

**WILLIAMSBURG CITY COUNCIL  
WORK SESSION  
May 10, 2010**

The Williamsburg City Council held a work session on Monday, May 10, 2010, at 4:00 p.m. in the City Council Chambers of the Stryker Building, 412 N. Boundary Street, Williamsburg, Virginia.

**CALL TO ORDER**

Mayor Jeanne Zeidler called the meeting to order.

**ATTENDANCE**

Present in addition to Ms. Zeidler were Vice-Mayor Clyde Haulman, Council members Ms. Judith Knudson and Messrs. Paul Freiling and Robert Braxton. Also present were City Manager Jack Tuttle, City Attorney Joe Phillips and Council Clerk Donna Scott.

Staff Attending: Assistant City Manager Jodi Miller, Economic Development Director Michele DeWitt, Communication Specialist Kate Hoving, Planning Director Reed Nester, Finance Director Phil Serra and Deputy City Attorney Christina Shelton.

**ITEMS FOR CITY COUNCIL MEETING OF MAY 13, 2010**

**Public Comment**

Mayor Zeidler invited public comment on items on the agenda for Thursday's Council meeting.

**Bill Williams**, a resident of James City County spoke on behalf of the Williamsburg Land Conservancy. He said he serves as the current Chairman of the Board of Directors for the group and they are celebrating their 20<sup>th</sup> anniversary this year. He said that during that period they have demonstrated their commitment to protecting and preserving significant natural, scenic, agricultural and historic lands throughout the region, and the Conservancy currently stewards 28 easements totaling 3,300 acres of land. In addition to working closely with land owners to develop land protection strategies, the Conservancy is required to conduct annual inspections, an ongoing stewardship of each of the 28 easement properties.

This stewardship is critical to maintaining the character and ambiance of our regional properties. The Conservancy has worked effectively with the City of Williamsburg, especially through the Conservancy's corridor enhancement initiative. The protection of greenspace and other important lands within our community has proven to have a quantifiable benefit to those who live, work and visit this unique community. He noted the Chamber's 2008 Visitor Survey, when asked what they liked most about their trip to this area, 25% of the visitors surveyed praised the scenery of the community. Among the 3,300 acres that they steward, two parcels totaling 311 acres are along the Route 132 scenic corridor from Interstate 64 leading into the City. He said that although they understand the City has difficult financial decisions to make, he asked that Council consider restoring some of the almost 50% cut to the Conservancy's funding, which is in the current version of the City's budget, and thanked Council members for their consideration.

Mayor Zeidler thanked Mr. Williams for his comments and said Council will take the request up when the budget is discussed on Thursday.

There being no additional comment the Public Comment portion of the meeting was closed.

### **Council Preview**

Mayor Zeidler confirmed that Council members have all the information they need regarding items on the agenda for the regular Council meeting on Thursday.

### **BACKGROUND PRESENTATIONS/DISCUSSIONS**

#### **Presentation of Economic Development Authority Business Appreciation Award**

Mayor Zeidler said it is a real celebration and a privilege to present the Economic Development Authority's Business Appreciation Award. Mayor Zeidler noted that the award sculpture represents honor and is a piece that emphasizes gratitude, acknowledgement and honor. She said the winners are judged by the EDA and the selection criteria for the award includes the length of time the business has been in the City, the products and services that it offers, its service innovativeness, increased sales, contribution to the community, excellent customer service and environmental sensitivity. Mayor Zeidler recognized *Aromas Specialty Coffees and Gourmet Bakery*. She asked that the owners, Gerry and Don Pratt, as well as the Chairman of the EDA, Monty Mason, come forward for the presentation. Mayor Zeidler said the coffee and bakery shop opened in June 2000 and she noted the initiatives that the EDA considered in reaching the decision to present the award to *Aromas*. EDA Chairman, Monty Mason commended the Pratts for creating a great gathering place for people who live here as well as for visitors to come and discuss the issues of the day. He noted their nomination stressed their emphasis on training and customer service, the success of which is demonstrated by extraordinary customer satisfaction feedback. He concluded his comments by saying the Council and the EDA is proud to present the award to *Aromas* this year.

Mr. Pratt thanked Council, the EDA and others involved in the selection process for the honor and said they have been privileged to serve the community and enjoy what they're doing at the same time.

#### **Overview of Changes in VRS Legislation**

Deputy City Attorney, Christina Shelton, reviewed Virginia Retirement System (VRS) Legislative Changes 2010. She noted there are two plans; Plan 1 is for VRS members prior to July 1, 2010 and Plan 2 is for new members of VRS after July 1, 2010. Except for Cost of Living increases there are no changes in the terms for employees in VRS prior to July 1, 2010.

**Contribution:** Employees entering VRS after July 1, 2010 are required to pay their own 5% contribution; however, counties, cities, towns, local public school boards or other local employers may choose to pay this 5% contribution. No other employer can pay the 5% contribution for employees entering VRS after July 1, 2010. Employers who are paying the 5% contribution for current employees must continue to do so and may not require employees to begin picking up a share of the contribution. If an employer elects to pay the contribution for employees in Plan 2, the contribution is irrevocable.

**Retirement:** Normal retirement age for employees who were VRS members prior to July 1,

2010 is age 65. Under Plan 1, any member in service may retire at his/her normal retirement date (65) with 5 or more years of creditable service. Any member may retire at age 55 with 5 years of service credit, or at age 50 with 10 years of service credit with reduced benefits. Ms. Shelton noted that Hazardous Duty/VaLOR employees may retire at age 60 with 5 or more years of creditable service or age 50 with 25 or more years of service credit. Ms. Shelton also noted that localities may adopt an early retirement date for VRS members using only years of service (30), but may not do so for members after July 1, 2010.

Normal retirement age for new VRS members after July 1, 2010 is the same as the social security retirement age. Under Plan 2, the member in service may retire at his/her normal retirement age with at least 5 years of service credit or if service plus age totals at least 90. The earliest retirement age with reduced benefits for new employees after July 2010, is age 60 with 5 or more years of service. There is no change for Hazardous Duty/VaLOR employees.

Ms. Shelton continued her briefing of the legislative changes including Cost of Living Adjustments, Average Final Compensation, Purchasing Prior Service Credit, Optional Life Insurance, Optional Severance Program, and the Line of Duty Act (LODA). Future action needed in response to the legislative changes include staff updating the VRS Manual and Personnel Manual to reflect the Plan 2 changes and deciding whether to fund the 5% contribution for Plan 2 VRS members, whether to offer Optional Severance Benefits, and whether to participate in the VRS LODA program or fund a local contribution separately.

Mayor Zeidler thanked Ms. Shelton for the review of the changes that will effect City employees. In response to the Mayor's question of when the decisions mentioned need to be made, Mr. Tuttle said the most immediate decision that needs to be made is about the 5% contribution because it will effect employees hired after July 1, and once the decision is made it is irrevocable. He added that "irrevocable" in this case means that unless the General Assembly changes the rules, that once the City makes the decision it cannot change its mind. The immediate budget impact is not very significant because it applies to employees hired after July 1, 2010; the impact will be in the future when new employees are hired, and the decision is even more important because the decision will be irrevocable.

Mr. Haulman noted that some of the changes effect current employees and asked how the changes will be communicated to them. Mr. Tuttle responded that once the revisions are made to the Personnel Manual, like all revisions to the Manual, they will be distributed. If changes are more complicated, instructional meetings might be held, however the changes for existing employees is minimal. Mr. Haulman asked if there is a recommendation from VML and Mr. Tuttle answered that VML will probably facilitate what the different jurisdictions are doing, but he doesn't expect they will be making a recommendation on it. Mr. Haulman noted that the long-range fiscal implications both to the employee and the City are not trivial and he would not like to make a decision without knowing what those implications will be.

Mr. Tuttle confirmed that the City is currently paying the 5% contribution, and Mr. Freiling noted that even if the City continues to pay the 5%, it would not be an unanticipated

additional financial burden. Ms. Shelton said the City requires that employees are members of VRS and confirmed that the City could pay the 5% contribution, a portion of the 5%, or pay nothing.

Mayor Zeidler again thanked Ms. Shelton for a very clear presentation on a complicated topic.

### **Fiscal Year 2011 Budget Update**

Finance Director Serra reviewed the budget changes that will be presented for budget adoption at Council's meeting on Thursday. He noted that most of the changes were ones that were pointed out at last month's meeting. Mr. Serra said that since that meeting they have been made aware that James City County has reduced their recommendation on funding to the arts commission, so the City has dropped the County's share of \$2,140. There has also been an adjustment with the General Assembly's increase in 599 funding, an increase of \$57,459, bringing the Total Revised Revenues in the General Fund to \$31,181,895. The changes in Expenditures, i.e., the increases in the contributions to the High Speed Rail and the Chamber & Tourism Alliance, and the decreases in the contributions to the Jail and the Arts Commission, and with a resulting increase in the Operating Contingency of \$140,274, the Total Revised Expenditures is balanced with the Total Revised Revenues.

There is one change in the Sales Tax Fund; the decrease in school capital projects because the County has decreased the amount the City had as its share for those projects for next year, \$137,005. This is the first year that the Sales Tax Fund will be taking in more than it will be spending and the reduction is to keep in sync with the County formula in the contract with the schools. There is no change for either the Utility Fund or the Public Assistance Fund.

Regarding the Arts Commission, Mr. Tuttle noted that the County and City fund the Commission 50/50 and with the County's decision to decrease their contribution by \$2,140, the City's would be cut by \$4,280. However, the City's money that was appropriated is still there in the budget so that if the City should chose to use the \$2,140 of its funds for arts related purposes, the money is there and can be assigned to arts use; it is just rolled over into the Operating Contingency. He added that the thinking is that it's best to maintain the 50/50 share so that the City and the County continue to contribute at the same levels.

Mr. Tuttle also mentioned the results of the bid process regarding the health insurance program. The City asked not only the current provider, Anthem, to bid, but also any other companies that might be interested in providing a quote on the City's health plan. Two other companies picked up packages, but no one other than Anthem returned a bid. Because of our experience this year we expected that we were going to have an increase in our premiums, but they were more than we had hoped, and if we make no change to our current health plan, the result of the increase in Anthem's premiums would be a 21.4% increase. With a reduction in both the drug benefit program and increasing the deductibles for both the Key Care program and the HMO, Mr. Tuttle said we can bring those health care increases down to 17.2% for Key Care and 14% for the HMO program. In the City's budget we have set aside an allocation of 6% to increase the City's contribution to employee health care with the employees paying the balance of the increase. The effect is

a dramatic increase of employee costs when we are in our second year without pay raises.

Mr. Tuttle noted that the amount our employees pay for their health plan is comparatively low compared to most other jurisdictions or employers, so we're really talking about the amount of increase as opposed to the absolute amounts. If the current plan was maintained for Key Care, with no changes in the health plan, it would raise the family Key Care coverage from \$185 per month to up to \$317 per month. He said the recommendation is that the City accept the reduced coverages to limit costs and that the City pick up 12% of the increase as opposed to 6%. The approximate cost is \$80,000, with exact figures depending on what elections the employees take during the open enrollment period. The net effect would be an increase of 42% for employees with families on Key Care and 23.8% for employees with families on an HMO, but still substantially less than if we had just held it at the 6%. Mr. Tuttle said that because we've been able to increase our Operating Contingency by \$140,274, if we take the \$80,000 for healthcare from the Total Operating Contingency of approximately \$390,000 the balance in the Contingency would be \$310,000. The recommendation is to pay 12% versus the 6% for health care to soften the impact for the employees and that a portion of the Contingency be used to fund this contribution.

Mayor Zeidler said she agrees that 12% provides some fairness to employees who are not getting raises; the increases are pretty outrageous and onerous for people who aren't getting raises. She added that if costs go up again next year the City would still have the option to do whatever it needs to do to balance the budget.

Mr. Freiling noted that with the increased co-pay on both prescriptions and doctor visits and with the City picking up the 12%, the ratio of employee to City contribution is still going up, the employee is still picking up a proportionally greater amount.

Mr. Haulman asked about the cost involved to maintain the ratio and Mr. Tuttle said that currently about 4/5 is covered by the City and 1/5 by the employee. Staff will return to Council with the actual calculations of what this would cost. Mr. Tuttle added that although this question needs to be decided prior to the open enrollment time in June, the budget adoption scheduled for Thursday will not be impacted since we're talking about taking the funds from the Contingency Fund. Once money is moved into the Contingency account it can be moved into the health care accounts without a budget amendment.

## **CITY COUNCIL COMMUNICATIONS**

### **School Board's New Projections**

Mayor Zeidler noted that it has been brought to Vice-Mayor Haulman's and her attention that the School Board has recently received new projections that will fill the three middle schools in the fall, Lois Hornsby, Berkeley and Toano. The projections show a possible need for an increased middle school capacity earlier than previously projected. A School Board meeting is scheduled for Tuesday, May 11 and on the agenda is discussion about the recommendation to begin renovations at James Blair to not only fix the HVAC system, but also to move the ALL Academy into the building and to create the space needed for Central Office. The new projections raise the issue of how cost effective it is to go forward with creating those offices if a new middle school will be needed earlier than previously projected. She said she and Vice-Mayor Haulman thought, that if other Council members agree, she might talk with the School Board Chairman telling him that the City Council

would support the School Board if they decide to have the HVAC system repairs done at James Blair, but perhaps table the idea of authorizing work on the offices until more information is gathered and more analysis done regarding the meaning of the new projections. Mr. Haulman added that even if James Blair School were to be mothballed, the HVAC system would still need to be repaired and some other necessary renovations regardless of the use of the building. There have been reductions in both County and School Board staff and the pressure that was there previously may no longer exist, and James Blair may need to come back online sooner than anticipated. Both Mayor Zeidler and Vice-Mayor Haulman noted that it is clearly not this Council's decision to make, but it may be helpful for the School Board to hear from at least one of the two funding bodies that they would be supported in delaying the renovation decision to allow time for review of the new information. It was clarified that the ALL Academy would still be moved to James Blair, but further renovation for office space may not be untaken at this point if the School Board determines its not justified by the recent information.

All Council members agreed and authorized Mayor Zeidler to talk with School Board Chairman, James Nickols.

#### **SCHEDULE OF MEETINGS: MAY 2010**

Mayor Zeidler noted the City Calendar for the month of May which Council members received in their meeting packets. City Manager Tuttle noted tickets to the *Festival Williamsburg* are still available and can be purchased at the Municipal Building.

#### **OPEN FORUM**

Mayor Zeidler opened the Open Forum portion of the meeting inviting comments on any topic.

There being no comment the Open Forum was closed.

#### **CLOSED SESSION**

At 4:58 p.m. Mr. Haulman moved that City Council go into Closed Session pursuant to Section 2.2-3711 of the Code of Virginia for the purpose of discussing two personnel matters per subparagraph 1, concerning City Council appointments. The motion was seconded by Mr. Freiling and carried by roll call vote of 5-0.

Recorded Vote on the Motion:

Aye: Braxton, Haulman, Zeidler, Knudson, Freiling

No: None

The Mayor called for a five-minute recess prior to going into Closed Session.

#### **OPEN SESSION**

At 5:45 p.m. Council again met in Open Session for certification of the closed meeting.

#### **CERTIFICATION OF CLOSED MEETING**

Date: May 10, 2010

Mr. Haulman moved to approve the certification of a closed session pursuant to Section 2.2-3712 of the Code of Virginia. The motion carried by roll call vote of 5-0.

WHEREAS, the City Council of the City of Williamsburg has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Committee that such meeting was conducted in conformity with Virginia Law.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Williamsburg hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the City of Williamsburg.

Recorded Vote on the Motion:

Aye: Braxton, Haulman, Zeidler, Knudson, Freiling

No: None

Absent During Vote: None

Absent During Meeting: None

The City Council meeting of May 10, 2010 was adjourned by unanimous roll call vote at 5:47 p.m.

Approved: June 10, 2010

Jeanne Zeidler  
Mayor

Donna F. Scott  
City Council Clerk