MINUTES OF WORK SESSION
OF THE NEWPORT NEWS CITY COUNCIL
HELD IN THE 10TH FLOOR CONFERENCE ROOM
2400 WASHINGTON AVENUE
October 25, 2016
2:30 p.m.

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

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

OTHERS PRESENT: James M. Bourey; Collins L. Owens; Mabel Washington Jenkins; Alan Archer; Cynthia Rohlf; Darlene Bradberry; Wanda Pierre; Lisa Cipriano; Chad Pritchett; Keith Ferguson; Sherry Crocker; Tylisha Sample; Florence Kingston; Carol Meredith; Shelia McAllister; Claudia Cotton; Britta Ayers; Reed Fowler; Michael Nealer; Everett Skipper; Chris Morello; Mary Lou Roaseau; Gary Hunter; Scott Dewhirst; Richard W. Myers; Neel Desai; Kimberly Schlick; Elizabeth Parker; Jerri Wilson; Cleder Jones; Kim Lee; Jennifer D. Walker; and Reema Amin

I. FY 2018 – 2022 City Manager's Recommended Capital Improvements Plan (CIP)

City Manager Bourey advised that the submission of the CIP had to be made prior to November 1. Further details of the FY 2018 – 2022 Recommended Capital Improvements Plan (CIP) would be provided at the November 22 and December 13, 2016 Work Sessions of City Council. Adoption of the CIP would take place in January 2017. He stated the FY 2018 - 2022 CIP and prior CIP had been a challenge to assemble. He asked the Department Directors to emphasize what their true needs were.

City Manager Bourey stated the FY 2018 – 2022 CIP requests totaled approximately $1.09 billion, which revealed that the City had fallen behind on projects over the past several years. The FY 2017 – 2021 CIP requests totaled approximately $500 million, and was 25% funded. Strides had been taken in the FY 2018 - 2022 CIP to increase resurface funding from $1.5 million to $2 million, which would help address needed repairs. The condition of the pavement was becoming increasingly inadequate. Approximately, $6.9 million was added for the Schools beyond what was in the FY 2017 CIP. This would address some, but not all School needs. Further conversation was needed to determine how to increase the City's revenue to provide additional funding to Schools. City Manager Bourey introduced Ms. Lisa Cipriano, Director, Department of Budget and Evaluation, and Mr. Chad Pritchett, Senior Budget Analyst, Department of Budget and Evaluation, to provide the presentation on the City Manager's Recommended FY 2018 – 2022 CIP.

Councilman Bateman inquired whether the Schools were included in the CIP Committee meetings. Mr. Pritchett replied that the Schools were invited to be a member of the CIP Committee and to submit their requests (a copy of the presentation, "FY 2018 – FY 2022 CIP, Capital Improvement Plan," is attached and made a part of these minutes).

Mr. Pritchett advised that the FY 2018 – 2022 CIP included approximately 11 General Fund General Obligation Bond (GOB) cash funded new projects, which was not that significant considering there were 160 – 170 total projects included in the plan. There were very few adjustments and new projects in the plan. Funding was increased in Streets and Bridges, Public Buildings for major renovation and repairs, and Schools.

Mr. Pritchett indicated there were two perspectives on capital spending reflected in the CIP:

1. Uses of CIP Funds (how, when, and where funds would be spent)
    a. Property Acquisition
    b. Design, Construction
    c. Facility Maintenance/Renovation
    d. Vehicle/Apparatus Replacement
    e. Technology Investment
2. Sources of Funds
    a. Debt
    b. Cash Capital
    c. Grants
    d. Other

Mr. Pritchett noted the rationale for updating the CIP annually:

- City Code requirement to be delivered by November 1
- Systematic evaluation of capital requests
- Preservation of capital assets
- Cooperation and coordination between departments
- To keep the public informed
- Relate public and private investment
- Impact on the Operating Budget
- Capital Financing and Debt Management Policies
- Strategic Initiatives
- Respond to Federal and State mandates
- Address health and safety concerns

Mr. Pritchett stated the FY 2018 – 2022 projects fell under two categories:

1. General Fund Projects (projects that had capital requirements which were funded from the General Fund Operating Budget) – Community Development; Environmental; Community Facilities; Transit; Equipment; Parks and Recreation; Public Buildings; Schools; and Streets and Bridges

2. Self-Supporting Funds (Capital requirements funded from User-Fees) – Waterworks; Sewer Rehabilitations; Solid Waste; and Stormwater Drainage

Mr. Pritchett stated the FY 2018 - 2022 CIP Total Requests (All Funding Sources), amounted to $1,891,373,726 (see totals on page 5 of the presentation attached to these minutes). He pointed out that there were no requests dealing with Community Facilities or Solid Waste in the FY 2018-2022 CIP. All of the Community Facility commitments for Sentara, Peninsula Fine Arts Center (PFAC), and the Monitor Center were satisfied in FY 2016.

Councilwoman Cherry inquired about the funding provided to PFAC. Mr. Pritchett responded that the City had an ongoing commitment to provide Community Facility funding to PFAC, but 2016 was the last year for that obligation.

Councilwoman Cherry inquired whether the City had recently provided $12,000 to PFAC. She recalled the City meeting such a provision. Ms. Cipriano replied that funding was provided to the PFAC to cover a long-term capital project; however, the City's obligation ended in FY 2016. City Manager Bourey pointed out that the City had a separate request for PFAC's HVAC system, which was outside of the CIP. He reminded that the representatives of PFAC provided a presentation to City Council, where they noted that the air-conditioning unit and chiller had failed, and they needed assistance from the City.

Councilwoman Cherry inquired whether the $12,000 had anything to do with the HVAC repair. Ms. Cipriano replied that the $12.000 was program funding from the Newport News Arts Commission.

Mr. Pritchett noted the Cash Capital Financing and Debt Management Policies adopted in 2007, that guided the FY 2018 – 2022 CIP recommendations:

- Debt burden (Schools and General Fund Revenue for fiscal year compared to Taxable Assessed Value)
  - Goal: Maximum 3%
  - Status: 2.3%
- Debt Retirement
  - Goal: Minimum 30% in five years and 60% in ten years
  - Status: 43% in five years; 74% in ten years
- Debt Service Ratio (Combination of Revenues in any given year)
  - Goal: Maximum General Fund Debt Service of 9.5% of combined City and School Division Annual Revenue
  - Status: 7.2%
- Cash Capital (CIP paid in Cash)
  - Goal: Minimum 20%
  - Status: 22.3%

Mr. Pritchett advised that the City's bond ratings were important when issuing bonds. He stated the rating agencies were watching to ensure that the City stayed within its debt limit. The City had a positive Aa1 Bond rating with Moody's Investor Services and an AA+ Bond rating with Standard & Poor's (S&P). He noted Moody's and the S&P's bond ratings from June 2011 to December 2015, and advised that the ratings had increased positively. He noted the positives and concerns voiced by the two rating agencies (see information on pages 7 and 8 of the presentation attached to these minutes).

Mr. Pritchett stated the FY 2018 – 2022 City Manager's Recommended CIP (Total of All Funding Sources, including Grants and Other), totaled $577,806,000, and resulted in an increase of $74,875,700 over the approved FY 2017 – 2021 CIP, which totaled $502,930,300. The majority of the increase was driven by fully funding the construction of the Grissom Library and Fire Station 11. He stated the City Manager's Recommended FY 2018 – 2022 CIP was comprised of the following:

Community Development	-	$ 44,052,000
Environmental	-	$ 1,125,000
Community Facilities	-	$ 0
Transit	-	$134,663,983
Equipment	-	$ 11,458,000
Parks and Recreation	-	$ 15,455,000
Public Buildings	-	$ 43,133,920
Schools	-	$ 49,303,655
Streets and Bridges	-	$117,544,942
Sewer Rehabilitations	-	$ 27,343,000
Solid Waste	-	0
Stormwater Drainage	-	$ 51,566,000
Waterworks		$ 82,160,000

Mr. Pritchett noted the composition of the FY 2018 – 2022 CIP, by source:

- Schools 24.3%
- Streets & Bridges 24.0%
- Public Buildings 21.3%
- Community Development 16.9%
- Transit 0.3%
- Parks & Recreation 7.2%
- Equipment 5.5%
- Environmental 0.6%

Mr. Pritchett noted the CIP projects included in the following FY 2018 – 2022 General Fund Categories (see project specifics in the presentation attached and made a part of these minutes):

- **Community Development - $44 million**
    - Denbigh Area/Warwick Boulevard Developmental Initiatives and Streetscape Improvements
    - Southeast Community Redevelopment
    - Downtown Initiatives
    - Tech Center at Oyster Point/Jefferson Lab Research
    - City Center at Oyster Point Projects (to support City Center as it becomes a lively entertainment district)
    - Maritime Economic Development Projects (Repair work at Seafood Industrial Park)

Councilwoman Cherry inquired whether the specific project costs would be noted. Mr. Pritchett replied that the cost for each project would be noted in the City Manager's Recommended FY 2018 – FY 2022 CIP booklet (provided to each member of City Council).

- **Environmental - $1.1 million**
    - Emergency Response/Environmental Remediation
    - HVAC System Environmental Assessment (to assess air quality in public buildings)

Councilwoman Cherry stated the Southeast Care Coalition had done a study on the air quality in the Southeast Community, and wanted to know whether a filter could be placed in the vicinity of the of the Dominion Coal Terminal. She inquired whether any funding was included in the FY 2018 – 2022 CIP for such filter. Much concern about air quality, due to coal dust, had been expressed by residents of the Southeast Community. Mr. Pritchett replied that he did not believe that the HVAC System funding would be used to address the air quality issues at the Dominion Coal Terminal.

Councilwoman Cherry inquired whether the City was going to look into the matter. Mr. Everett Skipper, Director, Department of Engineering, replied that no funding was included in the CIP for specific areas in the community. Dominion Terminal Associates, owner of the Coal Terminal, was controlled and operated under a State permit. Discussion could be had with Dominion to determine what actions they planned to take regarding the coal dust, but he understood that they operated well within their State permit.

Councilwoman Cherry replied that she understood, but felt as the City looked at air quality studies, they knew there were some matters of concern regarding the coal dust emissions from the Coal Terminal. She questioned what the City could do about the air quality for that particular part of the City. She understood Mr. Skipper had indicated that the city was doing nothing because Dominion Terminal Associates was controlled by State permits.

Councilwoman Cherry questioned what was considered to be Environmental Remediation. Ms. Cipriano replied Environmental Remediation funding would be used for mold issues, asbestos issues, etc.

Councilwoman Cherry questioned the reason the funding could not be used for coal dust emissions when it could be used for mold issues. Mr. Skipper advised that it would be the responsibility of Dominion Terminal Associates to take care of the coal dust issue. The Environmental Remediation CIP funding was related to City facilities and buildings. Asbestos was located in various places in City Hall, and Environmental Remediation funding would be used when work was needed in specific locations.

- **Transit - $134.6 million**
  - Newport News Transportation Center
    - Bus Rapid Transit – Fixed Guideway Initial Phase (10-Year Project)
    - One Accessible City – HRT Bus Stop ADA Improvement Program

Councilwoman Woodbury inquired about the amount of grant funding received for transit projects. Ms. Cipriano replied that the majority of the $134.6 million would be received from grants. Mr. Pritchett replied that the amount of City funding for transit totaled $550,000, over five years. The amount of City funding for the Bus Rapid Transit project totaled $150,000. The amount of City funding for the HRT Bus Stop ADA Improvement Program totaled $400,000. The Grant funding totaled $134 million.

Councilwoman Cherry questioned whether the grant funding would be realized from grants that the City was applying for, and what would happen should the grant funding not be awarded. Ms. Cipriano replied yes, grant funding would be realized from grants that the City applied for. She stated the funding would be needed in FY 2019, which would provide the City with ample time to secure federal and state grants.

- **Equipment - $11.4 million**
  - City Hall and Public Works Data Center Environmental Renovation
  - Fire Apparatus Capital Purchases
  - Fire Department Bomb Squad – Bomb Robot Replacement
  - Self-Contained Breathing Apparatus
  - Vehicle Tablet Replacement
  - Voice over IP (Phone System Upgrade)

- **Parks and Recreation, and Tourism - $15.4 million**
  - Lee Hall Depot Interior Restoration
  - Golf Course Replacement Irrigation System

- Stoney Run Park
- Stoney Run Greenway
- Warwicktowne (City Farm) Archaeological Study
- Deer Park Ranger Station/Restroom Replacement
- Huntington Park Tennis Center Stadium Court
- Athletic Field Lighting Upgrade

- **Public Buildings - $43.1 million**
  - Denbigh Community Center Phase II
  - Virgil Grissom Library New Building
  - Fire Station 11
  - North District Facility Preliminary Engineering
  - South Morrison Family Education Center Renovation
  - Hilton Fire Station Renovation
  - Rouse Tower Building Renovation
  - Newport News Sheriff's Office Kitchen Renovation
  - City Hall Fuel Tank Replacement
  - City Hall Renovations
  - Jail Annex Master Control System (MCS)
  - General District Courts Office Renovation

Councilwoman Cherry inquired whether the existing Grissom Library would be torn down. Mr. Pritchett replied that a new Grissom Library would be built and hopefully, a use would be determined for the existing building.

City Manager Bourey advised that the City was in the process of determining the location for the new library. He reminded about buildings the City had purchased that may be repurposed for the Grissom Library and other City facilities, such as a replacement for the Police Precinct.

Councilwoman Woodbury advised that she did not feel that the Central District had enough projects. She inquired about South Morrison and whether it had already been renovated. Ms. Cipriano replied yes; a quick fix was instituted to be able to utilize the building. The facility was unsatisfactory for the Department of Human Services. The renovation would create private spaces for client eligibility and counseling sessions.

Councilwoman Scott inquired about the percentage of the building that was being utilized. Ms. Cipriano replied that 100% of the building was utilized by Schools, Parks, Recreation, and Tourism, Libraries, Human Services, and several smaller agencies.

- **Schools - $49.3 million**
  - Bus Replacements
  - Facility Renovations and Improvements (see the noted projects in the presentation attached to these minutes)

Councilman Harris filed a declaration in accord with Subdivision A.2. of Section 2.2-3112 of the Virginia Conflict of Interest Act, that for the City Council Work Session Agenda of October 25, 2016, (i) the City Manager recommended to the Newport News City Council that we discuss the proposed Capital Improvement Plan for FY 2018 – 2022 (the transaction) (CIP); (ii) the said CIP included, in part, plans to fund improvements for facilities operated by the Newport News School Board, which was a group of three or more persons, the members of which are affected by the transaction; (iii) that I am employed by the Newport News School Board; and (iv) that he was able to participate in the transaction fairly, objectively, and in the public interest (a signed written declaration was filed with the City Clerk prior to the City Council meeting at which time the transaction was considered – October 25, 2016; and is attached and made a part of these minutes).

- **Streets and Bridges - $117.5 million**
  - Jefferson Avenue & Yorktown Road Improvements (I-64)
  - Route 105 Bridge Replacement Over the Newport News Reservoir
  - Atkinson Boulevard: Warwick Boulevard to Jefferson Avenue
  - Independence Boulevard
  - Warwick Boulevard Sidewalk Widening CMAQ – Lucas Creek Road to Atkinson Way
  - Jefferson Avenue Wide Sidewalk Project - Phases 2 & 3
  - Campbell Road Improvements
  - Canon Boulevard Intersection Improvements
  - Citywide Infrastructure – City Center LED Street Light Conversion Project
  - Briarfield Sidewalk CMAQ – Marshall Avenue to Chestnut Avenue
  - Washington Avenue Streetscape Improvements
  - Lower Jefferson Avenue Streetscape Improvements from 12th to 24th Street

Councilwoman Cherry inquired about the Harpersville Road project (from J. Clyde Morris to Saunders Road). Mr. Skipper replied that funding for Saunders Road was requested as part of the SMART SCALE program. The project would not appear in the CIP until an award of funding was received. The project was part of the City's long-range plan, although it was not highlighted in the CIP.

Councilwoman Cherry questioned when the project would be included in the CIP. City Manager Bourey replied that the project would be included in the CIP, once the funding was received.

Councilwoman Cherry inquired whether there were new transportation projects in the CIP, and inquired about the cost for the Harpersville Road project. Mr. Skipper recalled that the project cost totaled approximately $67 million, but advised that he would get the accurate amount.

Councilwoman Cherry stated she would like to know the cost, compared to new projects that were included in the FY 2018 – 2022 CIP. She stated there continued to be talk about a grant for the Harpersville Road project, but it seemed the project continued to be shuffled around. Mr. Skipper reminded that the cost for the Harpersville Road project was very high relative to the project benefits. There were a number of other projects that had been on the books for years that had a smaller cost and resulted in higher benefits. City staff continued to analyze the traffic in the Harpersville Road area, but felt it did not justify an investment for the roadway. Staff was willing to proceed with the project if funding became available, but there were other priorities with much higher returns.

Councilwoman Cherry stated she would like to see the costs for the new projects that had materialized, to determine whether the costs totaled $67 million. She voiced concern for disabled citizens who travelled along the Harpersville roadway in motorized wheelchairs, because they did not have a sidewalk to travel on. Mr. Skipper replied there was a project in the FY 2016 budget to install sidewalks along Harpersville Road from J. Clyde Morris Boulevard. A second phase would extend the sidewalk further.

Councilwoman Cherry indicated that she would like to see the cost of all projects in the CIP. She believed it was important for disabled citizens who travelled along the roadway in motorized wheelchairs. Mr. Skipper replied that there was a project to install a sidewalk extension along a substantial distance of the roadway. The sidewalk could not be extended beyond a certain distance due to significant property and environmental issues. Additional phases of sidewalk installation had been included in future projects.

Councilwoman Cherry stated that she would like to see where the City was in the process, because the Peninsula Corridor Study noted Bus Rapid Transit from Saunders Road to Commander Shepard Boulevard in Hampton. She voiced concern about how funding could be found for Bus Rapid Transit when it could not be found to install sidewalks. City Manager Bourey stated he would provide a status update to Councilwoman Cherry.

Councilwoman Scott inquired about the Canon Boulevard Intersection improvements and the reason it was a priority to open up the area to construct a new street and the cost. Mr. Pritchett understood at some point the improvements were for the expansion of City Center heading into that direction. Ms. Kingston stated that she thought the project would expand the turn lane off of Canon Boulevard into the existing Mariners Row Garage. City Manager Bourey replied that he would verify the exact project and report back to City Council.

Councilwoman Scott stated she was always excited to see any improvements in the North District, which citizens had been requesting for years. She questioned what the Campbell Road project improvements included. The project had been on the books for a while and had been tossed around. Mr. Skipper replied that the Campbell Road improvements were from Bland to Warwick Boulevard. It widened the roadway, but did not add new lanes. It corrected some geometry, sidewalks and underground drainage issues, which would eliminate the ditches.

Councilwoman Scott inquired about the project time period and its impact on the residents. Mr. Skipper replied, as with all construction projects, there would be some inconvenience to the residents in the area. The street would be closed in parts to thru traffic during construction, but generally, the street would remain open and residents would be able to travel to and from their homes.

Sewer Rehabilitations - $27.3 million

- Sanitary Sewer Maintenance, Operation and Management Program
- Sanitary Sewer Rehabilitation Program

- **Solid Waste - $0**

- **Stormwater Drainage - $51.5 million** (see list of projects on page 39 of the presentation attached to these minutes)
  - Citywide Drainage Improvements
  - Citywide Pipe Lining Projects
  - Citywide Swale Projects
  - Lake Maintenance and Dredging Projects
  - Stream Restoration Projects
  - Municipal Separate Storm Sewer System Static Water Quality Monitoring Stations

Councilwoman Scott inquired whether there was anything that could help mitigate the flooding near the City Line Apartment complex and whether such issues were the responsibility of the owner. Mr. Skipper replied the location of the City Line Apartments was a regional concern. The City had been working with the City of Hampton and the region on approaches to help minimize the flooding in the area. A tidal gate was one particular project that was requested regionally to help alleviate and/or control flooding in the Newmarket Creek, which flowed in the area of the apartments. The City was very interested in the area, and continued to search for solutions with the City of Hampton to minimize flooding in the area. Similar conditions were found in the Salter's Creek area. Staff searched for grants and worked with the City of Hampton, and the region, to try to obtain funding to help alleviate flooding in both areas.

Councilwoman Scott inquired whether there was anything that the city could do to hold the owner of the apartments accountable for the flood damage. She stated the residents contacted the City Council for assistance when it flooded in the area, as they lose everything. She inquired about the reason that apartments continued to be rented, knowing that flooding could happen. Mr. Skipper replied that the apartments were supported on the federal level and the owners received a cash incentive that allowed them to remain in operation. The owners had consistently made efforts to implement projects that minimized flooding impacts, such as raising the HVAC systems, and changing the configuration of ground-floor apartments to allow residents to recover more quickly after a flooding incident. Barriers had also been installed. The apartments were constructed in the flood plains 30 or more years prior.

Councilwoman Woodbury inquired about the reason that the housing was not elevated at the time of the last flooding event.

Councilwoman Vick understood that potential renters had to sign a disclosure agreement acknowledging that the apartment complex was in a flood zone and the risk of flooding was high. Mr. Skipper replied yes, that was something that the owners implemented approximately three years previously, as part of the coordination with the Cities of Newport News and Hampton to minimize risks.

City Manager Bourey replied that the City could affect change to the City Line Apartment complex if more was under its control, but it was not under the City's control.

- **Waterworks - $82.1 million**
    - Lee Hall Pilot Plant Automated Filter Skid
    - Lee Hall HSP3 VFD Replacement
    - Rolling Stock and Other Equipment
    - Asset Reclamation Projects
    - IT Infrastructure Upgrade
    - Lee Hall Filter Media Replacement
    - DSI – Interstate 64/Jefferson Avenue Pipeline Installation
    - 60th Street Elevated Tank/Site Improvements

Councilwoman Woodbury questioned how all the projects would be funded. City Manager Bourey replied that the projects would be funded through General Obligation Bonds, Cash Capital, the Operating Budget, and Waterworks, Solid Waste, Storm Drainage and Sanitary Sewer Funds.

Councilwoman Woodbury inquired whether a proposal had been discussed to increase the real estate tax by $0.05 to cover the above-noted projects. City Manager Bourey replied no; there

were no projects in the CIP that would warrant a real estate property tax increase. The proposal made to increase the real estate tax rate by $0.05 was a suggestion if City Council wanted to go beyond what was included in the CIP for Schools.

II. Local Tourism Project

City Manager Bourey introduced Ms. Florence Kingston, Director, Department of Development, to provide the presentation.

Ms. Kingston advised that the 183-room Magnuson Hotel was originally constructed as the Omni Hotel in 1989. She stated, LTD Hospitality Group, a hotel developer/management company based in Chesapeake, Virginia, had executed a Contract to purchase the former Omni property. The closing date was scheduled for December 7, 2016. LTD Hospitality Group managed more than 2,500 rooms in 16 properties across four states. She introduced the LTD Hospitality Group team: Mr. Neel Desai, Managing Principal, Ms. Kimberly Schlick, Senior Vice President of Sales, and Ms. Elizabeth Parker, to continue the presentation.

Mr. Desai stated that LTD Hospitality Group had been developing hotels for more than 35 years. He advised LTD franchised with Marriott, Hilton, Starwood and Hyatt properties. LTD had done developments throughout the Hampton Roads region to include the Courtyard/Residence Inn off of Jefferson Avenue. LTD was excited to be present and thanked the City Council and City Manager for the opportunity.

Mr. Desai advised that he saw great potential in the Magnuson Hotel. He stated that the building structure was tremendous, but cosmetic and aesthetic work was needed. The LTD group had spent the past eight to ten months researching what the hotel could become. The present condition of the hotel was bringing the market down, from a hospitality standpoint. When talking to other brands, whether Marriott or Hilton, they looked at the hospitality industry numbers (RevPAR – Revenue per Available Room). The RevPAR in the City of Newport News was approximately $65 - $70 for a limited service to upscale hotel. The RevPAR dropped dramatically when adding in the Magnuson and other lower economy hotels. When big franchise owners were looking at the City of Newport News and the RevPAR numbers, the Magnuson property brought down the City's overall hospitality numbers.

Mr. Desai stated that the LTD group looked at the Magnuson Hotel and felt it was in a tremendous location, which had been a development opportunity driver in the City of Newport News. There was a true connection in the location of the Magnuson Hotel to City Center, especially Omni Way. The current entrance of the hotel was off of Diligence Boulevard, and LTD group felt the main entrance should be off of Omni Way, which would connect to City Center. The ultimate goal was to connect synergy in the entire market. LTD brought in four to five general contractors to get their suggestions on

what they could do with the facility. LTD met with developers and determined a use for the Magnuson Hotel. The LTD group believed an appealing hotel could be created that would offer additional jobs and new business. There was a dedicated effort to ensure that the design of the building brought in new business and created an energetic space. LTD planned to connect the lower-level banquet and meeting space of the Magnuson Hotel to the upper-level lobby, by adding a one-stop elevator from the lobby to the lower-level. LTD planned to demolish the existing lower-level restaurant and create a lower-level lobby that would feed into the meeting space area.

Mr. Desai stated that LTD was under due-diligence which ended on November 7, 2016, and planned to close on December 7, 2016. The timeline to begin renovation would be approximately at the end of February or March of 2017. LTD planned to shut-down the building completely while renovating. They believed it would not be a benefit to the City or anyone else to keep the building open. LTD planned to shift the current employees to other hotels in the area, which they felt was important. At the same time, certain key employees would be asked to assist with the renovation process to help LTD with the complete redesign of the hotel. The hotel would not come to life until it was finished and operating. LTD prided itself as the management arm. Not only did they develop hotels, but they had a management arm that took over the management once a hotel was operational. He recognized Ms. Schlick and Ms. Parker who were present and had been instrumental in the management of the business for approximately 8 to 10 years. LTD was a family owned company and believed they could bring great things to the Magnuson Hotel.

Councilman Harris inquired about the number of jobs that were envisioned for the new hotel. Mr. Desai replied that LTD envisioned approximately 80 to 100 new jobs.

Councilman Bateman inquired about the amount of time the hotel would be out of business for renovations. Mr. Desai replied it would take approximately 10 months to renovate the hotel.

Councilwoman Woodbury inquired about the cost to the City.

Ms. Kingston noted the estimated average annual new taxes which would be generated when the renovated upgraded hotel opened:

- Lodging Tax: $ 47,339
- Transient Room Tax: $485,154
- Food & Beverage Tax: $149,650
- Business License Tax: $ 19,538
- Real Estate Tax: $ 91,500

Total: $793,181

Ms. Kingston noted the portion of the net new taxes that would be returned to LTD over a 10 year period:

- 100% of Business License Taxes
- 50% of Food & Beverage Taxes
- 50% of Transient Room Taxes

Ms. Kingston noted the portion of new tax revenue that the City would retain over a 10 year period:

- 50% of Food & Beverage Taxes
- 50% of Transient Room Taxes
- 100% of Real Estate Taxes
- 100% of Lodging Taxes

Ms. Kingston advised that a portion of the Tourism Zone benefits, in the amount of $1.5 million, would be delivered up-front to LTD from the Economic Development Authority as a Promissory Note to fill some of the funding gap and assist with renovations. The funds would be placed in an Escrow Account and disbursed in proportion to LTD's equity investment in construction/rehab loan funding. The note would be repaid from the proceeds of Tourism Zone incentive delivery as tax revenue was generated. She noted the estimated average annual Local Tourism Zone benefits and net new tax revenue over 10 years:

- Estimated Average Annual Tourism Zone Benefit:
  - $169,226 to Repay the Promissory note
  - $169,226 to be delivered to LTD
- Estimated Net New Annual Tax Revenues Retained by City:
  - $454,669
  - City Retains 57% of Net New Taxes Generated from the renovations

Ms. Kingston advised that LTD understood the property's linkage to City Center and was committed to running a shuttle from the hotel to City Center, as well as changing the entrance so that it related and connected to City Center. Ms. Carol Meredith, Assistant Director, Department of Development, had worked closely with the existing ownership of the Marriott and management for coordination of a way to synergize the energy between all parties. Both Crestline and Marriott had expressed support and interest in partnership opportunities in building business for the Conference Center.

Ms. Kingston stated that a Resolution of Support would be included on the November 22, 2016 City Council Regular Meeting agenda. She stated the EDA would take action on a Tourism Zone

Performance Agreement at its November 4, 2016 Board meeting, subject to the approval of a Resolution by City Council. These two actions would provide LTD with the necessary and vital financing component needed to move forward with the purchase of the property on December 7, 2016.

Councilwoman Woodbury inquired whether the new owners of City Center were aware and in support of the project. Ms. Kingston replied yes. She stated that the Marriott had reported that there were conferences that they were not able to book because of their lack of adequate rooms. They had standards that they had to stand by when providing an alternate hotel. Bringing this hotel up to a level that could be a referral would help them secure larger conferences.

Councilwoman Vick inquired about the largest size conference room. Mr. Desai replied that the largest size conference room would be 7,000 square feet.

Councilman Harris inquired about the name of the hotel. Mr. Desai replied the hotel would open as a Holiday Inn. He stated that the Holiday Inn flag had gone through much change in the past few years to compete with Marriott, Hilton and others, and had a new contemporary look and package.

Mayor Price inquired whether the Magnuson's amphitheater meeting room would be restored and maintained. Mr. Desai replied yes.

III. Comments/Ideas/Suggestions

Councilwoman Woodbury voiced a concern that City Council was not thoroughly discussing matters before adoption at a Council meeting. For example, City Council voted to recommend the Expansion of Medicaid in its 2017 State Legislative Package. She advised that the Democratic Governor of Minnesota had indicated that the healthcare law was no longer affordable. She voiced concern about the implications in the future when federal funding was no longer available.

Councilwoman Woodbury also recalled that Mayor Price wrote a letter of support for the permit for the construction of Dominion Virginia Power's Surry-Skiffes Creek-Whealton Electric Transmission Project. She stated there had been a Work Session presentation, but no discussion was held about the matter. She never saw the letter, but saw the Mayor provide it to Ms. Melanie Rapp Beale, External Affairs Manager for Dominion Virginia Power.

Mayor Price indicated that he had provided a letter in support for the Skiffes Creek project after the discussion of the matter at the September 27, 2016 Work Session of City Council.

Councilwoman Woodbury indicated that she would have preferred to have offered some input in the letter before it was provided to Ms. Beale stating that City Council supported the matter. She supported the matter, but would have preferred an "underground route." She believed discussion was needed before matters were put up for vote.

Mayor Price stated that Councilwoman Woodbury had time to voice her opposition about the matter during the presentation. There was none noted, so the letter was provided to Ms. Beale. Councilwoman Woodbury reiterated the need to discuss issues more thoroughly before stating that all members of City Council were in support. She also requested that thorough research be done regarding the expansion of Medicaid, to determine what would happen after federal funding went away and the City was faced with an unfunded mandate that had to be met.

Councilwoman Woodbury pointed out that City Manager Bourey advised that the City had entered into a contract for the Downtown project, which she did not know about. She questioned when the City entered into a contract. She was concerned that City Council was not receiving adequate information about matters in order to acquire research and offer input.

City Manager Bourey stated that the Downtown plan was discussed at the January 25, 2016 Retreat of City Council, during the five-year forecast. He stated there was also discussion in 2015, with a major newspaper article in December 2015. The conversation had been ongoing.

Councilwoman Woodbury noted that the first conversation about the Downtown plan was held at the Charrette in 2015. City Manager Bourey agreed that the Charrette was held in 2015, and the Downtown plan was an extension of the Charrette. Staff had a conversation with City Council at the Retreat about moving forward with the overall plan and extending the Charrette further. There was an article in the newspaper as well. He stated that a detailed plan would be provided at a future Work Session of City Council. He advised that the plan kept the Superblock as it was and added to it. The video shared at the State of the City event was a graphic representation to provide citizens with a sense of the plan.

Councilman Harris recalled a prior request made by Councilwoman Woodbury for a Resolution of Recognition for Dudley Driving School. He had an opportunity to speak to a representative of the business who filled him in about the history of the driving school. He asked that the members of City Council support the adoption of a Resolution of Recognition to Dudley Driving School. He would provide information by the November 22, 2016 City Council meeting.

City Attorney Owens noted revisions to items on the evening agenda:

1) Item E.5. Ordinance authorizing acquisition of property for the Newport News Transportation Center Project Multimodal Station;
2) Item E.7. Ordinance Authorizing the Inspection of Rental Dwelling Units; and
3) Item G.5. Resolution of Appropriation re: a numerical revision.

Councilwoman Scott inquired whether the property acquisitions for the Multi-modal station included homes that were occupied by citizens or whether it was vacant land. City Attorney Owens replied the property was vacant land.

Councilwoman Scott inquired whether discussions had been held with the property owners and whether they were in support. City Attorney Owens replied no; the Resolution authorized the City to acquire the property by negotiation or condemnation. He understood that staff had been in ongoing negotiations with the owners.

Councilwoman Scott stated that she was not aware that additional land was needed for the Multi-modal station, and was not sure whether people lived on the property.

Councilwoman Woodbury inquired whether any property owners were resistant. Mr. Everett Skipper, Director, Department of Engineering, stated that staff had been in discussions with the owners, but had not negotiated anything because they had to wait for City Council action. Staff understood that all who were involved in the process were willing to proceed.

Councilwoman Cherry shared that she had attended the Disability Awareness luncheon during the afternoon of October 25, 2016. While at the luncheon, she was approached by a member who inquired about the reason a proclamation proclaiming October 15, 2016, as White Cane Safety Day, could not be presented at the October 11, 2016 Regular Meeting of City Council. The member indicated that she was told by staff that the proclamation could not be presented at a Regular City Council meeting. Councilwoman Cherry questioned the reason that the proclamation could not be presented at the October 11 or 25, 2016 Regular Meeting of City Council. The organization received the proclamation by mail, but would have preferred having it presented at a Council meeting. Council presentations were done for other organizations. She questioned the reason that the proclamation in honor of White Cane Safety Day could not be presented at a Council meeting.

Mayor Price responded that a huge amount of requests were received and all could not be honored for presentation at a City Council meeting.

Councilwoman Cherry understood that the City received a large number of requests, but this was for a specific population that should be acknowledged and shown appreciation for being a part of the City.

Mayor Price advised that he would take ownership responsibility for the decision to not present the proclamation at a City Council meeting.

Councilwoman Cherry felt that the White Cane Safety Day proclamation should have been presented at a City Council meeting, especially for the disability community. While at the luncheon, the community praised the City of Newport News, in spite of their disappointment. She was placed in an uncomfortable situation, while in attendance at the luncheon.

Councilwoman Woodbury inquired whether the proclamation could be presented at an upcoming City Council meeting.

Councilwoman Cherry reminded about discussion at a prior City Council Work Session regarding City Council "Table Money" that had not been spent. She received a request from a non-profit organization about sponsoring a table for a fundraiser for disabled veterans. She contacted the City Clerk to determine how to use City Council "Table Money" for the event and was told that the "Table Money" had been moved to travel. She questioned who made the decision to eliminate the category of "Table Money" from the budget.

City Manager Bourey replied that the decision was made as a result of a conversation that the City Council had, during the budget process.

Councilwoman Cherry stated that she did not recall the conversation. She stated that the discussion in April 2016 noted the need for City Council to have "Table Money." City Manager Bourey replied that the conversation was for the FY 2015 – 2016 budget. He advised that the "Table Money" was folded into the City Council Travel, per a Work Session conversation.

Councilwoman Cherry stated that she did not recall the Work Session conversation about City Council folding the "Table Money" into Travel. She did not know that City Council had "Table Money" until being told about it during the Council Work Session. She did not travel, and inquired about the reason that she would agree to fold the funds into the Travel budget. City Manager Bourey advised that was the conversation.

Councilwoman Cherry indicated that she had an opportunity to sponsor a table, but did not know how to go about doing so. City Manager Bourey replied that Councilwoman Cherry could make a request to the City Clerk. He stated that money was available in the budget, although it was not was not specifically earmarked as "Table Money"; it was listed under City Council travel.

Councilwoman Cherry did not recall a consensus of City Council to fold the "Table Money" into City Council Travel.

Mayor Price stated that the designation of "Table Money" came about because, at one point in time, there were many requests from City Council members to sponsor tables. At that time, the City Manager believed it would be a good idea to designate $2,000 for each Council person to use at their discretion for table sponsorships. That funding was then utilized for other means other than table sponsorships, such as for transportation. Some members of City Council were utilizing the funding and others were not. Because of that, a decision was made to eliminate the "Table Money" by putting it into City Council Travel, which allowed members of City Council to utilize the funding as they so desired.

Councilwoman Cherry understood the designation of "Table Money" came about before she was elected to City Council. She questioned whether the "Table Money" was available when the discussion took place in April 2016. Mayor Price replied yes; "Table Money" did exist in FY 2015 – 2016, but the designation of "Table Money" was eliminated from the 2016 – 2017 budget.

Councilwoman Cherry inquired about the reason that City Council did not have a discussion about the funding being merged into travel. City Manager Bourey replied that City Council did have that conversation in a Work Session.

Councilwoman Cherry disagreed and stated that she recalled a discussion about "Table Money" available at the end of the fiscal year, and where it would go. She did not recall any discussion about putting the funding into travel. She inquired about the meeting that the discussion was held, and indicated that she stood corrected if the minutes reflected that the "Table Money" would be folded into Travel; however, she asked that the City Manager provide an apology if the minutes did not reflect that the "Table Money" would be folded into Travel.

Mayor Price indicated that he did believe that the discussion was at the level of being recorded in the minutes. It was a general discussion about the CIP and the budget, and how City Council was going to proceed; the designation of "Table Money" was deleted to alleviate confusion.

Councilwoman Cherry stated she was not aware of that.

Councilwoman Woodbury inquired whether the funding could be labeled as Travel/Table funding to alleviate any confusion. City Manager Bourey replied that the budget had been adopted.

Councilwoman Scott stated it was clear that it was "Table Money" when it was designated as such.

City Manager Bourey explained that the funding was being used by members of City Council for other matters rather than sponsoring a table for an event.

City Attorney Owens stated the funding was included in the budget to support charities located in Newport News that provided services to the citizens. Mayor Price agreed, and indicated that the funding was not being used appropriately.

Councilwoman Cherry reiterated that she did not recall clearly that it was stated that City Council was going to merge "Table Money" and Travel funding together, or she would not have brought up the issue of using Table funding. She recalled there was discussion about unused "Table Money" and what to do with it, but this was the first of her hearing that the funding was merged into Travel.

Councilwoman Cherry inquired about the reason that City Council could not receive a hard copy of the material that was presented at the Work Sessions as part of the Agenda packet. She stated that she would like to receive the presentation information beforehand, which provided her with a better understanding of the subject.

City Manager Bourey replied there were two issues with providing the information: 1) The presentation material was not ready; and 2) The information could be made public in the newspaper ahead of City Council receiving it at the Work Session, which would cause him grief. The agenda went out on Thursday, which allowed time for the information to be published in the newspaper between Friday and Monday, ahead of the Work Session presentations on Tuesday.

Councilwoman Cherry voiced concern, and advised that there was research that she needed to get done ahead of the meeting. She understood that information was provided as a part of the Work Session agenda before becoming a member of City Council. City Manager Bourey replied that issue papers were provided as opposed to presentations. He pointed out that the above-noted CIP PowerPoint presentation was finalized this afternoon and was not available to go out with the agenda package. He did not want City Council to read about agenda matters in the newspaper before being presented to City Council at a Work Session. He advised that staff would not schedule a matter for vote on the same date of a Work Session presentation to allow ample time for Council to study the matter.

Councilwoman Cherry reiterated that she understood that presentation materials were provided to City Council as a part of their Work Session agenda package, prior to City Manager Bourey becoming the City Manager. She asked the City Manager, as he received guidance from City Council, to provide information as part of the Work Session agenda so that she could be better prepared. She understood that City Staff information may not be ready until the day of the meeting. She inquired whether the City Manager was stating that presentation material from outside guests was not available until an hour before the meeting as well. City Manager Bourey replied that there was virtually never a time that he received a presentation on Wednesday, ahead of the Thursday that the Agendas went out. He always received the presentations the day before or day of the Work Session.

Councilwoman Cherry inquired whether the City Manager was saying that presentations from outside presenters would not be prepared until the day of the Work Session. City Manager Bourey replied that he did not receive the presentations in advance of the Work Sessions.

Councilwoman Cherry inquired whether the City Manager had asked the presenters to have their presentations sent to him prior to the Work Sessions. City Manager Bourey replied that the presentations were asked for, but generally were not received before the day of the Work Session.

Councilwoman Cherry stated she was asking for the presentations to be received in advance of the Work Sessions. City Manager Bourey replied that he would try to get the presentations to Councilwoman Cherry if there was consensus among members of City Council to do so, but it meant that City Council could hear about a specific matter in the newspaper before the Work Session. He believed that he would receive grief behind the information being published in the newspaper.

Councilwoman Cherry stated that she had grief with the City Manager having grief that she was requesting the information. City Manager Bourey responded that he did not have grief with the fact that Councilwoman Cherry was asking for the information, but he disagreed with her request.

Councilwoman Cherry replied that she disagreed with the City Manager. She stated it was okay that they disagreed, but she was just stating her reason for the disagreement. It was a paper issue for the City Manager, but it was to be more informed and knowledgeable for her, so that she could be better prepared to ask questions and have better dialogue with presenters. That was the reason that she asked for the information. She was an information person and liked to receive the information to read, which was her request.

City Manager Bourey announced that the Economic Development Authority sponsored a table for the City of Hampton's State of the City event on November 15, 2016. He asked members of City Council to contact the City Clerk if they were interested in attending the event.

Councilwoman Woodbury replied that several members of City Council would be attending the National League of Cities Conference that was scheduled during the time of the City of Hamptons' State of the City.

Mayor Price stated he had received a funding request from the Hampton/Newport News Community Services Board (HNNCSB) to assist with their 27th Annual Thanksgiving Luncheon. He stated the luncheon was scheduled for Wednesday, November 16, 2016, 11:30 a.m., at the Crowne Plaza Hotel in Hampton. He asked whether members of City Council were in support of assisting with the event by committing to a $500; $1,000; or $2,000 sponsorship level.

Councilwoman Scott inquired whether the HNNCSB had asked for assistance in the past; she did not recall receiving such a request. Ms. Mabel Washington Jenkins, City Clerk, replied that members of City Council were usually invited to attend the event, but she did not recall being asked to provide a donation.

Vice Mayor Vick stated that she would support a sponsorship level, because the HNNCSB served many citizens from the City of Newport News, and because of the reduction of mental health funding from the State. The HNNCSB took on a larger number of individuals which was not made up through Community Support Funding. She felt a $1,000 sponsorship level was adequate.

There was consensus among City Council to support a sponsorship level of $1,000 for the CSB luncheon.

Councilwoman Cherry inquired whether there were any other members of City Council that were in support of receiving information attached to their Work Session agenda for viewing prior to the Work Sessions.

Councilwoman Woodbury recalled receiving information in the past as a part of the Work Session agenda. She believed it would be helpful to have the information ahead of time. She had never known it to be a problem with the newspaper in the past.

Councilwoman Scott recalled that additional information was provided as part of the Work Session agenda. She understood the concern voiced by Councilwoman Cherry, who had indicated, since being a member of City Council, that she was an information person and wanted to be better prepared to ask questions prior to the presentation. She could respect her request.

Vice Mayor Vick stated she preferred to call the City Manager and staff directly if she had a question about an agenda item instead of waiting to ask questions at a meeting. She stated that members of City Council could call the City Manager or staff about questions ahead of the meeting.

Councilwoman Scott understood the desire of Councilwoman Cherry.

Councilwoman Cherry inquired whether there was an objection to receiving the information.

Mayor Price asked for a motion and vote to determine the desires of City Council regarding receiving information about agenda items in advance of a Work Session.

Councilwoman Cherry moved that City Council receive the presentation information that was available prior to the Work Session; seconded by Councilwoman Woodbury.

Councilwoman Cherry indicated that the presentations should be ready prior to the Work Session, if available. She understood that staff presentations were not always ready beforehand, but outside presenters should have their presentations ready. City Manager Bourey replied that does not always happen. He stated that people were extremely busy and were pulling paperwork together as they were coming up to the deadline.

Ms. Florence Kingston, Director, Department of Development, pointed out that many times the City did not receive Economic Development presentations until the last minute, such as the information provided for the "Local Tourism Project," presentation today. The EDA was not prepared for the information to be publically known until after a presentation to City Council, because of the due diligence in what was done. She recalled, over the past 35 years as an employee of the City, that there had been some material provided as part of the Work Session agenda, such as a memo explaining the subject. Many Economic Development projects did not get included. Some items were included, but not all, depending on the nature of the item.

City Manager Bourey stated staff provided information to City Council beforehand when they could. He advised that he would be happy to provide the information as part of the agenda if the matter was not something that City Council would be surprised to hear about in the newspaper.

Councilwoman Cherry was not only concerned about matters showing up in the newspaper; but was concerned about not being appropriately informed about matters on the agenda. She advised that was her issue. She preferred to be informed to alleviate the need to ask a huge amount of questions during a Work Session.

Mayor Price stated it was moved and seconded that City Council receive the presentation information in the Council Work Session agenda, if available, prior to the Work Session.

Vote on Roll Call:
Ayes: Vick; Woodbury; Cherry; Harris; Scott
Nays: Bateman; Price

THERE BEING NO FURTHER BUSINESS
ON MOTION, COUNCIL ADJOURNED AT 4:51 P.M.

Jennifer D. Walker, MMC
Chief Deputy City Clerk

McKinley L. Price
Mayor
Presiding Officer

A true copy, teste:

City Clerk