City, as a shareholder, was in a unique position, allowing it to determine the dividend. The most important fact related to the General Fund was that the dividend had increased annually. Mr. Ramaley explained that the ROI was calculated on arrearages, meaning that Waterworks made an \$8 million profit but gave \$10 million to the City. He and his staff were working hard to get the ROI into the positive range while continuing to maintain infrastructure.

Ms. Izabela Cieszynski, Director of Libraries and Information Services, explained that she was challenged to develop a budget that reflected a 6% reduction, yet minimized cuts in services. The budget recommendation she presented was based on input from the Library Board and Library staff. (A copy of Ms. Cieszynski's presentation is attached and made part of these minutes.)

Ms. Cieszynski stated that part of the process was to have the Board and staff identify core services. They were as follows:

- Educational enrichment - computer classes, book reviews, classes on how to start a business, preschool story times.
- Library materials and staff resources - material in a variety of formats, current and up-to-date, updated technology, downloadable music and books, blogs, computer labs, knowledgeable staff.
- Library as community place - safe place, chill spot, programs after school, positive interactions, wireless internet access, snap center to help with employment, Old Dominion Land Company exhibit, citizens see the library as community place for social interaction, meeting rooms and study areas.
- Community outreach – bookmobiles stops, assisted livings, books by mail, training of child care providers to instill reading skills, teen advisory groups, Library Board of Trustees, partnerships with Wickham Avenue Alliance, Keeping Kids Safe.

Strategies

- Reduce part time staff at Administration and Technical Services - \$105,326
- Reduce various non-personnel related line items - \$59,739
- Reduce library materials budget - \$3,500
- Close West Avenue Library - \$183,550

Ms. Cieszynski provided the following details regarding the West Avenue Library:

- Served downtown area (0301 census tract)
- Historic designation
- Contained Captain Christopher Newport mural by Allan Jones, Jr.
- Within 1.5 miles of Pearl Bailey Library
- Not ADA accessible
- Facility and space needs, option 4 included closure of West Avenue Library

Ms. Cieszynski explained, due to difficult economic times, library usage was increasing; but on average, usage was lower and costs were higher, particularly at the West Avenue branch. The FY 2008 usage per branch and cost per transaction were as follows:

- Pearl Bailey – 60,829 circulation uses – cost per transaction - \$10.08
- Grissom – 275,299 circulation uses – cost per transaction - \$2.62
- Main Street – 242,256 circulation uses – cost per transaction - \$3.59
- West Avenue - 44,712 circulation uses, some of which were phone renewals, cost per transaction - \$5.91

Ms. Cieszynski explained that the cost to maintain the West Avenue Library was \$266,702. The breakdown of the \$266,702 was as follows:

- Personnel - \$201,980
- Fringe benefits - \$5,492
- Repairs - \$500
- Maintenance hardware - \$35
- Contractual services - \$1,150
- Printing \$100
- General liability insurance premiums - \$4,495
- Supplies \$1,950

Ms. Cieszynski explained the strategy for the closing of the West Avenue Library included the following:

- Close facility to the public.
- Provide two bookmobile stops for the downtown area.
- Pearl Bailey branch would provide service to downtown.
- Staff reassigned.
  - ◆ Full time
    - Supervising Librarian would be reclassified to Senior Librarian
    - Senior Information Services Specialist – would be transferred
    - Library Technicians (2)
  - ◆ Part time
    - Information Services Specialist
    - Library Technician - vacant
- Need to keep space viable - would store materials there.

Ms. Cieszynski explained the impacts of the closing of the West Avenue Library included:

- Patrons would be served by Pearl Bailey Library, the bookmobile and Main Street Library
- Staff would be reassigned
- Friends of Library would remain at West Avenue, where they conducted most of their book sales
- Part time Bookmobile Technician added to accommodate new downtown stops
- No reductions in public service hours at any other library

Vice Mayor Whitaker questioned when the Pearl Bailey Library would be expanded.

Ms. Cieszynski explained that Grissom Library would be the first to expand because of the use numbers. She explained the expansion of Grissom would not be within the next five years.

Mayor Frank stated that he would like to see an alternate presentation of keeping the West Avenue Library open with reduced services. Councilwoman Vick asked about the proposed savings associated with the closing. Ms. Cieszynski explained that the West Avenue Library would be open on Monday and Friday, there would only have to be one staff person, and it would not need to be heated and cooled as much.

Councilwoman Woodbury inquired about the possibility of incorporating the Library into a tour associated with Tourism. Ms. Cieszynski explained that the problem with public tours was that the building was not ADA accessible.

#### Parks, Recreation and Tourism

Mr. Michael Poplawski, Director, Department of Parks, Recreation and Tourism, provided an overview of the FY2010 budget as follows:

- FY2009 budget - \$15.7 million
- Additions to current level of service
  - ◆ Utilities increased due to a rate increase by Dominion Virginia Power and minimum wage increased due to the federal minimum wage increase that affected 300 part time employees. The total increase for both expenditures was \$261,381
  - ◆ Fringe benefits - \$270,584 -
- FY2010 current service budget - \$16,260,265 (To allow operation of FY2009 programs without interruption required an increase of 3.38%)
- FY2010 reductions (-7.13%) or \$1,158,773
- FY2010 recommended budget - \$15,101,492  
*Net change of -3.99%*

Mr. Poplawski explained the following budget reductions:

- Reductions in services without negative impact (-\$89,650)
  - ◆ Close Main Street Therapeutic Office – (\$23,384)
  - ◆ Transfer FT Park Activity Coordinator cost to Recreation Revolving Fund (\$45,396)\*
  - ◆ Transfer Teen Program costs to Recreation Revolving Fund (\$20,870)\*  
*\*Assumes no changes in expected revenues*

Councilwoman Woodbury asked if the City owned the Main Street Therapeutic Office. Mr. Poplawski replied yes, the savings would be realized with utilities costs and the extremely high maintenance costs.

Mr. Poplawski continued with his explanation of the budget reduction with the following:

- Full-Time Personnel (-\$572,642)
  - ◆ Eliminated 4 FT positions (all were vacant and had been for some years, duties had been reassigned)
  - ◆ Freeze 6 additional FT positions (all were vacant)
  - ◆ Safety related (2 Park Rangers, 1 Animal Control Officer) which would result in longer response time for services
  - ◆ Senior Programming Coordinator – athletics (1 position) – left 2 FT positions which would be refilled when the economy allowed
  - ◆ Administrator of Historic Services – impact will be closure on low use hour times, would only offer various programs such as reenactments that created revenue
  - ◆ Programmer at the Downing Gross Cultural Arts Center – a new position and one of five, that were never filled

Mayor Frank stated that the reenactments brought other revenue to the City, such as tourism dollars for meals and hotels. Mr. Poplawski stated the cuts would not be permanent, but were proposed reductions. He stated he was working with Tourism to be sure the impact was worth the loss.

Councilwoman McMillan stated that Mr. John Quarstein, the former Administrator, Museum and Historical Services, was instrumental in establishing historic entities, however, he was a historian. She did not feel that the City was utilizing historic entities to the full extent because they had never been under the management of a person experienced in promoting and managing historical entities. She felt the historic sites should not be under tourism, but under a historic management where they could be properly promoted. She was concerned that many citizens did not know about the historic events and attractions within the City.

Mayor Frank stated that a tremendous amount of money had been given to restore and maintain facilities, but needed to provide resources to promote the facilities. He felt that was something that Tourism could handle.

Councilwoman McMillan stated that the Tourism people were wonderful, but did not think it was in their realm. She felt that more functions could be held at Lee Hall and other historic sites to promote them. Mayor Frank concurred and felt that more attention needed to be brought to the resources. He stated that in the past, there were grant funds associated with such endeavors. Councilwoman McMillan stated that the Genealogy Society was housed at the old Courthouse, along with the Virginia Historical Services. She was unaware of how much rent they paid. She suggested leasing the top floor for functions, as originally planned when the Courthouse was renovated.

Mr. Poplawski stated that the Administrator of Historic Services position had been frozen, but when the economy allowed, he agreed that leadership was needed to get business moving. He stated this would not be the same position held by John Quarstein, the position had been revamped.

Mayor Frank was concerned that the Executive Director position at Downing Gross had been eliminated after the City spent millions of dollars to create a quality facility. He asked how they planned to operate and program the center without an Executive Director. He requested that Mr. Poplawski return to a future Work Session to present his ideas.

Councilwoman Vick stated that there should be a plan to recoup the money spent on the Center to allow the building to pay for itself and use it to its full potential.

Mr. Poplawski continued his explanation of the budget reductions:

- Special events – reduction in \$55,000
  - ◆ FY2009 budget – reduced City special events fund by 28% or \$200,000
  - ◆ FY2010 budget – reduced special events funds by 10%  
Eliminated contribution to Virginia Arts Festival for spring and holiday events at City Center

Councilwoman McMillan inquired about the amount lost when an event rained out. Mr. Poplawski explained that it depended on the event. He explained that the March 2009 Saint Patrick's Day event was rained out, but rescheduled, so no funds were lost; however, when the Fall Festival had a rain out, the loss was about \$50,000.

Councilwoman McMillan suggested that instead of having so many events, there could be signature events that could be coordinated with another locality. Mr. Poplawski agreed to look into the possibility of sharing events with another locality. He explained that Newport News was unusual in that most cities arranged their events through private ventures.

Councilwoman McMillan stated the Fall Festival had been successful for many years, Fourth of July was an understandable expense, but the events at City Center should fall under the EDA because they were more promotional type events to bring people to City Center.

Mayor Frank stated that sometimes an event was sponsored at no direct cost to the citizens just for enjoyment.

Councilwoman McMillan inquired about the amount of money City Center businesses contributed to events to promote their area. Mayor Frank explained that many of the tenants were sponsors of the events.

Mr. Poplawski explained that special events were not marketing events because the businesses usually did not see an increase in sales. He noted that many businesses said the crowds deterred shoppers who would come during particular times. Councilwoman McMillan proposed ending all special events other than the Fourth of July and Fall Festival.

Councilwoman Woodbury stated she would rather keep employees rather than events, which were nice to have when the funding was available, but not at the expense of jobs.

Vice Mayor Whitaker disagreed. He felt that the events were also important.

Mr. Poplawski explained that the events for FY2010 would be scaled-down, for example, the Fourth of July celebration would have no national entertainment, the Fall Festival would have less entertainment stages; and Fiesta by the Fountain had been eliminated.

Councilwoman Vick asked which events made a profit and questioned why the events were always held at City Center. Mr. Poplawski stated that the Fall Festival usually broke even. Celebration in Lights usually made about \$200,000 but cost about \$140,000 to operate, with the other \$60,000 going back into the repair and replacement of the lights, which had a life expectancy of about seven years. He explained that events were held at City Center because of the lighting and availability of parking.

Mr. Poplawski continued his explanation of the budget reductions:

- Consolidated pool operations (reduction of \$424,785)
  - ◆ Magruder and Doris Miller were about 1 mile apart
  - ◆ Condition of Magruder pool had deteriorated- cracks, slides rusted, Health Department had advised that it would require a minimum of \$20,000 to open in 2009, long term upgrades would be \$200,000, recommend closing and move funds to Doris Miller
  - ◆ Consolidation would add 22 hours/wk to the Doris Miller schedule
  - ◆ Open seven days per week
  - ◆ 3,600 uses in 2008 at Magruder, average of 60 swimmers per day
  - ◆ Over 13,000 swimmers at Doris Miller in 2008

- Right of way funding (decrease of \$176,000)
  - ◆ Cut dedicated funding by 40%
  - ◆ Used for playground construction and maintenance and athletic field refurbishment
  - ◆ Addressed unplanned/unbudgeted equipment needs and emergency facility repairs
  - ◆ Could postpone replacement and repairs

Mayor Frank questioned why it was called a right of way. Mr. Poplawski replied that these funds came from a right of way fee charged on phone bills, the fee was collected so utility companies did not have to repair when right of ways were destroyed. He explained that these funds had replaced all city playgrounds over the last decade, and taken care of unplanned expenses.

- Reduced hours at drop in center (decrease of \$5,600)
  - ◆ Affected 2 of 7 current drop in centers at city recreation centers  
Saunders and Newsome Park
  - ◆ Closing these centers on Friday nights, from March through November, Friday nights were low use
  - ◆ Leaves five centers open for Fridays and seasonal structured activities

Councilwoman McMillan explained that Richneck parents did not allow their children to walk to the center by themselves because mostly adults gathered there.

Mr. Poplawski continued his explanation of the budget reductions:

- Landscape program – decrease of \$117,613
  - ◆ Affected 5 of 20 sites; currently maintained by contractors (\$70,069)  
Chowan ditch  
West Avenue  
HRT downtown bus station  
Hampton Roads Center Parkway  
Boxley and Oyster Point
  - ◆ Reduced adopt a tree funding by 25% (\$1,1911)
  - ◆ Eliminated PT city landscape maintenance inspector (\$45,633)
  - ◆ Will impact maintenance/aesthetics

Councilwoman McMillan expressed concerned about the Chowan ditch maintenance because it affected storm problems. Mr. Poplawski explained that Stormwater Division would keep the ditch clean, Parks just added the landscaping.

Mr. Poplawski continued his explanation of the budget reductions:

- Lose Huntington Park concession (decrease of \$17,483)
  - ◆ Concession had been open from May - September
  - ◆ Provided drinks, hot dogs, ice, snacks, and other sundries
  - ◆ Beach lifeguards would oversee restroom upkeep
  - ◆ Would reinvestigate lease of concession to private vendor

Councilwoman McMillan suggested leasing the concession stand to non-profit organizations, like the ball parks. City Attorney Katz stated that the Health Department may have issues with leasing the stand. Mr. Poplawski stated that each organization would be required to have a food handler's permit. An additional problem would be citizen complaints because of uncertain openings.

- Tourism development
  - ◆ Revenues had decreased to 23%
  - ◆ FY2010 budget was down 15.2% over last year to adjust for revenue decline
  - ◆ Has necessitated significant cuts in travel and advertising
  - ◆ Improving cost efficiency by expanding website content instead of mailing packages – standard response used to be to send packet of information to each requestor, postcards were now sent directing citizens to website

THERE BEING NO FURTHER BUSINESS,  
ON MOTION, COUNCIL ADJOURNED AT 5:35 P.M.

Pamela L. Foshee  
Deputy City Clerk

Joe S. Frank  
Mayor  
Presiding Officer

A true copy, teste:

City Clerk