

**MINUTES OF BUDGET PUBLIC HEARING
OF THE NEWPORT NEWS CITY COUNCIL
HELD IN THE MARY PASSAGE MIDDLE SCHOOL AUDITORIUM
400 ATKINSON WAY
April 27, 2006
7:30 P.M.**

PRESENT: Charles C. Allen; Herbert H. Bateman, Jr.; Joe S. Frank (arrived at 7:38 p.m.); William F. Haskins; Madeline McMillan; and Sharon P. Scott-----6

ABSENT: Joseph C. Whitaker-----1

MOTION MADE BY COUNCILWOMAN MCMILLAN; SECONDED BY COUNCILWOMAN SCOTT; AND CARRIED UNANIMOUSLY TO EXCUSE COUNCILMAN JOSEPH C. WHITAKER FROM THIS MEETING.

1. The invocation was rendered by Councilman William Haskins.
2. The Pledge of Allegiance to the Flag of the United States of America was led by Councilwoman Madeline McMillan.
3. Public Hearings
 - (a) Fiscal Year 2007 Recommended Operating Budget

Vice Mayor Allen advised this was the second of two public hearings that City Council was conducting on the City Manager's recommended Fiscal Year 2007 Operating Budget. He advised the public hearings were a process in which citizens were asked to provide comments on the proposed budget and share concerns with regard to government spending.

Mayor Frank advised that City budget staff were available to provide detailed information for those citizens with questions about specific elements of the budget or particular line item expenditures. Mayor Frank announced that the budget document was available for review at all public libraries, in the Budget and City Clerk's Offices located in the Newport News City Hall Building, as well as on the City's web site. Pamphlets were made available to provide an overview of the proposed FY 2007 Operating Budget and a copy is attached to these minutes.

Mayor Frank asked City Manager, Randy Hildebrandt, to provide a brief overview of the FY 2007 Recommended Operating Budget.

City Manager Hildebrandt stated the total City budget being recommended for Fiscal Year 2007 was \$745 million and included the General Fund, School Fund, Public Utilities Fund, and several other special funds. The Operating Budget provided a significant investment in organization infrastructure needs, by addressing several long-term issues such as retirement funding and a vehicle replacement program. The budget represented a commitment to ensure that the City had a qualified workforce, that employees had necessary resources to do their jobs efficiently, and that citizens received quality services.

3. Public Hearings Continued

(a) Fiscal Year 2007 Recommended Operating Budget Continued

City Manager Hildebrandt shared the following key elements of the recommended \$388 million General Fund Operating Budget: (1) a 7.3% increase over FY 2006 Adopted Budget and provided \$26.3 million in new monies for FY 2007; (2) included \$5.4 million in funding for a compensation package that would provide an average 4% salary increase for City employees; (3) an addition of 30 new positions (a 1% increase in the City's workforce). These positions would require \$1.1 million in new funding; (4) increasing the contribution rate for the Newport News Employees Retirement Fund; (5) an initial investment to update the City's information technology, the beginning of a multi-year investment plan involving \$400,000 for the implementation of a new permitting system; (6) an increase in City funding for the School Division by \$2.9 million, bringing the City's contribution to \$103,560,000. When this amount is added to new state monies for FY 2007, the School Division would have \$22.9 million to address its funding priorities. Although the recommendation was \$2.38 million short of the requested amount, it provided sufficient money to meet the School's spending initiatives and most of the School Division's salary enhancements; (7) full funding for Hampton Roads Transit's request, representing an \$890,000 increase over FY 2006; (8) a 13.9% increase in real estate property tax revenues; and (9) a modest decrease in the tax rate due to additional revenue (since submission of the budget). City Manager Hildebrandt indicated he would be working with City Council to provide budget amendments that would allow for the reduction in the tax rate. In recognition of the impact of the higher residential assessments, City Council approved the largest expansion in tax relief ever enacted in a single year for qualified elderly and disabled taxpayers.

City Manager Hildebrandt stated the recommended FY 2007 Operating Budget represented a blueprint for moving the City forward and for sustained ability to provide citizens with the high level services desired.

Mayor Frank reiterated there had been a number of Work Sessions regarding the City Manager's Recommended Operating Budget. City Council expected to have a Work Session to finalize ideas about the budget and its recommendations on May 3, 2006. Council's expectation was to vote on both the School Budget and the City Budget at the May 9, 2006 Regular Meeting of City Council. Mayor Frank advised that Council had a legal obligation by State law to adopt the Newport News Public School budget by May 15, 2006. He further advised that Council must approve the City's operating budget by June 15, 2006, in accordance with §6.12 of the City Charter. Mayor Frank indicated the State had not yet passed its budget, and the School budget was largely dependent on State funding.

(1) Ms. Ivy Mitchell, 6 Gary Road, represented the Board of Directors of Preschool Partners, which was a new organization in the community that had applied for a community support agency grant from the City of Newport News. Preschool Partners, a public-private collaboration, had its beginnings at Hidenwood Presbyterian Preschool. Young families were struggling to find and afford high-quality early childhood settings for pre-school aged children, and in July 2004, Preschool Partners was formed as a non-profit 501(c)3 organization by

3. Public Hearings Continued

(a) Fiscal Year 2007 Recommended Operating Budget Continued

Ms. Mitchell and Shirley Anson, Preschool Director at Hidenwood Presbyterian Preschool. The following goals were created to help address major weaknesses in the local early childhood structure: (1) quality assistance. A mentoring system was instituted, pairing experienced early childhood professionals with existing programs of care and education, to help develop and execute improvement plans; (2) identify underserved areas of the City and help to establish new high-quality and affordable programs of care and education for children; (3) raise public awareness about the issues related to early childhood education by engaging citizens and building the public will to improve the local infrastructure; and (4) building a parent resource and information system. A comprehensive database of information about care providers and pre-schools, and to educate parents in the importance of insuring an environment that attends to the social and cognitive development of the children, as well as their safety and health.

Ms. Mitchell indicated that Preschool Providers had begun to receive grant funding to begin work on the first three goals. The request to the City was for work on the fourth goal. Two childcare consultants would oversee the development of the parent resource and referral system, with over 30 years each experience with the Department of Social Services, and had an extensive background in parent education, child daycare, preventive services, family counseling, were familiar with the needs of the community, and possessed the skills essential to work with clients and providers.

Ms. Mitchell commended Dr. Roseanne Walters and the Office on Youth Development, who had been supportive of the efforts of Preschool Providers, and offered to meet individually with Council members to provide additional information about the activities of the program.

Ms. Mitchell distributed copies of editorials and articles from the December 12, 2004, October 25, 2005, and November 27, 2005 editions of the Daily Press. Copies are attached and made a part of these minutes.

(2) Ms. Mary Oder, urged Council to support a request made by Preschool Partners of the Virginia Peninsula for a community support agency grant, and to include its inclusion in the FY 2007 Operating Budget. Ms. Oder indicated that Preschool Partners sought (1) to develop a local network of information and support that families could turn to; (2) to provide opportunities to current caregivers and pre-school educators to enhance education and age-appropriate experiences for children; (3) seeking to work through the public library system to develop a database of care providers for working parents. A group of professional community members with varied backgrounds and experiences, Ms. Oder stressed that Pre-School Providers understood the importance of linking parents in need of quality experiences and care for their children, with quality providers in the community.

3. Public Hearings Continued

(a) Fiscal Year 2007 Recommended Operating Budget Continued

(3) Mr. Tom Mitchell, 6 Gary Road, President of the Newport News Educational Foundation, stated the Foundation was supportive of any program of high quality that would help children reach kindergarten healthy and ready to learn. Mr. Mitchell stated studies showed that high quality early childcare programs given to children from low income families provided early learning experiences, which that meant children were less likely to repeat the first grade, more likely to be on grade-level by third grade, more likely to be literate by eighth grade, more likely to graduate from high school, get a job, pay taxes, stay off welfare, and stay out of jail. Having served on Governor Warner's Early Learning Council, a diverse group of 30 Virginians, whose mission was to recommend to the Governor a path forward to increase school readiness in the Commonwealth, learned that Virginia was behind other states in developing a state supported, statewide effort to get children ready for kindergarten and ready to succeed in life. Pre-School Providers had made progress in three of its focus areas – quality assistance for existing childcare facilities who want to offer high quality early learning programs, setting up new neighborhood programs, and in increasing public awareness. Mr. Mitchell stated making the most of the critical early years prepared the community's children for school and success in life. How can we better support the community's parents as employees? Begin with stable childcare arrangements and the assurance to parents that their children are in good hands and in an enriching environment.

(4) Mr. Christine Tucker, 360 Waterfowl Lane, expressed support for the Peninsula Fine Arts Center (PFAC) budget, and applauded the positive impact of the PFAC on the community. Her oldest son, who was home-schooled, with plans of being an art major in college, had received instruction and guidance from the PFAC staff. She commended the PFAC for its influence, impression, and long-lasting affects on individuals in the community.

(5) Mr. Andrew Tucker, high school junior, currently being home-schooled, indicated his plans to pursue art on a college level. He stated without available art resources through the school system, he relied on the PFAC for instruction from talented teachers. Andrew was of the belief that the caliber of art instruction received at the PFAC could not be matched. He expressed gratitude for the advance instruction and mentoring received from the PFAC that helped shape his future.

Councilman Haskins congratulated and commended Ms. Tucker regarding the outstanding presentation made by her son Andrew.

(6) Ms. Crystal Warlitner, 152 Melville Drive, on behalf of the PFAC. Providing educational opportunities for public and private schools, as well as home-schoolers; year-round studio art instruction, daily children's activities, and the hands-on for kids gallery, Ms. Warlitner stated the diverse exhibitions attracted all areas of the region's population. The PFAC had worked to diversify its funding resources and achieved a stable combination of public and private support, along with increased earned revenue. The revenue, equally divided between individual and business partners, earned revenue for fees for services, special event fund-raisers,

3. Public Hearings Continued

(a) Fiscal Year 2007 Recommended Operating Budget Continued

and government grants. Government support, predominantly provided by Newport News, was also provided by the Virginia Commission for the Arts, Williamsburg, York County and Hampton. Ms. Warlitner urged City Council's consideration of the PFAC request for continued operational funding at \$120,000.00, and to consider investment in the planned building expansion, that was crucial to the continuing growth of services being provided to the community. Ms. Warlitner distributed an excerpt of the Community Services Agency Grant request filed by the PFAC to the City, which is attached and made a part of these minutes.

(7) Ms. Deborah Dowd, Vice Chair, Newport News Library Board of Trustees, urged Council's support for the needs requested by the Library system when considering the FY 2007 Operating Budget. The investments in the library system were necessary for the libraries to meet the changing needs of the community. Ms. Dowd reminded that the libraries serve as an important educational resource for citizens of all ages by providing computer resources for those who did not have access in their homes, offering cultural enrichment activities and opportunities, and building a sense of community. Additional positions and resources requested by the library system were needed to help keep up with growing demand for the services and the changing demands on the system, such as the growing Hispanic community, the aging population, and the growing demand for public computer access at the branches. Without the critical resources, the library system would not be equipped to meet the needs of the citizens. Ms. Dowd expressed her belief there could not be a more worthy investment in the City and its future.

(8) Mr. Alan Witt, 605 Riverside Drive, stated a good economy and increasing real estate values had resulted in large increases in real estate assessments, and accordingly, there was an urge to cut the real estate tax rate. Mr. Witt indicated it would be imprudent to do so because real estate values adjust in cycles. He urged Council to be fiscally conservative by (1) reducing city expenditures; (2) reducing debt; (3) increasing reserves for upcoming obligations; and (4) reserving for the future. Cutting the tax rate five cents (\$.05) would cut taxes on commercial properties in the aggregate, which would counter the goal of increasing the commercial real estate tax base in Newport News. Mr. Witt urged City Council consider the long-term impact of any budget decisions. (A copy of Mr. Witt's presentation is attached and made a part of these minutes.)

(9) Mr. L. T. Vaughan, III, 595 Snug Harbor Lane, talked about fiscal responsibility and raised numerous questions. Referencing the City Manager's statement about a 7.6% increase in the budget, inquired whether Mr. Hildebrandt had been instructed to come up with a 0% increase in the budget. He inquired why the City gave taxpayer dollars away to charities, i.e. donation to the Norfolk Opera House, donation to the Tsunami Victims, and donations to hurricane victims; rather than encouraging taxpayers to make donations directly to various charities. Mr. Vaughan inquired about what the City was doing to take best advantage of what it had, i.e. a drive home program for the police force? How much did a fully-equipped police car cost and whether the City could afford to park the car in front of someone's house for

3. Public Hearings Continued

(a) Fiscal Year 2007 Recommended Operating Budget Continued

twelve hours out of each day? Could the number of police cars be reduced? The City paid to conduct different studies – could any of these studies been done in house? Regarding the steadily increasing real estate assessment and property values, Mr. Vaughan inquired what the City would do when the real estate bubble bursts or it stopped growing and the City had increased its budget annually on the money from increased real estate tax and from increased fees. Was it fair to tax people that own property and increase that tax annually? Could the City continue to increase taxes and fees annually? He was hopeful that Council or the City Manager could come up with answers to his questions.

Mayor Frank informed Mr. Vaughan that Council did not get into debates or discussions during the public hearing, but invited Mr. Vaughan to set up a meeting to discuss the issues.

(10) Ms. Jean Farrar, 18 Island View Drive, Newport News Council of PTAs, distributed a copy of a Resolution passed by the Newport News Council of PTAs (a copy is attached to these minutes). She requested full funding of the budget for the Newport News Public Schools. Ms. Farrar indicated she was disturbed to see that the amount of funding that the elected leaders provided the schools had been steadily declining over the past five years, particularly during a time of increased property values and ever increasing taxes. The cost of educating students should not be borne by Newport News taxpayers, but by the State and national governments. The State had been stepping up to the plate, leading the City to believe they should contribute less. Ms. Farrar indicated the School Board approved budget was at the bear minimum and was the smallest request of all surrounding areas. The Newport News Council of PTAs urged Council to show its full support for the teachers, staff, and students of Newport News by fully funding the NNPS budget.

(11) Mr. Rick Donaldson, 111 James River Drive, Vice-Chairman, Newport News School Board, urged Council's support for fully funding the FY 2007 School Board Budget that was unanimously adopted in March 2006. The School Board felt the Budget represented a conservative plan for continued improvement of public education for the citizens of Newport News and their children. The School Board was pleased to have community involvement in the development of the budget. Mr. Donaldson expressed his pleasure with the spirit of cooperation between the School Board and City Council. In an effort to show that cooperation, the School Board cut the budget originally passed to come closer to the City Manager's recommendation. The School Board Budget represented a road map that would help the School Board continue its progress in improving the Schools and encouraged City Council to help make that happen. Mr. Donaldson asked members of Council to do all they could to fully fund the NNPS Budget.

Councilwoman McMillan moved closure of the public hearing; seconded by Councilwoman Scott.

3. Public Hearings Continued
 - (a) Fiscal Year 2007 Recommended Operating Budget Continued

Vote on Roll Call:

Ayes: Allen, Bateman, Frank, Haskins, McMillan, Scott

Nays: None

Mayor Frank reminded that City Council would have another Budget Work Session, with plans to vote on both the NNPS Budget and the City Budget at the Regular Meeting of City Council on Tuesday, May 9, 2006, in the City Council Chambers, Newport News City Hall, 2400 Washington Avenue.

THERE BEING NO FURTHER BUSINESS,
ON MOTION, COUNCIL ADJOURNED AT 8:25 P.M.

Mabel V. Washington, CMC
City Clerk

Joe S. Frank
Mayor

A true copy, teste:

City Clerk