

**WILLIAMSBURG CITY COUNCIL
WORK SESSION
AUGUST 9, 2010**

The Williamsburg City Council held a work session on Monday, August 9, 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 Clyde Haulman called the meeting to order and announced this is the first Williamsburg City Council meeting Council members will be using iPads rather than paper copies of the agenda packets. The iPads hold the same meeting information that is posted on the City's website.

ATTENDANCE

Present in addition to Mr. Haulman were Vice-Mayor Paul Freiling, Council members Ms. Judith Knudson and Messrs. D. Scott Foster, Jr. and Douglas Pons. Also present were City Manager Jack Tuttle, City Attorney Christina Shelton 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, Parks & Recreation Director Lori Rierson, and Human Services Director Peter Walentisch.

ITEMS FOR CITY COUNCIL MEETING OF AUGUST 12, 2010

Public Comment

Mayor Haulman invited public comment on items on the agenda for Thursday's Council meeting. There being no comment Mayor Haulman opened the floor for comments on any topic.

Priscilla Caldwell, Director of Operations, for The Greater Williamsburg Tourist Information Center, presented an overview of the Center's activities. She said that since 2005, three independent consultant reports have indicated that the Greater Williamsburg region lacks and would benefit from an independent, all-inclusive tourist information center. Although efforts were made at the Colonial Williamsburg Visitor Center to include information about area businesses, no independent tourist center selling and promoting all area attractions had been established. However, with the economic downturn, the Hotel/Motel Association has taken action by implementing the recommendation for an independent tourist information center. The Center is located off I-64 at Exit 243 in a 3200 square foot unit in the Village Shops at Kingsmill. Open from 9:00 a.m. to 5:00 p.m., they have extensive tourist information for the Greater Williamsburg area.

To realize the full potential of the Center, highway signs must be installed directing visitors to the Center. The Virginia Department of Transportation (VDOT) has approved the sign locations on I-64 at Exit 243 and leading to the Center from Route 199 and also from Route 60. However, in order to install the signs the Virginia Tourist Corporation (VTC) must grant

state certification, and although the criteria for certification has been met, the VTC has not yet given its approval. Ms. Caldwell added that proper highway signage will increase exponentially the value of the Center which represents all area businesses.

Ms. Caldwell concluded her comments by saying Cooper Realty, owner of the Village Shops at Kingsmill where the Center is located, has agreed to provide the funds for the highway signs as well as signage at the Village Shops. All the costs associated with the Center to date have been privately funded, and the Williamsburg Hotel & Motel Association has committed to future funding. She thanked Council for their attention.

Mayor Haulman thanked Ms. Caldwell for her presentation and update on The Greater Williamsburg Information Center saying it is very useful.

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

Council Preview

Mayor Haulman noted that some of the items on the agenda under *Background Presentation/Discussion* today will be on Thursday's agenda for Council's action. He 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

Youth Achievement Program

Human Services Director, Peter Walentisch, noted the seven week Youth Achievement Programs began about 15 years ago, in the 1993-94 school year, and teach leadership, team work and introspection. He said he is very proud to present two representatives of the Program who will talk about what they have received from their involvement in the Program.

Prince Jackson, New Hope Road, said he learned better anger control, leadership, motivation and cultural awareness. Through the cultural awareness study he found Japan was his favorite country, particularly because they have advanced technology yet the environment is very natural. He attended lectures and field trips to a career café and different colleges; the Program attendees also received guidance on completing a resume and lessons regarding self-esteem, self-respect, confidence and affirmation.

Mr. Jackson said the counselors for the Program were very important and impressive; Joel, JoJo, Natalie, Patricia and Diana. He added that Shawn was a great role model.

Sabrina Tucker, Merrimac Trail, reiterated Mr. Jackson's overview of the Program adding the importance of respect is that in order to respect others, you must first respect yourself. Also, she said the anger management lessons taught them to turn the anger into something positive. She learned they must be positive role models and show responsibility.

Both Mr. Jackson and Ms. Tucker thanked City Council for believing in them and supporting the Program.

Mr. Walentisch noted that former Mayor Jeanne Zeidler had asked what signs of success

can be shown for the Program. One of the counselors mentioned by Prince Jackson, is a graduate of the Youth Program and is a counselor-in-training this year. **Shawn Preston** attends Virginia State University and Mr. Walentisch said he has told Shawn that once he receives his bachelor's degree, he is welcome to return and see if he can get on with the City's regular staff in the Human Services Department or in the Youth Achievement Program. He asked Mr. Preston to stand and be recognized.

Mayor Haulman said this Program is a perfect opportunity for City and community youth to spend seven weeks of their summer productively. He thanked all involved for giving a portion of their summer to help make our community a better one.

Mr. Freiling echoed Mayor Haulman's comments adding that the Program is only as good as its counselors and the willingness of the participants to give seven weeks to it; he wished them much success.

Mr. Foster thanked the large group of Program participants who came to the meeting today, and especially thanked Mr. Preston for his contributions.

Mr. Pons added we are all very proud of Prince, Sabrina and all the others involved in the Program.

Ms. Knudson said that her fellow Council members have said it all and she looks forward to the Closing Program on Friday, August 13. The Closing Program will be held at the Community Building at 401 South Boundary Street beginning at noon, and both groups involved in the Youth Achievement Programs, the 13-16 year old group and the 14-24 year old group, will be honored. The public is encouraged to attend.

Payoff/Refinancing of Bond Principal – Utility and Sales Tax Fund

Mr. Tuttle said historically low interest rates have opened up an opportunity for the City to save money through a couple of transactions. He noted two representatives from the City's financial advisor, Davenport & Company LLC, will make a few comments about refinancing opportunities after Mr. Serra's presentation of an overview of the *Proposed Resolution #10-08* that will be on the agenda for action at the August 12 City Council meeting.

Finance Director, Phil Serra said the payoff of the existing debt, which can be done without penalty on two fifteen year bonds issued in 1997, would result in a savings of approximately \$32,000, the difference in potential investment earnings and the fixed interest costs over the remaining terms of the debt. With the low earnings on the City's investments, it makes good financial sense to use undesignated reserves in the Utility and Sales Tax Funds to pay off the bonds while still retaining ample reserves. Mr. Serra noted that the early payoff will require a budget amendment to the Sales Tax Fund. Mr. Serra introduced Jim Sanderson from Davenport & Company.

Jim Sanderson said Davenport & Company continuously monitors the City's debt obligations for refinancing opportunities and with respect to the 2009 bond issue with Carter Bank, one of the things they were able to do with the bond was to have it callable at any time without penalty. In addition, the City's 2002 bond is now callable, also without penalty.

Mr. Sanderson said that given the market today, the City has the opportunity to exchange the two bonds currently at higher interest rates for lower rates. The 2002 bond has a maturity date of 2017, and the 2009 bond matures in 2024 and it will be close to \$11 million in principal left to mature. Mr. Sanderson explained a recent history of the market and that Davenport & Company felt the private market was the best place for the City to borrow monies. He added that Williamsburg has a very high reputation with banks and Carter Bank offered an outstanding proposal. However since then, the public markets have improved dramatically and banks have become a little tighter in their lending. The rates have improved in the City's favor and this is the driver for accessing the public markets and saving the City money.

David Rose, Davenport & Company, said if Council is comfortable, they would recommend moving forward with public financing which would be the first time that the City has done such a financing. This would require a bond rating, a formal credit rating. The credit rating agencies they recommend are two of the oldest and best known in their business, Standard & Poors and Moody's. This will require staff to put together a presentation, which will be open to the public once it's completed. This presentation would address the City's various credit strengths, the City's financial track record and overall debt profile. This will ensure the City obtains the lowest cost for money in the refinancing. The fee for going through the credit rating process is between \$15,000 and \$20,000. Mr. Rose said they believe the City is going to obtain an excellent public credit rating. The fee is a one time fee with no contingent fee year after year. The rating would remain the same for the remaining life of any outstanding debt the City has; a perpetual rating. Mr. Rose concluded his comments by saying the worst case would be the City would have a \$15,000 - \$20,000 investment, and at best the City could have \$1 million in savings that would be locked in at the time we go to market.

Mayor Haulman asked if there would be any disadvantages to the City by pursuing the credit rating, and Mr. Rose responded they do not see any since this would be purely to lower the City's debt service payments by virtue of trading higher interest rates for lower rates. In addition, the refinancing will be structured so that if interest rates should go materially lower, there will be the ability to talk about refinancing again. Mr. Rose confirmed that getting a rating for public offerings does not preclude a rating for private offerings in the future. Mr. Freiling asked about their optimism about the eventual rating for the City and what the chief differential factors are regarding the rating levels. Mr. Rose said the highest rating attainable is AAA and is a rarity in Virginia for local governments, particularly governments with a very modest population. Rating agencies usually look at your willingness to pay and your ability to pay. When they look at a city like Williamsburg, your willingness to pay would put us right at the top. The ability to pay is considered based on the number of thousands of people upon whom debt could be spread out. In Virginia, a city of Williamsburg's size would be the smallest to eventually attain the rating of AAA; it takes time to get to that rating. He added that another small city in Virginia with a AAA rating is Charlottesville and it took a number of years to attain that level. Most of the cities we are familiar with are in the A or AA category. Virginia Beach received a AAA rating a few years ago, with a population of approximately 440,000. He said they believe Williamsburg will begin in the AA category.

Mr. Freiling asked about the \$15,000 - \$20,000 and if that includes staff time or if that is

simply what we would be paying to the credit rating company. Mr. Rose responded that figure is for the rating agency fee and staff time invested would be considered part of the job. If Council decides to move forward, Davenport & Company would put together a and in about 3-4 weeks from now will have some formal telephonic meetings with the rating agencies; since the rating agencies are located in New York and this can be done telephonically.

Mr. Freiling asked if the plan is to combine the two bonds with maturity dates of 2017 and 2024 or to keep them separate issues; how do you balance the seven years of interest left on the bond maturing in 2017 against the lower rate over a longer period of time or would we be looking at a shorter period of time? Mr. Rose replied that from an overall cash flow perspective they don't recommend anything shorter. They are looking at an "all in" interest rate on the refinancing of below 3%. We need to be flexible enough to look at the overall cash flow not only at the City side of things, but also at the utility side.

Mr. Tuttle added that there are some options regarding exactly how the debt is structured going forward and after receiving advice, staff recommendations will be made to not only lower the cost but to also restructure the debt so it works for us particularly over these next few budget years. He said, for instance in the water and sewer fund, because the level of new construction is so low, tap and connection fees are very low. Although we weren't counting on those fees to repay the debt that puts additional cash pressure on the Utility. With the possibility of refinancing we can look at the opportunity and how it relates to rate increases over the next few years so we can give the customers the best advantage of the lower rates.

Mr. Pons noted the \$15,000 - \$20,000 application fee and asked how Davenport & Company makes their money. Mr. Rose answered they make their money in the selling of the bonds. So if the City does not refinance and rates go up, Davenport & Company would not be compensated, which is standard procedure; the same is true for legal counsel, Kaufman & Canoles.

Mayor Haulman asked what they anticipate to happen over the next few months with the interest rates given that members of the Federal Reserve Board are talking about the potential for deflation. Mr. Rose said they really don't know, but what they do know is interest rates have come down, people have not been overly excited about the stock market, and they have tended to put lots and lots of their dollars into the bond market. So we're seeing a greater demand and a greater demand is seen as interest rates go down. However, as we saw a couple of years ago, if something spooks the marketplace, rates could jump back up. Mr. Rose said that what we want to do is position ourselves so if the markets continue to look favorable, we are ready to go. He added that they will be back to Council on September 9 with actual documentation.

In response to Mr. Freiling's question, Mr. Rose said the term of the rating is essentially perpetual as long as there is debt outstanding, the rating stays in force. After the 2024 maturity date, if there are some other unrelated debts to those we have today, the rating

would still be in force. Mr. Freiling asked if there is any connection between what the state's overall rating is and the impact on localities. Mr. Rose replied that there is the concept of the *State Intercept Formula* which basically means that in Virginia, all debt that is issued by a city or county that is a full faith in credit debt, has the ability to be intercepted by the state, which is AAA rated. The two credit rating agencies we are talking about approaching have ratings that if Williamsburg were to use the State Intercept Formula, they would automatically be in the high A or low AA category irrespective of how strong or weak Williamsburg is. However, because Davenport & Company believes Williamsburg will be higher than the State Intercept Formula, we are asking the credit rating agencies not for the State Intercept Formula rating but for the true rating of Williamsburg.

Mayor Haulman thanked Mr. Sanderson and Mr. Rose for their explanation and Mr. Serra for all his work on this issue. The proposed resolution will be on the agenda for action at Thursday's meeting.

Williamsburg National Citizen Survey 2010 Results

Assistant City Manager, Jodi Miller, presented the results of the Survey noting this is the second National Citizen Survey in which the City has been involved, the first being in 2008. Prior to the National Citizen Survey, since 1995, citizen surveys for the City of Williamsburg were conducted in-house.

The National Citizen Survey is a collaborative effort between National Research Center, Inc. and the ICMA (International City/County Management Association) that provides a statistically valid survey of resident opinions about community and services provided by local government. The focus of the assessment is on a series of community characteristics and local government services, as well as issues of public trust. Resident behaviors related to civic engagement in the community are also measured. The results of the survey can then be used by staff, elected officials and other stakeholders for community planning and resource allocation, program improvement and policy making.

Ms. Miller said that 500 communities across the country participated in the survey. The assessment methods for Williamsburg included a representative sample of 1,200 households with 483 surveys returned, a 44% response rate. There was a 5% margin of error and the data was statistically weighted to reflect the population. The survey had eight focus areas:

- Community Quality
- Community Design
- Public Safety
- Environmental Sustainability
- Recreation and Wellness
- Community Inclusiveness
- Civic Engagement
- Public Trust

Ms. Miller noted the survey demographics reflect 50% of the respondents have lived in the City of Williamsburg for five years or less, which demonstrates the need to be constantly alert to getting information out to the new members of the community. The report contains benchmarks at the national level as well as for university communities, and on average,

residents gave very favorable ratings to almost all local government services

The information gathered in the survey will help formulate 2011-2012 Goals, performance metrics and assist with benchmarking with the ICMA. Mr. Tuttle pointed out that the communities that are most confident about their performance are the ones that respond and to whom we are compared, therefore, we are being compared with the best. In response to Mr. Freiling's question regarding tracking changes in services provided such as the recently enacted entry fee at Waller Mill Park and the decrease in garbage collection from twice a week to once a week, Mr. Tuttle said the direct causation of a rating drop is more often not clear, but it helps set an area of emphasis. Mr. Freiling stated that he takes issue with the survey rating of "Much below" the national comparison on the City's snow removal efforts. His experience was that City staff did a phenomenal job.

Mayor Haulman noted it is incumbent upon Council and staff to consider our transient community. He asked if the "university communities" participating in the survey could be more refined so a comparison would be more meaningful. Ms. Miller will check with ICMA on this question.

Overview of 2011/2012 City Council Goal Setting Process

Assistant City Manager, Jodi Miller, presented the overview with the timeline. The Biennial Goals, Initiatives and Outcomes 2009-2010, updated August 5, 2010, was color coded to give a quick survey of the status of each Goal and that Goal's Initiatives and Outcomes. Also included in the presentation was a list of the City's Awards and Recognitions received from January 2009-July 2010. Ms. Miller stated the Goals, Initiatives and Outcomes for 2011/2012 will be a topic of discussion at the City Council Retreat on August 21.

On September 9 City Council will meet with the Economic Development Authority for their input on the 2011-2012 Goals and on September 16 Council will meet with members of the Planning Commission for their input. A Public Workshop is scheduled for September 15 to collect citizen input and launch an online "Open Forum" for additional citizen input.

At the Council Work Session on October 11 which will be open for public comment, a draft of the Biennial Goals, Initiatives and Outcomes will be presented, and at the November 12 Council meeting the 2011/2012 Biennial Goals, Initiatives and Outcomes will be adopted. On November 18, the "State of the City" event summarizing past accomplishments and future challenges will take place at the Community Building at 401 North Boundary Street.

Mayor Haulman thanked Ms. Miller for her presentation and asked that the public be made fully aware of all the opportunities to engage.

CITY411 Text Messaging

Director of Information Technology, Mark Barham, introduced another initiative to improve City responsiveness and partnership with citizens. Mr. Barham noted that the Williamsburg National Citizen Survey showed that 91% of respondents have cell phones and more and

more people use text messaging as a primary means of communication.

The CITY411 program would give residents an easy way to send the City staff a text message about a municipal service need, a problem or an issue. The citizen communiqué would be routed to the appropriate department and City staff would then respond to the citizen in an efficient manner. This is not an emergency service; citizens would still call “911” in case of an emergency. The CITY411 program would permit ease of reporting a dead animal in the street, a crooked stop sign, a pothole, an abandoned vehicle, a property maintenance violation, etc. It may also be possible to use the CITY411 program to amass a list of CITY411 users and send them text message notices about City business or alerts.

Mr. Barham added that there will be a disclaimer attached notifying the user that their phone service provider’s texting rates would apply. The cost to the City is \$79 per month for up to 500 messages or \$99 per month for 1000 messages. In reply to Mr. Pons’ question, Mr. Barham said accountability would be ensured by the use of a work order system which would track the progress of the request. If texting CITY411 proves successful and useful, it will be added permanently to the other systems the City has to facilitate communications and partnership between the City and the citizens.

Mayor Haulman thanked Mr. Tuttle and IT personnel for the development of the program. Mr. Tuttle had found the program entitled “Text to Tell,” through a manager-to-manager exchange sponsored by the ICMA (International City/County Management Association). The existing “Text to Tell” program is in operation in Kettering, England. Mayor Haulman said it is a terrific opportunity to communicate both ways with the citizens, and puts the City at the forefront of technology. Mr. Tuttle added that he knows of no one else in the States with the program and thanked Mr. Barham for his efforts.

CITY COUNCIL COMMUNICATIONS

Economic Development

Mr. Freiling said the Economic Development Authority (EDA), will be hosting their monthly Roundtable Luncheon meeting at noon tomorrow, August 11. This month’s meeting will be held at the Wasabi Restaurant at 1203 Richmond Road. He noted that the meeting is open to anyone interested, especially businesses.

Regional Issues

Mr. Freiling reported members of the Regional Issues Committee (RIC) discussed preparations for soliciting public comment/public participation when the time comes for the coordination of timing for the three Comprehensive Plans for 2012. The decision was made at the meeting to establish a smaller working group to create a draft public involvement or communications plan. The working group is not going to be talking about any planning issues and will not be determining anything related to the substance of the Plans, but will simply be discussing what efforts might be put forth to gather information for the public and what vehicles might be used to generate the greatest possible meaningful

public participation in the process. There will be representatives from James City County, York County and the City of Williamsburg as members of the working group and they will prepare a plan to present to the RIC for adoption, rejection or modification as the

Committee deems appropriate.

Peninsula Mayors and Chairs

Mr. Haulman announced that at the last meeting, the Peninsula Mayors and Chairs discussed a High Speed Rail Coordination Group that will be planning for the 460 rail and the Peninsula rail. It's an opportunity to keep tabs and be sure the Peninsula's interests are represented. Vice-Mayor Freiling and Planning Director Nester are the City's representatives.

SCHEDULE OF MEETINGS: AUGUST 2010

Mayor Haulman noted the City Calendar for the month of August which Council members received in their meeting packets.

Mr. Tuttle pointed out the City Council Retreat is scheduled for Saturday, August 21 at 8:30 a.m. in the Board Room at the Health Evaluation Center, 332 North Henry Street, Williamsburg, Virginia

Mr. Freiling noted the next quarterly meeting of the Regional Issues Committee meeting will be on Tuesday, October 26, 2010.

OPEN FORUM

Mayor Haulman 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 5:45 p.m. Mr. Freiling moved that City Council go into Closed Session pursuant to Section 2.2-3711 of the Code of Virginia for the purpose of discussing one personnel matter concerning appointments, per subparagraph 1, and two legal matters per subparagraph 7 for the purpose of consultation with legal counsel and briefings by staff members, consultants or attorneys pertaining to actual or probable litigation concerning taxation, and consultation on specific legal matters requiring the provision of legal advice by counsel, concerning the Freedom of Information Act. The motion was seconded by Ms. Knudson and carried by roll call vote of 5-0.

Recorded Vote on the Motion:

Aye: Knudson, Pons, Haulman, Freiling, Foster

Nay: None

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

OPEN SESSION

At 6:25 p.m. Council again met in Open Session for certification of the closed meeting.

CERTIFICATION OF CLOSED MEETING

Date: August 9, 2010

Mr. Freiling moved to approve the certification of a closed session pursuant to Section 2.2-3712 of the Code of Virginia. Ms. Knudson seconded the motion which 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: Knudson, Pons, Haulman, Freiling, Foster

Nay: None

Absent During Vote: None

Absent During Meeting: None

Historic Triangle Collaborative

Once Council returned to Open Session, they briefly discussed the Historic Triangle Collaborative (HTC). Mr. Pons asked if the HTC meetings are open to the public and Mr. Tuttle responded they are not. Mr. Pons requested that HTC agenda packets be provided to Council members in advance of the HTC meetings in order to allow time for Council's input to City representatives.

The City Council meeting of August 9, 2010 was adjourned by unanimous roll call vote at 6:30 p.m.

Approved: September 9, 2010

Clyde A. Haulman, Mayor

Donna F. Scott, City Council Clerk