MINUTES OF WORK SESSION
OF THE NEWPORT NEWS CITY COUNCIL
HELD IN THE 10^{TH} FLOOR CONFERENCE ROOM
2400 WASHINGTON AVENUE
June 14, 2016
3:30 p.m.

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

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

OTHERS PRESENT: James M. Bourey; Collins L. Owens; Mabel Washington Jenkins; Cynthia Rohlf; Alan Archer; Councilman-Elect Marcellus Harris III; Darlene Bradberry; RoShaundra Ellington; Lisa Cipriano; Chad Pritchett; Cherry Croushore; Priscilla Bele; Marty Eubank; Sheila McAllister; Paula Hirsch; Chris Morello; Florence Kingston; Bill Bell; Ray Bagley; Lucas Hicks; Tom Cosgrove; Christie Miller; Wendy Drucker; Ray Suttle, Jr.; Cleder Jones; Kim Lee; Jerri Wilson; Jennifer Walker; and Dave Ress

I. Closed Meeting

3:39 p.m. – 4:55 p.m.

II. Elderly Property Tax Relief

Mr. James M. Bourey, City Manager, advised that concerns had been raised regarding challenges faced by citizens in going from a Real Estate Tax Exemption Program to a Real Estate Tax Deferral Program. One challenge dealt with Reverse Mortgage requirements and the problem it presented to mortgage companies. Reverse Mortgage holders were not allowed to participate in the Real Estate Tax Deferral Program because it resulted in the City holding an interest in the property which superseded the mortgage company's interest. Staff was looking into the issue and considering a program fit for all residents. The cost to institute such a program would be expensive, and staff was considering a program that would target those who were in true need of real estate tax exemption. It would be wise to begin with a narrow program with the option to expand should City Council decide to reinstitute the Real Estate Tax Exemption Program. City Manager Bourey introduced Ms. Lisa Cipriano, Director, Department of Budget & Evaluation, to report on a strategy to implement a Real Estate Tax Exemption/Deferral Program (a copy of the presentation, "Real Estate Tax Deferral Program," is attached and made a part of these minutes).

Ms. Cipriano advised that Real Estate Tax Exemption and/or Real Estate Tax Deferral had been studied over time and was a very complex issue. She noted the three types of Real Estate Tax Exemption programs handled in the City of Newport News: 1) Age-Deferral Program; 2) Disabled Exemption Program; and 3) Disabled Veteran's 100% Program.

Councilwoman Scott understood that the City continued to offer the Disabled Exemption Program and the Disabled Veteran's 100% Program. Ms. Cipriano replied yes, and indicated staff was amending the Age-Deferral Program.

Ms. Cipriano reminded that Ordinance 6786-11 adopted May 10, 2011 and effective July 1, 2012, authorized a shift from a total exemption program for age and disability to a deferral program. The shift was due to the number of participants projected by the year of 2030 and the amount of permanent real estate tax revenue lost over same time period.

Ms. Cipriano explained that the Deferral Program allowed the postponement of real estate tax for eligible property owners to be paid at a later time. She advised the Newport News City Code, Section 40-52, stated that the accumulated amount of taxes deferred shall be paid, without penalty or interest, to the treasurer of the city immediately upon the sale or transfer of the property, or within one year after the death of the owner of the property that qualified for tax deferral. The said real estate taxes constituted a lien upon the real estate as if it had been assessed without regard to the permitted deferral.

Ms. Cipriano noted the eligibility requirements to qualify for the Deferral of Real Estate Tax:

- Qualifying owner must be at least 65 years of age
- Total combined income of the applicant, spouse and all relatives and non-relatives who live in the dwelling may not exceed $50,000. Bona Fide Caregivers must meet other requirements.
- Combined assets of the applicant and spouse may not exceed $200,000, excluding the value of the residence and up to one acre of land upon which it is situated.
- Applicant must own the home as of July 1 of the qualifying tax year with name on the deed and must reside in the home. Eligible applicants may reside in a nursing home, mental institution or institution for physical and/or mental care as long as they continue to own the home and the home is not used or leased to others.

Ms. Cipriano explained that a reverse mortgage was a loan available to homeowners, 62 years or older that allowed a homeowner to convert part of the equity in their homes into cash (as a lump sum payment, payments over time, or a line of credit). The product was conceived as a means to help retirees, with limited income, use the accumulated wealth in their homes to cover basic monthly living expenses and pay for health care. There was no restrictions on how reverse mortgage proceeds could be used. The lender was paying the homeowner, instead of the homeowner paying the lender. The homeowner was not required to pay back the loan until the home was sold or vacated. The homeowner was not required to make any monthly payments towards the loan balance as long as they resided in the home; however, the borrower had to remain current on property taxes, homeowner's insurance, and homeowner's association dues (if applicable).

Ms. Cipriano reminded that City Council changed the income level to participate in the exemption program between FY 2006 – FY 2007 from $14,000 to $20,000; and between FY 2007 – FY 2008 to approximately $32,000 with an asset level of $200,000 to be consistent with the State Code. The asset level did not include the residence or up to one acre of the land. Ms. Cipriano noted how the above-noted changes negatively impacted real estate tax revenue from 2006 to 2011 (see graphs noting the number of tax exemption participants and the exemption impact on tax revenue on page 6 and 7 in the presentation attached to these minutes).

Ms. Cipriano advised that two matters happened after the City switched to a Real Estate Tax Deferral Program: 1) the 100% Disabled Veteran's Exemption came into play, which was a better choice for some individuals because it included the surviving spouse of the disabled veteran; and 2) the City anticipated that a two year notice to individuals would offer property owners enough time to review their resources and assets to determine whether to continue or drop out of the Real Estate Tax Deferral Program. Over time, individuals dropped out of the deferral program as the disabled veteran exemption program grew. Also, individuals with Reverse Mortgages found that they were ineligible to participate in the Real Estate Tax Deferral program because their taxes could not be deferred. Ms. Cipriano noted the revenue loss before and during the deferral years (see information on page 9 of the attached presentation). The increase in FY 2017 had to do with the projected increase in real estate values.

Ms. Cipriano noted what neighboring localities offered in regards to Real Estate Tax Exemption and Real Estate Tax Deferral:

• Chesapeake	Exemption
• Gloucester	Exemption
• Hampton	Freeze/Deferral
• James City County	Exemption
• Norfolk	Exemption/Deferral
• Poquoson	Exemption/Deferral
• Portsmouth	Exemption/Freeze
• Suffolk	Exemption
• Virginia Beach	Freeze/Exemption
• Williamsburg	Deferral
• York County	Exemption

Ms. Cipriano noted the proposed revisions to qualify for the Age 65+ Tax Relief (Exemption or Deferral) Program:

- Tax Exemption
    - Age 65+
    - Annual Income must be equal or less than $25,000
    - Assets must equal or be less than $10,000, excluding the value of the home and up to one acre of land upon which it was situated
    - 40% of Annual Income must go to housing costs (Mortgage, Homeowner's Insurance, Water, Electricity, Gas, etc.)
    - Must own and occupy the dwelling (No change to current ownership requirements
- Tax Deferral
    - Must be age 65+ (No change)
    - Income must be equal or less than $50,000
    - Assets must equal or be less than $200,000, excluding the value of the home and up to one acre of land upon which it is situated
    - No requirement regarding Housing Costs
    - Must own and occupy the dwelling (No change to current ownership requirements)

Councilwoman Woodbury felt that the asset value to qualify for Real Estate Tax Exemption was dramatic as opposed to the $200,000 asset value to qualify for Real Estate Tax Deferral.

Councilman Bateman inquired whether assets that one assigned to a trust would be assessed in the exemption/deferral programs. Ms. Cipriano replied that trusts were a part of the asset value. She noted the income and asset criteria:

- Income criteria – wages; self-employment; unemployment compensation; social security; railroad retirement; non-taxable Veteran's benefits; military pensions; other pensions; annuity & IRA disbursement; interests; dividends; rental income; capital gains; gift/lottery/gambling; royalties; government assistance; other
- Asset criteria - checking accounts; savings accounts; savings certificates; CDs; cash value of life insurance; stocks; bonds; IRAs/401Ks/Annuities; Estate (Thrift Savings Plans and Other Real Estate); Autos; Boats; Campers/RVs; and similar items

Councilwoman Woodbury believed it was a real discrepancy to go from and asset level of $200,000 to $10,000. Ms. Cipriano replied that it seemed that way until one looked at the information. She recognized Ms. Pricilla Bele, Commissioner of the Revenue, and indicated that she provided the information to staff in working out the requirements to qualify for tax exemption.

Ms. Cipriano reiterated the criteria to qualify for Age 65+ Real Estate Tax Exemption:

- Income equal or less than $25,000
- Assets equal or less than $10,000
- 40% of Annual Income was used for Housing Costs

Ms. Cipriano advised that 188 households (32% of FY 2016 applicants/participants of the Real Estate Deferral Program) would qualify for Real Estate Tax Exemption in FY 2017. The City would lose approximately $255,000 or more in real estate tax revenue to cover the 188 households. The estimated 188 households were calculated before applying the 40% housing costs criteria. There was no way of knowing how many of the 188 households had at least 40% of the income going towards their housing costs. City Manager Bourey stated, when considering the income level, most of the 188 households would qualify. He pointed out that the 188 household were those that currently participated in the Real Estate Tax Deferral Program. There could be many additional citizens who had not chosen to participate in the Real Estate Tax

Deferral Program, but would qualify for the Real Estate Tax Exemption program, which meant the 188 household estimation could increase twofold. Staff recommended caution in moving forward with the program, as the $255,000 could increase significantly.

Councilwoman Scott inquired whether the income of young adults who still lived at home counted as part of the income criteria. City Attorney Owens replied yes, unless the young adult was a caregiver. Caregiver income was excluded from the criteria.

Councilman Bateman inquired whether additional staff would be needed to implement the Real Estate Tax Exemption Program. Commissioner Bele replied that current staff should be able to handle a gradual increase; however, her challenge was the detail needed to verify the 40% housing costs criteria.

Councilwoman Scott inquired about the highest amount that it cost the City to administer the prior Real Estate Tax Exemption Program. Ms. Cipriano replied, including the Disability, the cost was approximately $3.3 million. The highest cost to administer the Age Exemption Program was approximately $2.4 million. City Attorney Owens pointed out that the amount was proposed to increase by millions as the Baby Boomer generation retired and was able to qualify for tax exemption. Ms. Cipriano replied it was proposed to increase by $8 million per year by 2030; however, that was in 2011 dollars.

Vice Mayor Coleman inquired whether there was an estimation of the number of households that would qualify for the Real Estate Tax Exemption Program that were not in the Real Estate Tax Deferral Program. Commissioner Bele replied no, because it was a gradual change as word got out to the public. The residents were not captured unless they applied for the program.

Vice Mayor Coleman inquired whether the years of ownership could be included as criteria to qualify for tax exemption rather than the cost of housing. City Attorney Owens replied that there was a State Code provision, in addition to constitutional issues, that stated a jurisdiction could not limit a person from applying for tax exemption based on the number of years such person owned a home in a particular City.

Ms. Cipriano reiterated the criteria and number of people that staff believed they would reach was one-third of the current Real Estate Deferral applicants. Staff anticipated the number of qualified individuals would increase. She stated the changes would be effective for FY 2017 – FY 2018.

Councilwoman Cherry voiced concern about how the 40% of housing costs would be gathered to determine whether a person qualified for real estate tax exemption. Ms. Cipriano replied staff would consider a number of matters to determine the exemption criteria. Staff came up with reasonable costs for a home worth $250,000 (mortgage, taxes, insurance, utilities, etc.) to determine the 40% criteria. Staff felt that was a reasonable cost, but would work further on the matter.

Councilwoman Scott inquired whether it was feasible to include the cash value of one's life insurance as income criteria. City Manager Bourey replied it was done today with the deferral program, so it would be the same thing.

Vice Mayor Coleman inquired whether the City could wait a year to implement the program to determine the impact and whether it could be expanded. A sweet spot needed to be found. City Manager Bourey stated that he believed there would be many who would want to apply.

Councilman Bateman advised that this was something that all the members of City Council had interest in. Staff met many of the goals set by City Council to assist those who truly needed assistance. This was a good opportunity to institutionalize a program that included deferral, exemption, and tax abatement to those who invested in their homes. The City of Newport News had the oldest housing stock in the Hampton Roads region. At some point, we want people to reinvest in their homes to increase their value and function.

Councilwoman Scott interjected that some people may have purchased insurance policies when they were very young and the cash value may exceed $10,000 or $20,000. She voiced concern about including the cash value of a life insurance policy because it was not an asset until the homeowner died. She asked staff to look into the matter further. City Manager Bourey advised that the cash value of a life insurance policy was like having cash in the bank. It was the cash that one could take out of the policy; not the value of the policy.

Councilwoman Woodbury commended the City Manager, Commissioner Bele and staff who worked on the matter. She had asked that something be done to assist the elderly for more than a year and she was delighted that staff was taking a first step. She wished that the program could be implemented sooner as there were so many who were facing financial difficulties. She appreciated the matter being looked into, and would like to see the asset value of $10,000 be increased.

III. Defense Production Zone Performance Agreement

City Manager Bourey advised that the City had been actively engaged with Huntington Ingalls Industries/Newport News Shipbuilding (NNS) leadership over the past year. The City had a 130 year partnership with NNS and they were a tremendous asset and taxpayer. NNS was also the largest industrial employer in Virginia, with over 20,000 employees. The City had a tremendous opportunity, to make a local investment, combined with State funding, to help the Shipyard build additional facilities. He introduced Mr. Bill Bell, Vice President of Human Resources & Administration, NNS, to provide introductory comments, followed by Mr. Tom Cosgrove, Manager of Corporate Citizenship & Government Relations, NNS, to report on the Defense Production Zone Performance project.

Mr. Bell thanked the City Manager and the members of City Council for the opportunity to speak. He advised that the Shipyard had received $700 million in commitments for a new project. Mr. Bell asked City Council to assist NNS with a project related to the Ohio Replacement Program to include improvements and expansions at their existing foundry and an expansion of the Joint Manufacturing & Assembly Facility (JMAF facility) in the North Yard. He introduced Mr. Cosgrove to explain the scope of the project (a copy of presentation, "Project Boat, and Defense Production Zone Briefing, City Council Work Session, June 14, 2016," are attached and made a part of these minutes).

Mr. Cosgrove stated that much of what NNS did required a long lead time. He advised that NNS had to be ready to go when the Navy came to them with a contract to build a ship. NNS could not wait until they received a contract to make capital investments that were necessary to move forward with the ships that they built.

Mr. Cosgrove advised that the NNS was building Ford Class carriers. He noted what the following acronyms meant:

- CVN - Nuclear Aircraft Carrier. NNS was building Ford Class carriers CVN 78 and 79 and starting material acquisition for CVN 80

- VCS – Virginia Class Submarines. NNS continued to build Virginia Class attack submarines in a teaming arrangement with General Dynamics Electric Boat

- OR – Ohio Replacement. A plan to build 12 new ballistic missile submarines to replace the Ohio Class boats now in service

- JMAF – Joint Manufacturing & Assembly Facility. A potential $500 million dollar investment in the future construction of all three ships in Virginia

Mr. Cosgrove reported that NNS was the sole builder and re-fueler of CVN products. He stated NNS was going to deliver the Gerald Ford, the first of the fourth class air carriers, later this year. NNS recently signed a contract to build CVN 79 (John F. Kennedy) and received a planning contract for the CVN 80 (Enterprise). NNS was under pressure from Congress to drive down construction costs to remain competitive. NNS was driving down costs by teaming with General Dynamics Electric Boat (EB) to build certain pieces of ships. The NNS and EB would deliver one complete VCS submarine each year. NNS was currently building third and fourth blocks of VCS subs. The Navy anticipated acquiring VCS through 2040.

Mr. Cosgrove stated the Navy was excited about the new Ohio Replacement submarines. He stated the Navy planned 12 ballistic missile submarines to be built between 2021 and 2039, replacing he Ohio Class boats, costing $96 billion or more. The Navy announced in March that EB would be the prime contractor and NNS would be the largest subcontractor. NNS would build about 40% of the modules that made up each hull, with final assembly and delivery at EB. The work would require more than 1,000 fulltime jobs and massive capital investments in the North Yard. The Navy had planned to go back to one VCS submarine per year while Ohio Replacement (OR) boats were being acquired, but was now considering additional VCS subs in addition to OR boats.

Mr. Cosgrove noted the division of work on OR Submarines with NNS and EB (see page 6 in presentation attached to these minutes).

Mr. Cosgrove noted the Capital Plan to support the CVN, VCS and OR projects included:

- Joint Manufacturing and Assembly Facility (JMAF) in North Yard, with three APCO fixtures and new blast and coat facility (see renderings of JMAF on page 8 and information regarding APCO fixtures on page 9 of presentation attached to these minutes)
- Upgrade existing VCS facilities and piers
- Upgrade Foundry (see rendering of Foundry on page 10 of presentation attached to these minutes) to new Navy standards for HY castings
- Other capital needs bring total planned close to $1 billion by 2020, with additional projects into the 2020s

Mr. Cosgrove stated that no other American Shipbuilder had a Foundry. He stated the Foundry was founded in 1856 and acquired by NNS in 1902. The Foundry was capable of providing a wide range of large specialty metal castings for all Navy ship classes, not just NNS products. Foundry-related apprentice programs were re-established more than a decade ago and more than $30 million was invested to modernize production. The Foundry employed approximately 120 (direct and indirect) employees. Approximately, $50 million was planned over the next several years – just to maintain current output and standards.

Mr. Cosgrove advised that the $30 million invested and the $50 million that was planned would not meet new Navy standards for critical submarine parts. NNS needed $43 million in additional upgrades to meet new Tech Pub 300 requirements to continue castings for VCS submarines and begin castings for OR boats to keep the work in Virginia. Expanding the capacity of the Foundry would cost substantially more. Absent the upgrades, the remaining casting work may not justify continuing to operate the Foundry and maintaining its 120 jobs. NNS looked to the Navy, the Commonwealth and the City for help.

Mr. Cosgrove introduced Ms. Florence Kingston, Director, Department of Development, to report on what the State had done and what NNS would like to receive from the City.

Councilwoman Vick inquired whether the reason for the huge amount to renovate the Foundry was because the NNS did not maintain the Foundry over time. Mr. Cosgrove replied NNS had kept the Foundry operational as there were many upgrades that were required to remain in business. NNS decided a decade ago that they would continue with the Foundry. NNS decided to invest $30 million to bring the Foundry up to par and in line with current standards. New federal requirements were imposed which required funding that they did not have.

Councilwoman Cherry inquired whether NNS was the only business with a Foundry. Mr. Cosgrove replied the NNS Foundry was the only US-owned Foundry. The Navy qualified a Foundry, and the upgrades were needed so that NNS could continue to qualify to make components for Navy ships.

Councilwoman Cherry inquired about the emphasis to upgrade the Foundry. Mr. Cosgrove replied the emphasis to upgrade the Foundry was so that NNS could continue to qualify to make parts for Navy ships and perform on their contracts to avoid the need to outsource work. They hoped to partner with the State and City to make the needed upgrades.

Councilwoman Cherry understood NNS's request for assistance would only be used for the upgrade. She inquired about long-term maintenance, once the upgrade was done. Mr. Cosgrove replied that funding for long-term maintenance of $50 million was in NNS's capital plan. NNS had spent $30 million and was prepared to spend an additional $50 million over the next decade.

Councilwoman Cherry inquired whether the upgrades would allow NNS to qualify for Navy work. Mr. Cosgrove replied yes.

Ms. Kingston reported that the area of the local Defense Production Zone (DPZ) [see area on page 14 of the presentation attached to these minutes]. She reported that the planned $750 million in capital investment being made by NNS would result in an increase of approximately $12 million in new annual tax revenue to the City. NNS was a major contributor to the City's tax base (a copy of Ms. Kingston's remarks are attached and made a part of these minutes). NNS paid approximately $20 million in taxes as reported by the City's FY15 Comprehensive Annual Financial Report (CAFR).

Ms. Kingston reminded that City Council authorized the creation of a local Defense Production Zone (DPZ) earlier in 2016. DPZ was a tool enabled by the State that allowed localities to offer incentives based off taxes generated by new capital investment within the zone. Any incentives would be governed by a performance agreement with details of how the City supported the company, which would be through the Industrial Development Authority (IDA). The zone that was established included both the Foundry and the North Yard of the shipyard facility.

Ms. Kingston advised that concurrent with the establishment of the DPZ, the General Assembly passed legislation creating an Advanced Shipbuilding Production Facility Grant Program. The legislation received support from both the House and Senate and was approved by the Governor in April 2016. The grant program allowed for up to a $6 million cash grant to assist the Foundry project and an additional $40 million, which would be delivered over five years between 2022 and 2026 to support the investment in the JMAF.

Ms. Kingston stated the IDA, in coordination with the State, decided to use a similar framework and the same performance requirements outlined in the State's bill to craft local incentives being offered through the DPZ. The DPZ only included a portion of the real estate occupied by NNS, which meant that incentives only arose from the taxes generated within the DPZ. No incentives arose from taxes generated outside the DPZ. The DPZ incentive would not diminish NNS's existing and ongoing contributions to the City's general fund, nor would the NNS's tax payments be reduced. NNS would continue to invest in the rest of the Shipyard outside the DPZ and there would be significant comparable growth in the taxes paid that were not included in the DPZ incentive delivery.

Ms. Kingston reiterated that the City would capture and use new Shipyard taxes that were generated on new investment located only within the DPZ. The local incentive would have performance requirements that had to be met and were aligned with the State's requirements to include:

- Creation of at least 1,000 new full-time equivalent positions by the end of 2025; ramp up beginning in 2021
- Retention of 120 Foundry jobs
- Investment at shipyard of at least $750 million by the end of 2020
- Shipyard must receive a share of the contract work for the OR project

- NNS must receive funding from the Commonwealth and the Navy
    - City funding was contingent upon support from both the Commonwealth and the Navy

All of the above-noted performance conditions must be met or full repayment of the DPZ incentives would be required.

Ms. Kingston noted that the local incentive would parallel with that being provided by the State:

- A Foundry Grant of up to $6 million – Issuance of $6 million in IDA Bonds, which may be supported by the Moral Obligation of the City to achieve a favorable rate. Timing would be December 2017 or January 2018. Repayment would occur over four years and be supported by new incremental tax revenue paid by Huntington Ingalls Industries (HII) on new capital investment within the DPZ.

Councilwoman Cherry inquired about the number of years it would take the City to provide the $6 million grant and additional grants of $40 million to the NNS, as the State would pay the additional $40 million in 8 grants over five years beginning in 2022. Ms. Kingston replied NNS would receive up to a total of $12 million ($6 million from the City and $6 million from the State) for the Foundry project, depending on the amount of funding provided by the Navy.

Councilwoman Cherry inquired whether the City would pay the $6 million over a set number of years. Ms. Kingston replied the City would use IDA financing to provide the $6 million to NNS for their Foundry project. City Manager Bourey replied that the $6 million would be paid at one time. Ms. Kingston replied that the $6 million debt would be paid out in a short term of four years. The City would then move to support the $40 million for the JMAF project as follows:

- JMAF Grants totaling $40 million – Delivered as semi-annual payments equal to 100% of the net new taxes paid over the 2016 Base Year level by HII on investment within the DPZ, beginning 2022 and to be paid over approximately six years.

- The incentive would be based exclusively upon performance
- The incentive would be paid out sooner if the Shipyard exceeded investment

Ms. Kingston reiterated that the incentives to NNS would be based on their performance. She stated that the City was using 2016 as the base year to determine what the incremental increase would be. NNS would be required to annually report on performance related to the capital investment and the job creation. The City was in coordination with the Assessor, the Commissioner of the Revenue and the Budget department on how to track the assessments on taxable investment within the DPZ.

Ms. Kingston advised that while the new tax revenue would be generated by the project, the City was solidifying NNS's future. The City and State incentives were an investment in the Shipyard and secured its presence and success in coming years. The Shipyard was the City and Commonwealth's largest industrial employer. The Navy and the Commonwealth were integral stakeholders in the important expansion and would help to achieve the projects. A Resolution outlining the support of City Council for the project would be provided at the June 28, 2016 Regular Meeting of City Council. Once adopted, the IDA would move to enter into a Defense Production Zone Performance Agreement by July 2016.

Councilman Bateman inquired whether the IDA would administer the program in conjunction with the State. He inquired how a cooperative arrangement would work. Ms. Kingston replied that the State was comfortable with delivering their grant. The City would deal with its local incentive, but discussions were held about the Performance Agreement and Performance Standards.

Councilman Bateman inquired whether the State was involved and engaged with the City as they went through the reporting process. Ms. Kingston replied yes; the City worked closely with the Shipyard to help the Commonwealth determine how to structure the grants. The Commonwealth was very happy to work with the City.

Vice Mayor Coleman inquired whether there was a percentage beginning in 2020 of how much the City would receive and the amount of time it would take NNS to repay the $40 million. Ms. Kingston replied it was estimated to take up to six years.

Councilwoman Cherry understood that the City's overall investment in the project would be approximately $46 million, wherein the City would pay $6 million up front and $40 million over a six-year period. Ms. Kingston replied, yes, but the timeframe could be shorter depending on the Shipyard's investment.

Mayor Price pointed out that City Council had an additional two weeks to study the matter. He asked the members of City Council to contact the City Manager should they have additional questions about the matter.

IV. Comments/Ideas/Suggestions

Councilwoman Woodbury inquired about an update regarding the reduction made to the personal property tax rate on aircraft located at the Newport News/Williamsburg International Airport that was implemented in 2015. She wanted to know whether the reduction benefitted the City. City Manager Bourey replied that he would offer a report on the additional airplanes gained by implementing the tax reduction. He pointed out that there would be a lag because of the way the program was instituted. There were 17 additional planes at Newport News/Williamsburg Airport since the program was instituted. Two projects were underway that would have a dramatic increase on that as well.

Councilwoman Woodbury advised that she received a call from a constituent who resided at 16 Briar Patch Road, about the upkeep of a city easement since the closure of the City Farm. The constituent indicated that she had taken care of the easement for 40 years by planting flowers and trees. The City Farm had assisted her with the purchase of plants, mulch and maintenance of the easement. The area was looking terrible and she had called 3-1-1 several times who indicated something would be done, but nothing had taken place thus far. She was 85 years old and could no longer maintain the area. This had been going on since early 2016. City Manager Bourey stated he would have staff follow-up on the matter.

Councilwoman Woodbury advised that she had attended the Grand Opening of Dudley's Driving Center, Inc. (10828 Warwick Boulevard) on May 28, 2016, where she observed that the owners had received a resolution from the Mayor of the City of Hampton. The owners indicated that they had asked for a resolution from the City of Newport News, but received no response. The founder of the center had once taught driver's education in the City of Newport News. The owners planned to open additional locations in the States of Maryland and

North Carolina in the near future. The owners would like to receive some type of recognition from the City of Newport News, especially since they had received recognition from the Mayor of Hampton. She inquired whether the history of mother, son, sister and grandmother could be looked into, and would like to see something done for them. They had been in business for some time and relocated from the City of Hampton to Newport News. She asked that the members of City Council make a decision on the type of recognition to offer.

Councilwoman Scott stated that she sent an e-mail to the City Manager asking how the members of City Council could forward the Newport News Now e-mail to their constituents. She tried following the instructions that the City Manager provided, by clicking the bottom of the e-mail; however, it did not work. The e-mail was forwarded to the City's website. She was not able to forward the mail to her Facebook or Twitter accounts. She tried it several times and it was rerouted to the City's website. She felt it would be important for City Council to be able to send the e-mail to their constituents. City Manager Bourey stated he would check on the matter.

Ms. Mabel Washington Jenkins, City Clerk, reminded that the Statement of Economic Interest Forms were due on June 15, 2016.

City Clerk Jenkins announced the Institute for Local Officials was scheduled for July 22 – 23, 2016. She asked that members of City Council let her know if they were interested in attending the institute.

City Clerk Jenkins advised of a number of events on the City Council's calendar. She asked that members of City Council review their calendars.

Mr. Collie Owens, City Attorney, advised that a Letter of Withdrawal had been received from the attorney representing the developer of Wegmans, withdrawing the Plaza at Jefferson Rezoning Application. He stated the matter was dead. The developer would have to file a new application with the Department of Planning if they were to revisit the matter in the future.

Councilwoman Cherry inquired about the revenue sharing application that the City had applied for, from the State, for the road extension at the airport and whether the road would be built as it was in the CIP and was needed. She thanked the City Manager and the Department of Engineering for the video presentation. City Manager Bourey responded that the matter needed to be discussed further as the revenue sharing did not come through as intended. There was not $2 million or 50% of the project cost available. The State Transportation Board acted today and he would have a conversation about how to spend and use the revenue sharing funding. Another challenge was that the anticipated $1 million from the airport would not be used unless it benefitted the airport.

Councilwoman Vick inquired whether that meant that another $1 million was needed from the City. City Manager Bourey replied that it would be $3 million or could amount to approximately $5 million with the revenue sharing.

Councilwoman Cherry inquired whether the City would continue to look at the matter. City Manager Bourey replied, yes. He stated the first piece was to see what the Federal Aviation Administration (FAA) decided regarding the roadway and the Runway Protection Zone. The FAA would have to approve the roadway for the City to move forward with the project. An opinion should be received from the FAA within the next 30 days.

Councilwoman Cherry inquired whether the State had appropriated funding for the project. City Manager Bourey replied that the state reduced the percentage of funding for the project.

Councilwoman Cherry inquired whether the road would have to be approved by the FAA. City Manager Bourey replied yes, FAA approval was needed to construct the new roadway.

Councilman Bateman thanked staff for the presentation on the Real Estate Tax Exemption/Deferral program.

Vice Mayor Coleman advised that a letter (attached) was received from Mr. Elton Brown, President, Shutdown Academy, requesting a contribution of $20,000 from the City to assist the Falcon Football team with the procurement of essential equipment associated with youth football for their 2016 Season.

Mayor Price stated that he was impressed with the football and mentoring programs offered by Shutdown Academy. He felt the $20,000 would be beneficial to assist the Academy with its programs.

Vice Mayor Coleman agreed that Shutdown Academy offered a great program. He stated the program was run by local individuals that returned from the NFL and wanted to help out in the community.

Councilwoman Scott inquired about the difference in the Shutdown 757 Falcon Football League and the City's Department of Parks, Recreation and Tourism football league. Vice Mayor Coleman replied it was probably the mentoring and tutoring that the Shutdown Academy offered. They actually had tutors come in to ensure team members were keeping up with their school work. The team members were required to do their homework before being able to participate in practice. They stayed in contact with the school administrators and teachers to ensure that the team members' grades were kept up. They had to maintain good grades to be able to play football. Mayor Price replied that the program was free. City Manager Bourey indicated the program was geared to low income families.

Councilwoman Scott inquired whether they had done this before and whether it was a pilot program. Vice Mayor Coleman replied it was a pilot program.

Councilwoman Vick felt it would be a slap in the face to the school system.

Councilwoman Woodbury agreed that it would be a slap in the face to the school system.

Councilwoman Scott stated she liked the concept; however, voiced concern that Shutdown Academy was a new organization that was beginning a Pilot program. She stated there were other organizations who had worked for years without receiving any funding from the City. Such organizations had asked for funding and were shut-out of receiving any funding, time and time again. She was concerned about the matter, and wanted to receive additional information.

Councilman Bateman stated he was open to the matter, but wanted to learn more about the program.

Councilwoman Cherry stated she was open to the program, but would like more research done.

Mayor Price felt it would be helpful for City Council, as a group, to attend the Institute for Local Officials scheduled for July 22 - 23, 2016. He believed many of the matters to be discussed would not only benefit new members of City Council, but also veteran members.

City Clerk Jenkins pointed out that the Hilton Richmond Downtown was booked and if members of City Council desired to go, they would not be able to reserve a room at the conference hotel.

Mayor Price asked that members of City Council contact the City Clerk to let her know whether they were interested in attending the Institute.

THERE BEING NO FURTHER BUSINESS
ON MOTION, COUNCIL ADJOURNED AT 6:55 P.M.

Jennifer D. Walker
Jennifer D. Walker, MMC
Chief Deputy City Clerk

McKinley L. Price
Mayor
Presiding Officer

A true copy, tested:

City Clerk