

MINUTES OF SPECIAL MEETING
OF THE NEWPORT NEWS CITY COUNCIL
WITH STATE LEGISLATORS
HELD IN THE JAMES ROOM, FOUNTAIN PLAZA TWO
700 TOWN CENTER DRIVE
November 29, 2006
8:00 A.M.

PRESENT: Madeline McMillan; Sharon P. Scott; Joseph C. Whitaker; Charles C. Allen; Joe S. Frank and William F. Haskins ----- 6

ABSENT: Herbert H. Bateman, Jr. ----- 1

GENERAL ASSEMBLY MEMBERS PRESENT: Senator Martin E. Williams; Senator Mamie E. Locke; Delegate Mamyie E. BaCote; Delegate Philip A. Hamilton; and Delegate G. Glenn Oder

OTHERS PRESENT: Randy W. Hildebrandt; Stuart E. Katz; Mabel V. Washington; Neil Morgan; William Mitchell; Butch Blanks; Joseph DuRant; Dr. Rhonda Sturgis; Cleder Jones; Veronica Shepherd; Sabine Hirschauer; Krystal Jimmerson; and Jennifer Walker

Mayor Frank welcomed the legislators and introduced Mr. Randy W. Hildebrandt, City Manager, for introduction of staff. Mayor Frank reminded the legislators that the City was under pressure from the Schools and asked for their support of the School's budget. He also noted that tax and transportation were critical community issues for the entire Hampton Roads area.

City Manager Hildebrandt introduced his management team: Mr. Butch Blanks, Chief of Staff, responsible for Intergovernmental Relations; Dr. Rhonda Sturgis, Intergovernmental Relations Coordinator, responsible for federal and local legislative issues; Mr. Joseph DuRant, Senior Assistant City Attorney, responsible for drafting legislative proposals; Assistant City Manager William P. Mitchell, responsible for financial and administrative support functions; Assistant City Manager Neil Morgan, responsible for operational and service delivery aspects of the City (Public Safety, Planning, Codes, Public Works); Assistant City Manager Alan Archer, responsible for human services and libraries; and Ms. Cleder Jones, Assistant to the City Manager for Communications and Community Relations who had a lot of background in legislative issues. He also recognized Ms. Lottie Vincent, Assistant to the City Manager for Management and Administration of the City Manager's office, and Ms. Veronica Shephard, from Patten, Wornom, Hatten, Diamonstein, PLC, who was representing Ms. Chris Bridge. City Manager Hildebrandt introduced Dr. Sturgis to give a summary review of the 2007 legislative program.

Dr. Sturgis welcomed the members of the General Assembly and invited their comments, suggestions and/or questions. She stated the City's legislative priorities included Charter Changes, Community Development and Redevelopment, Finance, General Government, Health and Human Services, Historical Resources, Public Education, Public Safety, and Transportation.

Dr. Sturgis reported 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; allowed the Comprehensive Annual Financial Report reporting date to be moved from November 1 to December 31; gave authority to the City to use photo-monitoring systems to enforce traffic light signals; and brought provisions relative to the dollar amounts for formal bid contracts for City improvement projects in conformation with State Code provisions.

Delegate Oder suggested that the proposed Charter Changes be adopted as a block. Delegate Hamilton suggested that the Charter Changes be adopted separately due to the request of using photo-monitoring systems to enforce traffic light signals. He felt the photo-monitoring bill could have trouble once it reached the Committee for Counties, Cities and Towns.

Senator Locke inquired how the change for formal bid contracts for City improvement projects would impact upon small woman and minority-owned businesses. Vice Mayor Allen replied there would be no impact. City Attorney Katz explained the City Charter would be amended to establish a dollar threshold of \$50,000.00 for seeking formal bids for construction contracts. This proposed change would result in greater time efficiencies and lower advertising costs for the City.

Senator Locke stated she was willing to submit the bill for the Charter change to establish a dollar threshold of \$50,000.00.

Dr. Sturgis reported the City opposed eminent domain legislation that would limit local authority or hinder the public purposes of redevelopment and community development.

Delegate Hamilton stated the issue with eminent domain was the definition of public purpose, in that it must be made clear. He stated the City could only take property if it was going to be used for a public purpose, i.e. schools or roads.

Vice Mayor Allen stated older Cities did not have the ability to redevelop, which was a serious impediment, especially with the urban conflict that was going on with eminent domain.

Delegate Hamilton stated certain localities had stretched the definition of public purpose, which caused a negative reaction from the General Assembly regarding eminent domain laws. He stated Newport News needed to pay close attention to eminent domain legislation because the bill would go to the Courts of Justice Committee and not the Committee for Counties, Cities, and Towns. He felt eminent domain would be a high priority initiative in the legislator.

Vice Mayor Allen stated another issue with eminent domain was when, in the 1980's, bond companies started, not only looking at a City's general assessed value, but its non-economic viable properties, and included both factors in assessing the City's ability to repay bonds. He stated the City was being hit by the State and bond companies. If the City was not able to deal with blight and the bonding agencies looked at blight as a means of reducing tax rates and increasing the bond rating, the City was hurting. He asked the General Assembly to put some of these arguments in place to assist the City when dealing with eminent domain legislation. The City was not able to renew blighted properties, which then had a negative impact on the City's bond rating. He asked the legislators to defend the City's public purpose in a broader concept.

Mayor Frank felt there was an opportunity to address blight in the context of rebuilding neighborhoods that could fit into a comprehensive approach. He felt context was very important as legislators addressed eminent domain legislation. He felt the abuses of eminent domain needed to be addressed where existed, but indicated all should not be penalized when they were responsible about eminent domain.

Senator Williams asked City Council to give the members of the General Assembly talking points on how eminent domain impacted Newport News as the bills were printed and introduced, and to include anecdotal impacts to help them defend the bill.

Councilman Whitaker re-emphasized that eminent domain legislation that limited local authority hurt neighborhoods.

Councilman Haskins agreed that the City had to tell a story so that legislators, who would be voting on the bill, could see why eminent domain legislation was important to Newport News. He stated the City needed to develop a strategy.

Dr. Sturgis reported the City was opposing legislation that allowed State control over local property taxes and proposing legislation for a constitutional change to allow localities to exempt an established dollar amount of real estate tax.

Mayor Frank explained the proposal would give a 20% reduction in assessed value for all residential properties. He stated the concept would grant all single-

family home owners tax exemption on a certain dollar amount of the property's assessed value. The idea was to give the City the flexibility to grant flat dollar amount exemptions up to \$100,000.00 per property for a one-year period. These exemptions could be rescinded, increased or reduced every fiscal year during the budget process. Exempting a dollar amount of assessed valuation (rather than a percentage amount) would result in a more progressive tax structure by shifting more of the tax burden to high valued residential properties. Mayor Frank stated there were many folks that purchased homes years ago at a low price, who had been harmed by the increase in assessments. He indicted the proposal was a tool that the City did not presently have and allowed the City, in a year where assessments had increased significantly, an opportunity to reduce some of that increase without reducing the tax rate. This was a budget consideration that would fluctuate annually. He felt it was a fair and equitable approach.

Councilman Haskins felt this was a "Robin Hood" approach, taking from the rich to give to the poor. For instance, people who bought houses in wealthy areas and worked hard to pay for those homes were going to get the same tax breaks as everyone else. He inquired how that was fair to all, when everyone was going to get the same credit no matter how much their homes were worth. He stated the bottom line to balancing the budget was cutting spending. He felt the budget could not be balanced in this way, because it was not 100% fair.

Delegate Oder did not understand the "Robin Hood" approach. He saw the proposal as fair in that everyone would get the same credit. He was looking forward to further debate of this item, but indicated "Robin Hood" took from people to give to someone else, and this proposal gave everyone the same credit. He disagreed with the concept that the proposal was a "Robin Hood" approach.

Councilwoman McMillan interpreted the proposal as a tax cut across the board. She felt Councilman Haskins was concerned about citizens who purchased their homes years ago that had significantly increased in value. She stated there were always variables, but the only thing the City could do was find the most viable solution to assist citizens and still maintain what the City needed to cover its operational and other costs.

Mayor Frank disagreed with Councilman Haskins. He stated there was always the possibility as part of the process, on an annual budget, to develop the basis to do a tax cut as well, and indicated it could be a combination of things based on how the City's budget process moved forward in a given number.

Senator Williams stated, regardless of the value of your home, this would be an across the board credit for everyone.

Councilman Haskins stated he would like the State to share more of the income tax it got from localities. Delegate Hamilton stated 51% of all State tax revenue got returned to localities. Councilman Haskins stated the City needed 61%.

Dr. Sturgis stated another legislative issue dealt with addressing deregulation of utilities in July 2010 that would drastically increase rates paid by consumers and businesses.

Senator Williams stated Dominion Virginia Power did not expect to deregulate utilities until competition was in place. He indicated the only reason the State was concerned with deregulation was because of federal pressure. He further indicated the State's intention was never to remove caps before competition was in place, and the date for deregulation would probably be moved up as had constantly been done in the past.

Mayor Frank and members of City Council asked the members of the General Assembly to keep a close eye on legislation that would deregulate electric utilities.

Dr. Sturgis noted an additional request brought to the City Manager from the City Attorney's office that amended State Code Section 15.2-1507 to provide immunity for local government employees, officers and volunteers, members of personnel grievance panels and administrative hearing officers against claims arising out of grievance procedures, other than causes of action-based intentional torts or criminal acts.

Dr. Sturgis invited questions from the members of the General Assembly and asked that they let her or Chris Bridge know which legislative issues each were willing to sponsor.

Delegate Oder inquired about payday lending legislation, and whether the City could require payday loan businesses to apply for a Conditional Use Permit. City Attorney Katz replied the City would study the matter.

Mayor Frank questioned Delegate Oder's proposal in terms of a Conditional Use Permit for payday lenders. He stated a Conditional Use Permit put conditions on the use of property, and required certain construction standards.

Delegate Oder replied the City may be able to restrict the facilities to certain areas just like the City did with other uses.

Mayor Frank appreciated the suggestion, and asked the City Attorney to research the subject and report on how other jurisdictions dealt with the matter.

Delegate Hamilton stated the Crime Commission was doing a study regarding proposed legislation that required a nursing home and certified facility to notify residents and their legal guardians/representatives of the presence of a person convicted of a sex offense residing in the resident's nursing home or certified nursing facility. He stated the legislation would not meet much success in the General Assembly, while the study was going on.

Delegate Hamilton indicated proposed legislation prohibiting employment of any adult who had been convicted of rape, forcible sodomy, or object sexual penetration from working or volunteering on school property was passed last year; however, the City's proposed legislation including that public recreation and community centers be included was not addressed. He inquired whether the City was asking that the bill cover public recreation and community centers as well. Dr. Sturgis replied they would like public recreation and community centers to be included in the legislation.

Delegate Hamilton noted he received a letter from the Virginia Living Museum requesting \$1.2 million, and inquired about the difference in the City's non-state agency request for the Virginia Living Museum in the amount of \$6 million. City Manager Hildebrandt replied the \$6 million was what he understood the Virginia Living Museum had sought from the State when they built the new facility and the money never materialized. He understood that was the gap in the Virginia Living Museum's funding.

Delegate Hamilton question the proposed public education legislation that would correct the FY 2007 sales tax error that reduced funds provided to K-12 education, and inquired who made the error. Dr. Sturgis replied the error was caused by the Department of Taxation. Delegate Hamilton stated it was an error caused by the administration and the administration stated it had no intention of fixing the error. The argued that in every financial budget year adjustments were always made in the second year to reflect the accurate sales tax correction, and indicated there was nothing to correct. When the Governor released his budget in December 2006 it would be based on the accurate sales tax collection in the FY 2008 appropriation. He noted that the Legislature had no obligation to fix the FY 2007 error.

Delegate Hamilton inquired whether the City had pulled funding out of the Middle Ground Boulevard initiative. Mayor Frank replied the City Manager did not include the Middle Ground Boulevard project in his proposed FY 2008 – 2012 Capital Improvement Plan (CIP), due to committing projects, costs, and budget issues.

Delegate Hamilton inquired whether the City was still interested in obtaining funding for the Middle Ground Boulevard project. City Manager Hildebrandt replied the City was still interested in the Middle Ground Boulevard project, but the question was how the City would pay for it. Delegate Oder felt the single most important transportation issue was Middle Ground Boulevard project.

Mayor Frank noted problems in attaining and attracting physicians to the area. He stated in response to that problem a Physicians Task Force was created to study the matter statewide. Delegate Hamilton stated he did not see a need for the Physicians Task Force, because the Governor's Commission on Healthcare Reform was dealing with this issue.

Mayor Frank expressed City Council's appreciation and thanked the Legislators for attending the joint meeting and their support of the City. He stated Council members and staff were available and willing to provide assistance when needed during the upcoming session.

THERE BEING NO FURTHER BUSINESS
ON MOTION, COUNCIL ADJOURNED AT 10:00 A.M.

Jennifer D. Walker, CMC
Deputy City Clerk

Joe S. Frank
Mayor
Presiding Officer

A true copy, teste:

City Clerk