

MINUTES OF BUDGET WORK SESSION  
OF THE NEWPORT NEWS CITY COUNCIL  
HELD IN THE 10<sup>TH</sup> FLOOR CONFERENCE ROOM  
2400 WASHINGTON AVENUE  
May 3, 2006  
1:00 P.M.

PRESENT: Joseph C. Whitaker; Charles C. Allen; Herbert H. Bateman, Jr.; Joe S. Frank; William F. Haskins; Madeline McMillan; and Sharon P. Scott ----7

ABSENT: None -----0

OTHERS PRESENT: Randy W. Hildebrandt; Stuart E. Katz; Mabel V. Washington; Neil Morgan; William P. Mitchell; Iza Cieszynski; Butch Blanks; Florence Kingston; LaVerne Lovett; John Hartman; Lisa Cipriano; Robyn Rose; Deborah Everitt; Rhonda Everton; Kris Flores; Lottie Vincent; Cleder Jones; and Jennifer Walker

I. FY 2007 Budget Discussion

Mr. Randy Hildebrandt, City Manager, stated he formulated a proposed package of revenue and expenditure adjustments, as requested by City Council, to reduce the real estate tax rate by \$.04, provide an additional \$1,175,000 for the NNPS schools and allocate additional funding in several areas, particularly for the Sheriff's Department and two additional Park Rangers. (A memo dated May 2, 2006, regarding the adjustments to the recommended FY 2007 appropriating budget is attached to these minutes.)

City Manager Hildebrandt stated in researching and updating revenues he noted \$2 million in prior year tax collections that had not been budgeted. He stated he felt comfortable with reducing the tax rate by \$.04 and recommending an additional \$1,175,000 for the schools, in light of the additional \$2 million and funding found in other revenue items. He proposed the following expenditure adjustments for the FY 2007 budget: \$250,000 for the Sheriff's Department; \$130,000 for to attorneys for the Commonwealth Attorney's Office; \$103,625 for two Park Ranger positions; \$37,781 to Community Services Board; and \$1,318 for overtime in the Magistrate's office.

City Manager Hildebrandt explained the City had realized a decrease in the projected cost of health insurance of \$278,000. He noted the following adjustments made to Community Support that would increase the budget by \$81,655: elimination of \$353,000 for the Jamestown 2007 events which would be funded out of FY 06 surplus; \$100,000 for the Virginia Arts Festival; \$42,431 for Hampton Roads Transit; \$15,000 for Public Art; and \$31,000 for Denbigh House.

Councilwoman McMillan inquired how much of the City's budget represented the \$31,000 portion for the Denbigh House, and whether the Denbigh House was soliciting funds from other municipalities. Mrs. Deborah Everitt, Budget Analyst II, Budget & Evaluation, replied the Denbigh House projected receiving funding from the Commonwealth of Virginia Department Rehabilitation Services, United Way, fee for service foundations and private donations. She indicated they did not solicit funding from other localities.

Councilwoman McMillan inquired about the reason the Denbigh House did not solicit from other localities as many of the resident were not from Newport News. Her concern was not with the mission of the Denbigh House, but that Newport News seemed to be the only jurisdiction supporting them. She felt they should not depend upon Newport News for a certain percentage of their budget if they were not soliciting from other localities that they represented.

Mayor Frank proposed by offering funding to the Denbigh House as a match for every dollar they raised from other localities and donations. He felt that would challenge them to call on other communities to help meet their needs.

Councilwoman McMillan agreed, and noted the facility in Richmond was successful in garnering support from surrounding localities. Although she supported the Denbigh House, Councilwoman McMillan had a concern about ongoing support and felt other localities should provide a portion of the funding.

Vice Mayor Allen stated he supported funding for the Art Foundation for public art, but felt solicitation of local artists should be open and advertised. He stated a contract or agreement needed to be drawn up between the City and the Art Foundation that designated open solicitation to allow all artists an opportunity to submit their concepts. Last year he questioned the City Manager, who subsequently wrote a letter to Robert Freeman about the venture. City Manager Hildebrandt stated he had no objection to including a condition for solicitation of local artists.

Mayor Frank inquired whether this was the norm for universal art. He questioned whether artists normally submitted RFP's for competition. Vice Mayor Allen replied an artist call, in publications, such as "Sculpture Magazine," should be done when a project was selected to give interested artists an opportunity to submit their concepts.

City Manager Hildebrandt noted there was \$188,000 that was positive variance, and he felt the City could fund the following unresolved agencies: St. Mary's

Home for Disabled Children - \$25,000; Peninsula Drug Rehabilitation Foundation - \$100,000; Peninsula Community Foundation - \$50,000; and Peninsula Pre-School Partners - \$72,500.

Vice Mayor Allen stated he supported the Peninsula Community Foundation and felt the City should fund all or at least 50% of their request. He felt things the City did in community support would be picked up by that Foundation over time. As he looked at the record of community Foundations across the country private money was used to deal with issues that the City faced with public money.

Mayor Frank concurred and felt the City's contribution would help the Foundation legitimize itself within the community. He indicated the Foundation would begin to take-on matters in the future that the City would not have to do and felt it was an important investment.

Councilman Haskins recommended that funding for the Peninsula Drug Rehabilitation Foundation (PDRF) be held until they met the conditions requested by the City.

Mayor Frank stated in addition to having a legal structure in place, PDRF needed to demonstrate financial management capacity of their programs with a detailed structure in place that would ensure that money was properly allocated and used to avoid problems they had in the past. Mayor Frank inquired whether the Foundation had presented a program specifying what they intended to do with the funding received from the City and whether they had financial management practices and supervision measures that would assure that the funding was used for purposes outlined. He inquired whether City Council concurred with getting additional assurances about what the foundation planned to do with the funding, what kind of programs would be provided, and what kind of financial supervision and accountability measures would be in place.

Vice Mayor Allen felt the City needed to create a contingency in Community Support for PDRF to appropriate funding once they met the necessary criteria. City Council concurred with creating a contingency of \$50,000. Mayor Frank suggested that City Council come up with an amount for FY 2007, subject to the conditions imposed, to demonstrate good faith on the City's part and to make sure the City received good faith on their side.

Mayor Frank indicated St. Mary's Home for Disabled Children was a facility in Norfolk that took care of multi-handicapped children. He noted 14% of their residents were from Newport News. He was in support of funding their request as

there were residents of Newport News who could not find another place to take care of their children. This was not an operational funding request, but a building request and was a one time request.

Vice Mayor Allen expressed concern that the State was preparing to close the Virginia State School for the Blind, Deaf and Disabled because they felt there was no need for the facility. He did not agree with some of the children being transferred to St. Mary's. He felt there was a responsibility to help children remain on the Peninsula in the facility that was provided for them.

Mayor Frank stated the Virginia State School would not accept the children that St. Mary's took. Councilwoman McMillan stated children who went to St. Mary's had no promise of rehabilitation and were in a vegetative state. City Council concurred with funding St. Mary's for a one time appropriation of \$25,000.

Mayor Frank inquired whether City Council wanted to fully fund Preschool Partners.

Councilwoman Scott expressed concern that funding for Preschool Partners was a request for seed money to start their business by paying for a data base. She felt Preschool Partners should get their operations up and running before the City agreed to fund them.

Councilwoman McMillan concurred and stated she had a problem with how and who Preschool Partners were going to refer. She stated Preschool Partners was setting criteria that designated what was a good preschool program. If a faith based preschool that did not abide by their criteria, Preschool Partners would not refer their services to the public.

Vice Mayor Allen stated Preschool Partners was a built-in referral system in that if accepted their criteria they would refer you. If you did not meet their criteria or adjust to their programs you were not entitled to their reference.

Councilwoman McMillan stated there were State licensing requirements for all preschools, and inquired what Preschool Partners was doing in addition to that.

Mayor Frank indicated the City received requests from all over with little information about what organizations really do, how they work and what they were about. He felt the City needed a process that screened requests to compare

organizations to make sure the City was not duplicating efforts. He felt City Council needed to understand the program of Preschool Partners before appropriating funding. He requested that the City Manager take a more in depth look and report back to City Council.

Councilwoman McMillan stated although most program requests were important City Council was not obligated to use public dollars for a "pet project". She was not sure there was a real need for Preschool Partners that was not already handled by the State and Social Services.

Vice Mayor Allen stated in reviewing CDBG annual funding requests he found that many people were looking for assistance to carry-on unnecessary projects. He felt individuals came to the wrong place for funding. He felt Preschool Partners should be soliciting funds from the School Board.

Councilman Haskins felt City Council had a priority to the citizens and employees of Newport News. He stated City Council was taking money that the City did not have from City employees to fund the School System by not funding the Pension plan in order that it would be actuarially sound. He felt school funding was a bottomless pit. He stated the City could not continue to add to the Community Support budget and not fund necessary items that made the City whole, which meant reducing its debt.

Councilman Bateman felt that Preschool Partners program was adequate, but did not think they sold the program. He agreed with the Vice Mayor that it was more of an educational matter.

Councilman Whitaker felt City Council needed to get more information on what Preschool Partners planned to do with funding to make sure efforts were not being duplicated.

City Manager Hildebrandt suggested that City Council fund the Community Foundation at \$50,000, St. Mary's Home for Disabled Children at \$25,000 and set aside \$125,000 in a contingency fund to deal with Peninsula Drug Rehabilitation and Preschool Partners. Should the agencies provide legitimate management plans that meet City Council's approval, money in the contingency fund would give flexibility.

Vice Mayor Allen stated the sentiment of City Council was that Preschool Partners was asking the wrong entity for funding and the City Manager should suggest they go to the School Board to request funding. City Council concurred to refer Preschool Partners to the School Board.

Mayor Frank indicated he was in agreement with having the contingency fund set aside to deal with various matters that might come up during the year. City Council concurred.

Mayor Frank supported the City Manager's recommendation to the Schools and felt it was appropriate. However, he wanted to put a ceiling on the recommended amount in order to decrease City funding, should the State give the schools more funding

City Attorney Katz stated the City was obligated to give the schools the amount of money designated in the budget document. He suggested that City Council do a special separate appropriation, as was done in FY 2006, if they desired to have extra money in reserve in case the Schools did not get the desired funding from the General Assembly. State law did not allow the City to do a contingency on this appropriation.

City Council concurred with the City Manager's recommendation for the Schools.

Mayor Frank inquired whether City Council supported the \$0.04 real estate tax reduction recommended by the City Manager. He understood citizens would love to have a larger tax reduction, but indicated the City's responsibility was to be prudent.

Councilwoman McMillan felt City Council needed to monitor its spending and hoped the City Manager took her suggestion regarding review of cost centers. City Manager Hildebrandt stated he did and pledged that the management and leadership of City government would use money effectively and not spend unnecessarily.

City Council concurred with supporting the \$0.04 real estate tax reduction as proposed by the City Manager.

THERE BEING NO FURTHER BUSINESS  
ON MOTION COUNCIL ADJOURNED AT 2:15 P.M.

Jennifer D. Walker, CMC  
Chief Deputy City Clerk

Joe S. Frank  
Mayor

A true copy, teste:

City Clerk