

MINUTES OF WORK SESSION
OF THE NEWPORT NEWS CITY COUNCIL
HELD IN THE 10th FLOOR CONFERENCE ROOM
2400 Washington Avenue
January 26, 2010
3:30 p.m.

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

ABSENT: None ----- 0

OTHERS PRESENT: Neil Morgan; Stuart Katz; Mabel Washington Jenkins; Alan Archer; Cynthia Rohlf; Allen Jackson; Wanda Pierre; Page Hayhurst; Conway Sheild; Brian Ramaley; Doreen Kopacz; Florence Kingston; Joe Lawlor; Kim Lee; and Jennifer Walker

I. Virginia Living Museum (VLM)

Mr. Neil Morgan, Acting City Manager, introduced Mr. Conway Sheild, Member of the Board of Directors of the VLM and Ms. Page Hayhurst, Executive Director, VLM, to offer an outline of the activities, and programs of the Virginia Living Museum.

Mr. Sheild stated, as of December 31, 2009, the VLM's capital debt, in the amount of \$9 million, was exonerated. He stated \$9 million was raised in 2009, with the help of an anonymous donation of \$6 million. Mr. Sheild expressed his appreciation to City Council and the community for their support of the museum. The VLM was fulfilling a useful service to the community. The VLM was unique in that it was housed on City property, but was a private, non-profit, organization that was free from debt. Mr. Sheild introduced Ms. Hayhurst to provide the presentation.

Ms. Hayhurst reported the VLM was one of 12 institutions in the country that was accredited by the American Association of Museums (AAM) and the Association of Zoos and Aquariums. She stated the VLM received several federal grants from the Institute of Museum and Library Services (IMLS) and the National Park Services, and two national awards, in 2009, from the Association for Local and State History (AASLH) and the Association of Science and Technology Centers (ASTC).

Councilwoman Woodbury inquired about the amount of grant funding the VLM received. Ms. Hayhurst replied the IMLS grant amounts varied and depended on what the criteria was for a particular year. The grant funding ranged from \$50,000 to \$250,000. The grant process was competitive and depended on how well the VLM compared to other institutions. The VLM received several National Park Service awards to include: 1) the Survivor Jamestown Grant - \$150,000; 2) the Green Living Building Grant - \$150,000; and 3) a \$100,000 grant for Wetland signage at the museum.

Councilwoman Woodbury inquired whether the VLM applied for grant funding each year. Ms. Hayhurst replied, the VLM applied for grant funding each year; but were not successful each year.

Ms. Hayhurst reported the VLM was valued by citizens of Newport News as noted by the following facts and figures: 1) 37% out of 250,000 visitors were from Newport News; 2) 28% out of 5,000 member families were from Newport News; 3) 45% of private donations came from Newport News residents; and 4) 47% of the 400 active volunteers were residents of Newport News. She stated the VLM gave back to the community by providing free admission to the VLM for one week each year, offering free access to 1,500 low-income residents and supporting non-profit partnerships. VLM received more visitors than all museums in the City combined, which included residents of all 50 states, the District of Columbia and numerous foreign countries.

Ms. Hayhurst stated the VLM had made \$30 million in physical improvements to City property. A 2005 study by Virginia Commonwealth University (VCU) stated that the VLM had an annual economic impact to Newport News of \$6 million. The VLM was a key component of a desirable quality of life that attracted major national and international business and residential development projects to the City of Newport News. The VLM provided educational services for students in 24 cities and 56 counties. The VLM was well known for excellence in Science Education and provided services to Newport News Schools.

Ms. Hayhurst stated the VLM raised \$9 million in 2009 and eliminated its debt from its 2004 Building Campaign. Through the donation of \$6 million from an anonymous donor and a \$3 million match from 800 plus families, businesses and foundations such a feat was accomplished. She shared recent capital improvements, cost cutting measures, and a new Strategic Plan for 2010 – 2015. (A copy of the presentation, “Virginia Living Museum,” is attached and made a part of these minutes.)

Councilwoman Scott inquired whether the executive staff of the VLM had considered extending operating hours to get more participation, particularly, on the weekends. Ms. Hayhurst replied the VLM extended its hours to 9:00 p.m., one day per week, during summer months. She stated people did not visit the museum after hours in the winter.

Councilwoman Vick inquired whether the VLM experienced a decline in attendance due to the economy. Ms. Hayhurst replied yes, and indicated most visitors came from Williamsburg, which had experienced a decline in tourism in 2009. To help offset the decline, the VLM experienced an increase in membership, because it was a better value. A family membership was approximately \$50 and allowed members of a family to visit the museum at their leisure.

Councilwoman Woodbury inquired about the price for a family membership. Ms. Hayhurst replied she was not sure, but thought it was \$75. She stated the information was provided on VLM's website.

II. Waterworks System and Rate Structure Briefing

Acting City Manager Morgan introduced Mr. Brian Ramaley, Director, Department of Public Utilities, to provide the briefing.

Mr. Ramaley conveyed the following key points about the Department of Waterworks: 1) Waterworks rates were actually low for our area; 2) Waterworks had worked very hard to be cost effective and sustainable with a focus on quality, reliability and community; 3) The business environment was changing – customer expectations were increasing, while they used less water; and 4) Waterworks and City Council must agree on a strategy moving forward. He stated Waterworks served five jurisdictions (Newport News; Hampton; Poquoson; York County; and James City County).

Mr. Ramaley reported Newport News Waterworks began as a private water company (Newport News Light and Water Company) in 1889, and was purchased by the City of Newport News in 1926. To date, Waterworks served water to 413,000 people, within 2,000 miles of pipeline. Waterworks was one of the largest utilities in the State of Virginia and one of the 100th largest in the nation. Waterworks had 131,000 accounts and was growing at .5% each year. Newport News and Hampton comprised the majority percentage of water consumption.

Mr. Ramaley noted the ten largest retail customers and their total water consumption: (1) Anheuser Busch – 7.0%; (2) Northrop Grumman Newport News – 3.4%; (3) Giant Inc. – 2.8%; (4) Ft. Eustis Army Base – 2.2%; (5) Langley Air Force Base – 1.5%; (6) Busch Gardens – 1.4%; (7) U.S. Naval Weapons Station – 1.1%; (8) Great Atlantic Management Corp – 1.1%; (9) Virginia Electric Power – 1.0%; and (10) Hampton University – 0.9%.

Mr. Ramaley noted Waterworks' rate structure over the last 30 years, water bill comparisons, and average residential bimonthly bill totals for a customer in Newport News since 1990. He stated current and future issues were: 1) Customer expectations of higher quality and reliable service at a reasonable cost; 2) Environmental and water quality regulations; 3) Water was undervalued by many - \$1 per ton delivered to tap – average cost to resident was under \$25/month; 4) Service level was very high but could go unnoticed; 5) Ongoing conservation meant lower usage by existing and new customers; 6) 90% of budgeted expenses were independent of volume produced/sold, while more than 80% of revenues was derived from sales volume; and 7) Need to balance industry/resident needs. (A copy of the presentation, "Waterworks System and Rate Structure," is attached and made a part of these minutes.)

Mayor Frank inquired how a budget plan worked for a Waterworks' residential customer. Mr. Ramaley replied the plan worked the same as other utilities, and was based on a prior year's billing by taking the total and dividing it by 12. A customer's budget plan was reviewed for an adjustment each December.

III. Seafood Industrial Park

Acting City Manager Morgan stated the Seafood Industrial Park (SIP) was owned by the City of Newport News and operated by the Department of Development. He stated it was an unusual set-up, wherein the City owned the land and offered 20-year leases to businesses. He introduced Ms. Florence Kingston, Director, Department of Development, to begin the presentation.

Ms. Kingston stated there had been six to seven Harbor Masters for the SIP over the last 28 years. She introduced Ms. Doreen Kopacz, Harbor Master, SIP, to offer the presentation.

Ms. Kopacz noted her background, which began her love for the water.

Councilwoman Woodbury inquired of Ms. Kopacz's duties as a Harbor Master. Ms. Kopacz replied part of her duties entailed overseeing Mooring and Lease Agreements with industrial companies of the SIP; however, she would expound on her duties as she went through the presentation.

Ms. Kopacz reported, in 2007, Hampton Roads ranked fifth in the United States in dollar value (\$70.2 million) of seafood and Newport News' landings accounted for more than one-half of that total. She pointed out the following facts about the SIP: (1) Scallops accounted for the majority of seafood dollars in Newport News; (2) SIP parcel rent and mooring fees produced \$875,000 in revenue in 2008; (3) Scallop boats were allowed to fish about 30 days a year; and (4) Ocean fishing was governed by the National Marine Fisheries Service, and was bound by the Magnuson-Stevens Conservation and Fisheries Act, which protected and sustained U.S. fisheries.

Ms. Kopacz reported the SIP land was owned by the City and managed by the Department of Development. She stated the tenants owned improvements and had long-term parcel leases. The SIP's land-based tenants included: 1) Old Point Packing; 2) Casey's Seafood, Inc.; 3) B&C Seafood, Inc.; 4) Chesapeake Bay Packing, LLC; 5) Peabody, LLC; 6) Davis Boat Works, Inc.; 7) OMNI Machine Corp.; 8) Papco Oil Company; and 9) the Virginia Pilot Association. The income generated by the SIP for FY 2009 totaled \$778,815 and included: 1) Mooring and Utility Fees - \$201,714; 2) 23rd Street Pier - \$255,500; and 3) SIP Parcel Leases - \$321,601). Annual tax revenue for the SIP for FY 2009 amounted to \$950,000. SIP employed approximately 1,000 people with 46% of employees being Newport News residents.

Ms. Kopacz stated the SIP was one of the busiest small ports on the east coast of the United States and did an astonishing amount of business. She noted a few initiatives implemented since her arrival as Harbor Master included: 1) working in collaboration with the Police Department; 2) working with the Police Department's Marine Police Unit, whom initiated a Coastal Industrial Infrastructure Security Fleet that met quarterly, which included the Reserve Fleet from Fort Eustis and all whom had a stake-hold along any of Newport News' coastal waterways. The Fleets wanted to ensure they stayed in touch to collaboratively react to any strange occurrences; and 3) planning an outreach fishing program for the youth of the Southeast community to promote interest in fishing.

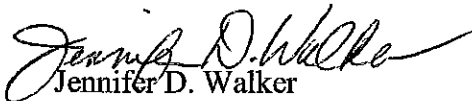
Councilwoman Vick felt an outreach fishing program would be good for the community. She recalled a program that coupled Juvenile offenders with the water that she worked with for approximately ten years. She noted how the youth implemented survival skills while out on the water, which enhanced their listening skills. The youth were not familiar with the water and in order to survive realized they had to listen.

Ms. Kopacz gave a synopsis of her daily activity at the SIP: 1) Arrived at 6:00 a.m. to survey the boats; 2) Tracked boats for tax revenue purposes and made sure no disasters had occurred; 3) Checked boats to ensure there were no oil leaks or broken lines; 4) Met with different operators of boats to ensure there were no problems; 5) Processed daily paperwork to include review of the expiration dates for Mooring and Lease agreements; 6) Updated and kept a ledger of all payments received and made; 7) Made rounds at the boat harbor twice daily to check tides; 8) Dealt with issues and projects of various businesses; and 9) Accommodated guests when a storm was forecast. (A copy of the presentation, "Seafood Industrial Park, is attached and made a part of these minutes.)

Acting City Manager Morgan inquired about the dredging situation and the anticipated time the area had to be dredged. Ms. Kopacz replied everything was fine on her last survey of the area, and indicated dredging was a couple of years out.

Councilman Bateman inquired whether Ms. Kopacz had surveillance equipment to see whether anyone came into the harbor. Ms. Kopacz replied she did not have surveillance equipment; however, she had a clear view out in the harbor from her office. She noted an ex-Army Tug sat out in the harbor, which did have surveillance equipment.

THERE BEING NO FURTHER BUSINESS,
ON MOTION, COUNCIL ADJOURNED AT 5:20 P.M.


Jennifer D. Walker
Chief Deputy City Clerk

Joe S. Frank
Mayor
Presiding Officer

A true copy, teste:

City Clerk