

**MINUTES OF WORK SESSION  
OF THE NEWPORT NEWS CITY COUNCIL  
HELD IN THE 10<sup>TH</sup> FLOOR CONFERENCE ROOM  
2400 WASHINGTON AVENUE  
March 22, 2016  
3:15 p.m.**

**PRESENT:** Tina L. Vick; Patricia P. Woodbury; Herbert H. Bateman, Jr.; Sandra N. Cherry; Robert S. Coleman; McKinley L. Price, DDS; and Sharon P. Scott-----7

**ABSENT:** None-----0

**OTHERS PRESENT:** James M. Bourey; Collins L. Owens; Mabel Washington Jenkins; Cynthia Rohlf; Alan Archer; Wanda Pierre; Darlene Bradberry; R.B. Alley; Michael Poplawski; Lisa Cipriano; Sherry Crocker; William Keller; Chad Pritchett; Nicole Ellis; Tylisha Sample; Tom Mitchell; Sheila McAllister; Claudia Cotton; Florence Kingston; Ven Thomas; Reed Fowler; Jerri Wilson; Britta Ayers; Joy Thompson. Paula Hersh; Scott Dewhirst; Gary Hunter; Shelly Simonds; Pat Finneran; Kim Lee; Cleder Jones; Eoghan Miller; Jennifer Walker; and Theresa Clift

- I. Closed Meeting  
(3:46 p.m. – 4:00 p.m.)
  
- II. FY 2017 Recommended Operating Budget

Mr. James M. Bourey, City Manager, stated he was pleased to provide the FY 2016 – 2017 Recommended Operating Budget (FY 2017 Recommended Budget). He advised that the FY 2017 Recommended Budget was based on the priorities, desires and the cumulative feedback of City Council. Although revenues were improving, the budget process continued to be a challenge due to prior demands that had been put on hold. Past difficult financial years forced certain actions that needed to be addressed to help balance the budget, such as attrition credits. The Department of Human Services had a \$2.4 million attrition credit in FY 2014, which was reduced to \$1.9 million in FY 2015. The \$1.9 million would be reduced to \$1.1 million in FY 2017, as the Department had done well with doing more with less.

City Manager Bourey stated that \$1 million was included in the budget for salary adjustments, beyond merit increases, to address substantial needs for public safety personnel; although, there were additional needs to be addressed. He stated adjustments were made for employees making less than \$40,000 in FY 2016, as they had been hit hard by very little wage increases, and rising health care premiums. The City needed to get as close to a viable living wage as possible.

City Manager Bourey advised that much progress had been made on the war against youth and gang violence. He stated that the Summer Training and Enrichment Program (STEP) had

proved invaluable. The Street Outreach Workers had been wonderful in the community and were helping to reach youth one-by-one. The FY 2017 Recommended Budget included \$400,000 to expand STEP and continue the work in the Department of Human Services that began with the Office of Juvenile Justice and Delinquency Prevention (OJJDP) Grant, which was expiring.

City Manager Bourey stated that investment in Information Technology had languished over time. He advised that the trend began to reverse in the FY 2016 Operating Budget and further strides were being made in the FY 2017 Recommended Budget. The development of a Permit System would be operational in October 2016, which would enhance internal efficiency and effectiveness and greatly facilitate the private sector in doing business with the City. Staff was also moving forward with automating the City's systems to operate in a paperless mode that would allow more flexibility in how citizens electronically interacted with the City.

City Manager Bourey noted the importance of mass transit to community service. He stated that key HRT routes were being improved to reduce transfer times. The City was also helping HRT leverage State and Federal funding to buy new buses.

City Manager Bourey advised that increases in Wastewater and Stormwater Fees were needed to address State and Federal mandates. The City supported such actions which would further clean-up the Chesapeake Bay, although it came with a price tag.

City Manager Bourey stated that the City had a priority to equip Police Officers with body cameras. He stated that funding to hire three additional Paralegals in the Commonwealth Attorney's Office to review Police camera recordings was included in the FY 2017 Recommended Budget.

City Manager Bourey emphasized the vital need to support Schools. He stated the City's Local Required Match to the Schools totaled approximately \$56 million in FY 2017, and staff was pleased that the Commonwealth had increased support for Schools by \$8.3 million. The Schools would also be able to utilize \$2 million given to them by the City in FY 2016 for the new Magruder Elementary School. It was important to do what we could to assist the Schools. He recommended an additional \$1 million for the Schools.

City Manager Bourey was pleased to see a projected increase in General Fund Revenue of 3% overall. The increase of 4.2% in property tax revenue was refreshing. The overall FY 2017 Recommended Budget totaled \$858 million (3.5% increase), with a General Fund Recommendation of \$478 million (3% increase). Combined with the FY 2017 – 2021 Capital Improvements Plan (CIP), the overall City budget would exceed \$1 billion.

City Manager Bourey believed that this budget was in sync with the goals of City Council and the aspirations of a City on the move. He introduced Ms. Lisa Cipriano, Director, Depart-

ment of Budget & Evaluation, to provide the presentation in detail. He recognized her staff (Mr. Chad Pritchett, Mr. Keith Ferguson, Ms. Sheri Crocker, Ms. Nicole Ellis, Mr. Bill Keeler, Ms. Robyn Rose and Ms. Tylisha Sample) and thanked them for their hard work (a copy of the presentation, "Overview – Fiscal Year 2017 – City Manager Recommended Operating Budget," is attached and made a part of these minutes).

Ms. Cipriano stated that financial matters were improving and noted revenue and expenditure impacts realized while preparing the FY 2017 Recommended Budget:

- Major Revenue Impacts
  - Increase in Real Estate Assessments for the second consecutive year; localized in certain property classes
  - Steady signs of economic recovery in local revenues
  - No new taxes, no changes in tax rates
  
- Major Expense Considerations
  - Increased Pension and Healthcare costs
  - Salary adjustments and employee investment
  - School Division funding
  - Maintenance of programs and services
  - Restoration of previous reductions
  - Investments in support of Strategic Priorities

Ms. Cipriano stated the FY 2017 Recommended Budget was framed with Outcome Measures that: 1) helped to manage/execute City activities for improvement; 2) helped to have objective decision making means; and 3) helped with progress indicator(s).

City Manager Bourey advised that the City hired a firm to conduct a statistically balanced citizen survey. The results of the survey would be incorporated into the City's Outcome Measures, and provided at the 2016 State of the City Address. The survey would show accountability and how the citizens felt about the services they received.

Ms. Cipriano noted the Components of the FY 2017 Financial Plan totaled \$1,016,155,260 and was comprised of the following:

- |   |                 |
|---|-----------------|
| 1. FY 2017 Recommended Operating Budget             | \$858,137,322   |
| General Fund  | \$478.8 million |
| School Operating Fund                               | \$119.3 million |
| 2. FY 2017 Approved Capital Improvements Plan (CIP) | \$167,034,514   |
| General Fund Supported Projects                     |                 |
| User-Fee Supported Projects                         |                 |

Budget: Ms. Cipriano noted the percentage composition of the FY 2017 Recommended Operating

- General Fund 41.4%
- School Fund 26.3%
- User Fee Funds 5.1%
- Other Special Revenue and Trust Funds 18.3%
- Vehicle Services Fund 1.2%
- CDBG Fund 0.1%

Ms. Cipriano stated Real Estate Tax values were the main drivers of General Fund Revenue. Real estate assessed values were down \$1.6 billion between FY 2010 – FY 2015, State Revenue was down \$8.4 million between FY 2008 – FY 2015 (did not include State Grants in FY 2016); and State Support for Schools was down \$13 million between FY 2008 – FY 2015.

Ms. Cipriano noted proposed changes in FY 2017 General Fund Revenues:

- Real Estate Tax \$183.7 million; increased 4.3%
- Personal Property Tax \$ 52.9 million; decreased 1.9%

Budget: Ms. Cipriano noted detailed revenue changes anticipated in the FY 2017 Recommended

- General Property Taxes \$262.7 million; increased 4.0%
- Other Revenue
  - Other Local Taxes \$104.7 million; increased 1.2%
  - Permits, Fees, Regulatory Licenses \$ 3.7 million; increased 8.8%
  - Fines & Forfeitures \$ 1.7 million; increased 0.0%
  - Use of Money & Property \$ 2.4 million; increased 0.0%
  - Charges for Services \$ 6.2 million; increased 0.0%
  - Miscellaneous Revenue \$ 24.8 million; increased 3.3%
  - Recovered Costs \$ 13.5 million; increased 5.5%
  - Non-Categorical Aid \$ 1.0 million; decreased 0.1%
  - Shared Expenses \$ 10.2 million; increased 0.0%
  - Categorical Aid \$ 32.3 million; increased 2.5%
  - Non-Revenue Receipts \$ 15.3 million; increased 9.3%
  - Payments from Other Funds \$ 0.2 million; increased 0.0%

two areas: Ms. Cipriano stated 77% of the \$478 million FY 2017 General Fund Revenue fell into

- General Property Taxes - 55% (Real Estate, Personal Property and Machinery and Tools Taxes)

- Other Local Taxes - 22% (Sales, Meals, Lodging and BPOL Taxes  
Maintaining tax rate at \$1.22

Ms. Cipriano noted the history of the City's real estate tax rate since FY 2005, which had decreased from \$1.27 per \$100 of assessed value to \$1.22 per \$100 of assessed value. She stated there was no proposed increase to the real estate tax rate for FY 2017.

Ms. Cipriano noted the FY 2017 proposed General Fund expenditure increases:

- Pension Increase – Final year for sizeable increases
- Moderate Health Insurance Premium Increase
- Salary Adjustment, Merit-based
- Salary Equity Adjustment
- Local Support for Schools
- Contractual Obligations
- Limited Program Changes, Corrective Actions
- Support Strategic Priorities

Ms. Cipriano noted the major expenditure categories within the FY 2017 Recommended Budget:

- Salaries \$124.6 million
- Fringe Benefits \$ 69.6 million

Ms. Cipriano stated the \$478 million proposed FY 2017 General Fund expenditure fell into four areas:

- Salaries and Fringe Benefits \$203.4 million; 43%
- Support for Schools \$119.3 million; 25%
- All Other \$114.1 million; 24%
  - Community Regional Support \$ 11.1 million
  - Vehicle and IT Replacement \$ 4.0 million
  - Contractual Services \$ 20.8 million
  - Utilities, Vehicle Fuel \$ 9.5 million
- Debt Service \$36.9 million; 8%

Ms. Cipriano advised, as a member of the Virginia Retirement System (VRS), the City had always fully funded the Annual Required Contribution (ARC) for employees hired or rehired after March 1, 2010. The VRS offered the City a favorable rate decrease for FY 2017 because the City continuously fully funded the ARC. The VRS rate was reduced from 6.01% to 5.44%, which lowered the annual contribution by \$299,493, from \$2.6 million to \$2.4 million.

Ms. Cipriano advised that FY 2017 General Fund Healthcare Costs amounted to \$21.5 million, which totaled 4.5% of the General Fund. Healthcare costs continued to rise, but at a substantially lower rate than experienced in prior years, which was due to the importance of a Wellness Program. To reduce the long-term overall healthcare costs, the City was engaged in a Wellness Program with incentives for participating in annual physicals, healthcare assessments, smoking cessation programs, and Wellness-at-Work programs. By identifying, addressing, and monitoring overall wellness issues, the City had a better tool to facilitate a healthier and more productive workforce.

Ms. Cipriano advised that prior to FY 2016, 186 positions in the General Fund had been eliminated, which represented a 6.8% decrease of the City's workforce, since the beginning of the recession. The City had reached the point where it could not continue to sustain large scale position reductions. There would be a net increase of 21 positions in the General Fund in FY 2017, with an increase of 16 other positions city-wide, excluding the School Division. Ms. Cipriano noted the FY 2017 Position Changes:

- General Fund
  - 21 New positions – 1 converted from Part-time
  - Six positions from Benefits and Pension were shifted to Human Resources
  - Four positions shifted to Other Funds
  - Three positions eliminated
- Other Funds (not noted above in the General Fund)
  - 12 New positions
  - One position eliminated
  - 14 New positions
  - Schools – 30 New positions (25 - 4<sup>th</sup>/5<sup>th</sup> grade positions; 5 other positons)

Councilwoman Scott inquired about the departments that were impacted by employees that were converted from part-time to full-time. City Manager Bourey replied that the Department of Parks, Recreation and Tourism was the department that was mostly affected, followed by Libraries. These two departments were the biggest consumers of part-time employees.

Councilwoman Woodbury inquired about the departments that would be affected by the elimination of three positions. Ms. Cipriano replied: a Staff Technician in the Real Estate Assessor's Office; a Senior Stock Clerk in the Department of Purchasing; and a Library Technician in the Department of Libraries and Information Services. City Manager Bourey advised, as was done with the City Farm, he would ensure that the three above-referenced employees would be offered City jobs; no one would lose a job with the City.

Ms. Cipriano noted major adjustments to the FY 2017 Recommended Operating Budget:

- |  |                          |
|--|--------------------------|
| • Average 3% Salary Adjustment               | \$3.6 million            |
| • Retirement Increases – NNERF and VRS       | \$2.5 million; \$133,000 |
| • Contractual Obligations                    | \$1.1 million            |
| • Additional City Contribution to Schools    | \$1.0 million            |
| • Cash Capital – FY 2017 Adopted CIP         | \$1.0 million            |
| • Increased HRT Costs – Operations & 108/116 | \$ 889,000               |

- Expanded YGV – STEP, TOPP \$ 400,000
- 2016 Presidential Election \$ 112,000
- New Community Support Applicant \$ 50,000
- Debt Service Decrease \$ (394,000)
- Vehicle Fuel Savings \$ (520,000)
- Department Efficiencies & Cost Saving Efforts \$ (651,000)

City Manager Bourey stated it was becoming a challenge to reduce Departmental costs, which had been done over the past few years.

Councilwoman Cherry inquired about departmental costs savings and what it included. Ms. Cipriano replied that the lowest amount cut from a department was \$400. She stated there were several efficiencies in IT that totaled \$25,000, and savings were realized from the elimination of contracts and positions.

Councilwoman Cherry inquired whether the reduction was due to position eliminations or due to the automation of procedures. Ms. Cipriano replied it was a combination of things. Councilwoman Cherry stated that she did not believe that everything could be automated. She preferred having paper rather than reviewing information electronically, which may work for others. She hoped to have received a copy of the Power Point Presentation provided by Ms. Cipriano, which would have provided her an opportunity to take notes and ask questions. Ms. Cipriano replied that she would get the information to Councilwoman Cherry.

Councilwoman Scott inquired whether the funding for the 2016 Presidential Election would provide new equipment for the Voter Registrar. Ms. Cipriano reminded that \$571,000 was included in the FY 2016 Operating Budget for new voting machines for the Voter Registrar. The funding (\$112,000) for the 2016 Presidential Election would be used for printed ballots, postage, etc.

Ms. Cipriano noted FY 2017 Support for Strategic Priorities:

- Community Maintenance and Renewal
  - Continued Funding for Demolitions
  - New Positions for Code Enforcement
- Economic Development and Redevelopment
  - Support Cultural Attractions Fund, Increased HRT Service, New Position
- Maximum Emphasis on Public Safety
  - Expanded Funding for Youth and Gang Violence Initiative
  - Final Year Support for COPS Grant, Assuming Grant Positions
- Sustainable Local Governmental Policies
  - Fleet Replacement, Recognizing Fuel Savings Through Less Use
- Fiscal Management and Efficient Operations
  - Met Pension Obligations and Cash Contribution in CIP
  - Reorganizations – Communications, City Farm, Motor Pool
  - Inclusion of Federal and State Grant Funds

Ms. Cipriano reported that the FY 2017 Recommended Budget included \$119.3 million for Schools, which included \$1 million in Reserve. She indicated that State revenue for Schools was estimated to increase by \$8.3 million.

Ms. Cipriano advised that Waterworks would experience an operating increase of \$1.8 million or 2.1% over FY 2016. There was a proposed 1% water rate increase, but no change to the monthly service fee. User fees were driven by the same pressures experienced by the General Fund, such as pension and health insurance costs, salaries, and capital improvements.

Ms. Cipriano stated the Solid Waste Fund would experience an operating increase of \$237,000 or 1.6% over FY 2016. She advised the Solid Waste fee was proposed to increase by \$0.15 per week or \$7.80 per year for a standard size container and \$0.12 per week or \$6.24 per year for a medium container. There would be four new positions, with one being an inspector position that would focus on illegal dumping.

Ms. Cipriano reported that the Wastewater Fund would experience an operating increase of \$313,000 or 1.5% from FY 2016. She advised that increased retirement, health insurance costs and salaries, along with federal mandates continued to drive costs. Four new positions were included to address consent order mandates and maintenance programs. There was a \$0.10 per HCF increase proposed for the Sewer User Fee; however, there was no change in the Monthly Service Fee.

Ms. Cipriano stated the Stormwater Fund would experience an operating increase of \$2.1 million or 10.7% over FY 2016. The Stormwater Management Fee continued to be impacted by Federal and State Stormwater regulations. Seven new positions were proposed, three of which would be transferred from the General Fund. The Stormwater Management Fee would increase by \$0.50 per Equivalent Residential Unit (ERU) per month or \$6 per year.

Ms. Cipriano noted the annual total impact of FY 2017 User Fees and tax increases, on a typical household amounted to approximately \$23.04:



Ms. Cipriano shared the next steps for the FY 2017 Recommended Operating Budget to include the adoption of the Public Hearing Schedule by City Council (see information in presentation attached to these minutes).

Mayor Price asked for a motion in support of the FY 2017 Recommended Budget Public Hearing Schedule. Vice Mayor Coleman moved, pursuant to Section 6.09 of the City Charter, that the Newport News City Council hold a Public Hearing on the FY 2016 – 2017 Recommended Operating Budget, on Tuesday, April 12, 2016, at 7:00 p.m., in the City Council Chambers at City Hall, 2400 Washington Avenue, and on Thursday, April 14, 2016, at 7:00 p.m., at the Denbigh Community Center,

Room 113, 15198 Warwick Boulevard, Newport News. In addition, a notice informing the public of the time and place of these Public Hearings would be published not less than seven days prior to the date of the first Public Hearing; seconded by Councilwoman Vick.

Vote on Roll Call:

Ayes: Vick, Woodbury, Bateman, Cherry, Coleman, Price Scott

Nays: None

### III. Comments/Ideas/Suggestions

Councilwoman Cherry reiterated her need for paper copies of the presentations. She would have appreciated having a copy of the Power Point made available to her before Ms. Cipriano's presentation. A paper copy provided an opportunity to process the information more effectively and take notes. She asked that a copy of future presentations be provided to her before or at the time of the Work Session.

Councilwoman Cherry inquired about several caved-in and crumbled sidewalk panels that were in front of the Downtown Post Office at 25<sup>th</sup> Street and West Avenue. She asked whether the repair of the sidewalk was the responsibility of the City. Assistant City Manager Cindy Rohlf replied that she would look into the matter.

Councilman Bateman advised that there was a large amount of graffiti on Route 17 under the I-64 overpass. City Manager Bourey stated he would have staff look into the matter.

Councilman Bateman inquired about blown-out street lights that needed replacement. He felt blown-out streetlights were hazardous to citizens. It seemed that Dominion Virginia Power was not replacing lightbulbs as needed. City Manager Bourey stated blown-out street lights were an ongoing issue in many communities. He stated he would have staff contact Dominion Virginia Power to see about getting the issue resolved.

Vice Mayor Coleman agreed, and stated that damaged utility boxes existed throughout the City for months as well. City Manager Bourey felt the City needed to contact representatives of Dominion Virginia Power and Verizon Communication about attending a City Council Work Session to discuss the matter.

Councilwoman Vick agreed that having representatives from Dominion Virginia Power and Verizon Communication attend a Work Session to explain the issue would be great. She voiced concern about non-lighting on the demolished Dickerson and Harbor Home sites. She stated the area was very dark. She inquired whether Dominion could suggest some type of lighting for the area.

Councilman Bateman felt that citizens could help out with the matter.

City Manager Bourey thanked all the volunteers and staff that assisted with the One City Marathon. He commended Dr. Telly Whitfield, Assistant to the City Manager, for all his hard work with overseeing and planning the Marathon. He thanked City Council for their support.

Councilwoman Cherry inquired whether there was a reason that the Marathon had to fall on the second weekend in March. City Manager Bourey replied the City was somewhat tied to the second weekend as that was the time that Christopher Newport University (CNU) observed Spring Break and he did not want to compete with the Shamrock Marathon held in Virginia Beach and other major races in Richmond.

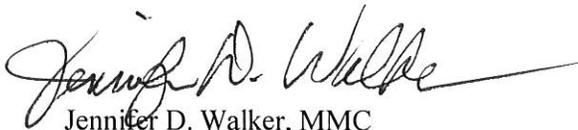
Councilwoman Scott questioned what CNU's Spring Break had to do with the planning of the Marathon. City Manager Bourey replied that the Marathon ran through the CNU campus and many students participated.

Councilwoman Scott inquired whether the Marathon had to be held on a Sunday. City Manager Bourey replied yes, because there were less traffic concerns, and Saturday became more problematic.

Councilwoman Scott inquired about the citizen that complained about a business that utilized Richland Drive for employee parking. She inquired whether the City could stop the employees of the business from parking on the street. Assistant City Manager Rohlf responded that she and staff was working on the matter to see if something could be done to alleviate the resident and business' concerns.

Councilwoman Scott thought that residential use should take precedence over a business use. Assistant City Manager Rohlf replied that employees were parking on a public street and the City could not tell someone that they could not park on a public street. The City would do everything possible to work with the business. She indicated she would follow-up on the matter and respond to the resident.

THERE BEING NO FURTHER BUSINESS  
ON MOTION, COUNCIL ADJOURNED AT 5:15 P.M.



Jennifer D. Walker, MMC  
Chief Deputy City Clerk

McKinley L. Price  
Mayor  
Presiding Officer

A true copy, tested:

City Clerk