

MINUTES OF WORK SESSION
OF THE NEWPORT NEWS CITY COUNCIL
HELD IN THE 10th FLOOR CONFERENCE ROOM
2400 Washington Avenue
October 24, 2006
3:00 P.M.

PRESENT: William F. Haskins; Madeline McMillan; Sharon P. Scott; Joseph C. Whitaker; Charles C. Allen; and Herbert H. Bateman, Jr. -----6

ABSENT: Joe S. Frank -----1

OTHERS PRESENT: Randy W. Hildebrandt; Stuart E. Katz; Mabel V. Washington; Neil Morgan; William Mitchell; Iza Cieszynski; Butch Blanks; Allen Jackson; Len Ringer; Chief James Fox; Lillian Taylor; Florence Kingston; Cherry Croushore; N. Douglas Winstead; Sam Workman; David Kuzma; Chris Morello; Al Riutort; Rhonda Sturgis; Chris Bridge; John Hartman; Gregg Jones; Deborah Everitt; Rhonda Everson; William Keeler; Charles Crowson; Sabine Hirschauer; George Pugh, Jr.; Donald G. Gurney; Lottie Vincent; Cleder Jones; Kim Lee; and Jennifer Walker

I. Water Revenue Bond Program

Mr. Randy W. Hildebrandt, City Manager, reminded City Council they were briefed at their December 13, 2005 and February 28, 2006 work sessions on the proposed use of water revenue bond financing for the King William Reservoir Project. He stated Council at their February 28, 2006 work session, directed staff to move forward with the Water Revenue Bond Program by having the City Attorney and City staff work with the City's bond counsel to prepare a Master Bond Resolution and proceed with steps necessary to initiate the Water Revenue Bond Program.

Mr. Hildebrandt explained revenue bonds could be used to fund both the King William Reservoir related projects and Waterworks non-reservoir projects. He stated many utilities nationwide and several in the local area, i.e. Norfolk, Virginia Beach, Chesapeake and Richmond used revenue bonds to finance much, or all of their capital programs.

Mr. Hildebrandt hoped to bring the final Master Bond Resolution to City Council at its December 12, 2006 regular meeting. He stated revenue bonds could be issued in March 2007, depending on the status of the King William Reservoir Project and Waterworks' capital program bond cash. He indicated a public hearing would be required for the issuance of the first series of bonds, and each subsequent series of water revenue bonds under the Master Water Revenue Bond Resolution. He introduced Mr. George Pugh, Financial Advisor for the City, to give an overview of the Master Bond Resolution.

Mr. Pugh recognized Mr. Don Gurney, Bond Counselor for the City, who could provide City Council with the particulars of the Master Bond Resolution. (A copy of Mr. Pugh's outline regarding the proposed Water Revenue Bonds, Master Bond Resolution, is attached to these minutes.)

Mr. Pugh explained the history of water system financing, purpose of Master Bond Resolutions, reasons for Water Revenue Bonds, and significant terms of Master Bond Resolutions. He stated the Master Bond Resolution provided security for revenue bonds issues.

Vice Mayor Allen inquired whether the City would include incurred King William Reservoir project debt in the Water Master Bond. Mr. Gurney replied only \$10 million of what was spent thus far on the King William Reservoir project would be rolled into the Master Bond Resolution

Councilwoman McMillan inquired about the public notice requirements since the City was removing the issuance of bond from the public venue by not having a referendum. Mr. Gurney replied the Public Finance Act, which was a statutory framework for localities to issue bonds, required a public hearing notice prior to the authorization to issue the bonds. Each time an ordinance was proposed authorizing a General Obligation Bond, a public hearing notice was required to run two consecutive weeks in the newspaper in advance of the meeting.

City Manager Hildebrandt stated use of Water Revenue Bonds would extend the pay-back period to 30 or more years. He stated this was important because the City was building a project that would have benefits for 50 to 100 years, and the City was able to tie the bond payments to new users as they came-on to the system by extending the repayment of the bonds.

Mr. Pugh stated the City was never required to have a referendum in order to get a water bond project approved. He stated it was permissive to have a referendum in order for the debt not to apply to the City's constitutional debt limit. He stated the purpose of issuing revenue bonds was not to avoid a referendum.

Mr. Pugh stated it was customary that a reserve fund be established, from the proceeds of the debt, when issuing revenue bonds.

Vice Mayor Allen inquired whether the reserve fund would be set-up immediately from the sale of bonds. Mr. Pugh replied the fund would immediately be set up from the proceeds of the first bond issuance. Vice Mayor Allen requested that the Master Bond Resolution be drawn up to reflect that a reserve fund would be immediately set-up from the sale of bonds.

City Manager Hildebrandt stated he would have staff schedule a public hearing for the December 12, 2006 regular meeting of City Council, and recommended that City Council adopt the Master Bond Resolution.

II. Water Extension Agreement – Carr’s Hill Property

Mr. Hildebrandt stated in July 2004, the City and York County entered into a water agreement that expanded Newport News Waterworks service area with the acquisition of the County’s existing water system facilities. He stated the county-owned water system facilities included the Banbury Cross/Skimino Hills system, and the Lightfoot system, which were collectively called the Lightfoot Water System and the Hubbard’s Lane system. He introduced Mr. Brian Ramaley, Director, Department of Public Utilities, to report on the agreement.

Mr. Ramaley reported a developer recently approached Waterworks and the County about providing water service to a proposed land development project allied Powell Plantation (Carr’s Hill), which was situated between Route 132, Bypass Road and Waller Mill Road in York County. He stated Waterworks did not serve this area and therefore a water transmission main from Hubbard’s Lane to this proposed project was required. Knowing that Waterworks and the County planned to extend a water transmission main from Hubbard’s Lane to the Lightfoot Water System in a few years, the developer had offered to cost share the portion of the main, approximately 12,000 linear feet, from Hubbard’s Lane to the Powell Plantation (Carr’s Hill) tract. Mr. Ramaley stated easements would be needed for the transmission line, and York County agreed to take the lead in securing the easements for Waterworks. Because this arrangement would accelerate the construction of a portion of the water transmission main to serve the Lightfoot area and would lower the cost to the County and Waterworks through cost-sharing, York County and Waterworks staff supported the arrangement. He stated the cost sharing of the water transmission line would be administered through the Waterworks standard extension process. As costs become better defined, Waterworks would ask City Council to appropriate funds for its share of the costs.

Mr. Ramaley asked for City Council’s support to move forward with the water transmission main extension. He stated the appropriation for construction would be in late spring of 2007.

City Manager Hildebrandt recommended that City Council move forward with the extension and allow Waterworks to enter into an agreement with York County and the developer.

Mr. Ramaley felt the extension was good for the system and the Peninsula by further cementing the City's ties and obligations to York County and strengthening the infrastructure of the Peninsula's water system to move water back and forth.

Councilman Haskins felt the extension would be more beneficial to James City County and Williamsburg, rather than to the citizens of Newport News. Mr. Ramaley stated the project would increase the City's customer base. Councilman Haskins stated it increased the City's customer base by decreasing the City's water availability to its citizens.

Councilman Haskins asked that a caveat be included in the agreement that the project was based on the City getting the King William Reservoir built. Mr. Ramaley replied such a caveat could not be included because of the prior agreement with York County in 2004. He stated the agreements with James City and Williamsburg were caveated based on the King William Reservoir project.

III. Draft State Legislative Program

A. Charter Changes

Mr. Hildebrandt noted several broad areas of proposals included in the legislative package: three Charter changes; the issue of deregulation of utilities and the fact that caps were projected to be removed in 2010; eminent domain issues; and increased pressure to reduce the real estate tax rate. He stated the deregulation of utilities would severely impact the City's redevelopment and economic growth potential, and he would continue to pursue an alternative to address citizen real estate tax increase concerns by proposing an exemption of some portion of the tax assessment on residential properties on an annual basis. City Manager Hildebrandt introduced Dr. Rhonda Sturgis, Intergovernmental Relations Coordinator, to present an overview of the draft State Legislative Program.

Dr. Sturgis stated she worked very closely with City departments who submitted legislative issues. In addition, she reviewed the previous year's packet to see whether there were any carried-over items. (A copy of the 2007 State Legislative Priorities for the City of Newport News Draft dated October 19, 2006 is attached and made a part of these minutes.)

Dr. Sturgis noted the following dates for the 2007 General Assembly: December 11, 2006 - last day to request draft legislation for pre-filed bills; January 5, 2007 - last day to request draft legislation for a legislative study; January 10, 2007 - last day to prefile bills and Legislative session convened; January 19, 2007 - last

day to introduce any bills; February 24, 2007 – Legislative session adjourned; and April 4, 2007 – veto session.

Dr. Sturgis stated the City's legislative priorities included Charter Changes, Economic Development, Finance, General Government, Health and Human Services, Historical Resources, Public Education, Public Safety, and Transportation.

Dr. Sturgis stated the proposed Charter Changes allowed: the inaugural meeting of City Council to be conducted at its first regular meeting in July rather than July 1; the Comprehensive Annual Financial Report reporting date to be moved from November 1 to December 31; and gave authority to the City to use photo-monitoring systems to enforce traffic light signals.

Councilwoman Scott inquired whether the photo-monitoring systems would be restricted to highly concentrated and problematic intersections as opposed to any intersection. City Manager Hildebrandt stated the Charter Change would allow the City the option to put photo-monitoring systems anywhere the City believed it necessary.

Dr. Sturgis noted a past Economic Development priority pertained to the opposition of eminent domain legislation that limited local government's authority and increased the costs associated with property acquisition.

Vice Mayor Allen felt when the City addressed eminent domain, as an economic development issue, it missed a part of history. He stated the redevelopment of a City's eminent domain had historically been a major factor. He felt the City limited its advocacy by solely recognizing eminent domain as economic development. He felt one thing being lost by older cities was its ability to redevelop a community if eminent domain was taken away. City Manager Hildebrandt suggested that the City re-title the issue as community development and redevelopment because the City did reference redevelopment of the community in the draft legislative request. Dr. Sturgis agreed to change the title to community development and redevelopment from economic development.

Councilman Haskins felt that the history should be included in the eminent domain legislation. City Manager Hildebrandt stated he would have staff expand and add more explanation regarding eminent domain matters.

Vice Mayor Allen stated he wanted more depth included in the legislation for eminent domain. City Manager Hildebrandt agreed to have staff include more depth in the legislation.

Dr. Sturgis noted proposed legislation that would allow state control over local property taxes and legislation for a constitutional change that allowed localities to exempt an established dollar amount of real estate assessment. City Manager Hildebrandt stated this concept allowed City Council to exempt some flat amount of tax exemption for all single-family residential property owners.

Councilwoman McMillan inquired whether this was the Homestead Legislation that was mentioned at the Virginia Municipal League (VML) conference. Ms. Chris Bridge, Director of Consulting for Patten, Wornum, Hatten, Diamonstein, Consulting, replied yes.

Councilwoman McMillan stated she raised a question when a statement in support of Homestead legislation was passed out during VML's general business meeting. She was disappointed there was no clarification of what the local option was and no details about how it would work. Ms. Bridge stated that the context of the Homestead Act dealt with a reduction in real estate tax up to 20%, which was a campaign promise by Governor Kaine. She stated the Homestead legislation dealt with giving some type of property tax relief at the local level, and deserved a separate package.

Councilwoman McMillan stated the only detailed information she received at the VML Convention was what different States were doing under their Homestead exemption. There was no detailed information about what Cities in the Commonwealth were doing other than the words local option. City Manager Hildebrandt requested that Ms. Bridge and Dr. Sturgis work together to get a better understanding of what was being proposed locally and report back to City Council with their findings.

Dr. Sturgis noted proposed legislation supporting historic resources in Newport News that would enhance tourism and economic development opportunities and preserve unique properties with historic significance. The following funding request were proposed: Anderson Johnson Art Gallery - \$100,000; Warwick Court House - \$250,000; Virginia War Museum - \$500,000; The Newsome House Museum & Cultural Arts Center - \$150,000; Endview Plantation - \$100,000; Lee Hall Mansion - \$25,000; and Virginia Living Museum - \$6 million.

Vice Mayor Allen inquired where the verbiage came from in the attached draft legislative package on page 40, last sentence, "Operated in conjunction with the Newsome House,..." He inquired why he continually saw the Newsome House associated with Anderson Johnson art. Mr. Hildebrandt stated he would strike the information "Operated in conjunction with the Newsome House."

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Dr. Sturgis noted proposed legislation that would prohibit employment of any adult who had been convicted of rape, forcible sodomy, or object sexual penetration from working on public, private or secondary elementary school or daycare center property. A violation of this section should be punishable as a Class 6 felony.

Vice Mayor Allen inquired whether public recreation and community centers could be added to that proposed legislation. Dr. Sturgis agreed to add public recreation and community centers to the prohibition of employment of adults convicted of sex crimes.

Dr. Sturgis noted proposed legislation to amend Public Law 107-110 to recognize students earning the GED credential as graduates for the purpose of computing graduation rates for Adequate Yearly Progress (AYP), and remove from the computation of graduation rates for AYP, those students classified as slow learners, who did not meet requirements for a standard diploma, but who completed a comprehensive career and technical education program meeting industry standards.

Councilwoman McMillan stated she had no problem with the above proposal up to “Adequate Yearly Progress (AYP)”, but inquired who the School system tagged as “slow learners”. She inquired whether they were they mentally challenged individuals or those who had recognized learning disabilities. Dr. Sturgis replied, from her understanding, based on No Child Left Behind legislation, when students did not meet a certain progress, schools were not encouraged to put them in work force oriented career paths. Councilwoman McMillan felt the portion in the legislation dealing with “slow learners” should be left to the School Board to address in its legislative package. She was unsure about the academic coursework, who were considered “slow learners” and how or when children were admitted into vocational education, and felt the School Board should address that portion of the legislation. She felt City Council could comfortably address the legislation up to “(AYP)...”.

City Manager Hildebrandt inquired whether Councilwoman McMillan would be comfortable with supporting the legislation if the School Board recommended the approval of the legislation by City Council. Councilwoman McMillan replied it was the School’s prerogative to make those determinations, and not for City Council to go into that type of detail. She stated controversial questions were raised about the vocational education program and did not believe it should be addressed by City Council.

Vice Mayor Allen inquired who generated the proposed legislation. City Manager Hildebrandt replied it generated from a group that was

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involved in GED programs in the public schools, to include former School Superintendent Dr. Marcus Newsome. He felt the School Board would endorse the legislation because it was developed by Dr. Newsome as one of the participants in the discussion.

Vice Mayor Allen felt City Council should support the proposal since it was generated by the School system. City Manager Hildebrandt suggested keeping the language in the proposal if supported by the School Board.

Councilwoman McMillan reiterated that City Council should not address this issue.

Dr. Sturgis reported on proposed legislation that would require new business establishments to install security camera systems and video recording systems that had the capability to clearly record images of the establishment patrons and their vehicles. In addition, the establishment would preserve the recordings for a period of four months and allow authorized law enforcement representatives access to the tapes upon request.

Councilman Haskins inquired about the costs associated with requiring businesses to install security camera systems and video recording systems. He was concerned with uniformity with surrounding localities, and felt businesses would opt to open in other localities rather than Newport News.

City Manager Hildebrandt stated this would provide businesses a safer environment for their employees and customers and felt that would attract businesses to Newport News because they knew there was a system that the Police Department followed up on.

Chief Fox stated installation of security cameras by businesses would be a crime deterrent, which would be advantageous to a business.

Dr. Sturgis noted opposition to legislation that would expand the authority of Virginia Port Authority police officers outside of their jurisdictional areas.

Chief Fox stated he was opposed to this proposal. He felt the Port Authority police officers should not have authority on City streets outside of the Port.

Ms. Bridge stated regarding homeland security and Port security issues, the City needed to come up with a legitimate reason why this proposal was not in the interest of public safety overall.

City Manager Hildebrandt asked that Ms. Bridge work with Police Chief Fox to come up with the rationale for opposing this legislation.

Dr. Sturgis finalized her presentation by stating she would provide updates to City Council and City staff and invited City Council's participation in the legislative process as issues moved forward.

Councilwoman McMillan inquired whether the information would be available on the City's web site. She indicated it would be useful information to have on the web site so that citizens could be aware of what the City was covering in its legislative packet. Dr. Sturgis agreed to add the information on the City's web site.

City Manager Hildebrandt inquired whether there was consensus among City Council to host a legislative breakfast with the City's General Assembly delegation once the legislative package was approved. He stated this allowed the City the opportunity to present its major areas of concern and solicit support for the 2007 General Assembly.

There was consensus among City Council to host a legislative breakfast for the City's General Assembly delegation.

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

Jennifer D. Walker, CMC
Chief Deputy City Clerk

Charles C. Allen
Vice Mayor
Presiding Officer

A true copy, teste:

City Clerk