

A Special Mini-Retreat Meeting of the Chesapeake City Council was called to order by Mayor Alan P. Krasnoff on October 7, 2008 at 5:45 p.m., in the 6th floor Conference Room, City Manager's Office, City Hall Building, 306 Cedar Road.

The purpose of the meeting was to discuss the role of government in difficult economic times.

Present: Council Member Bryan L. Collins
Vice Mayor John M. de Triquet
Mayor Alan P. Krasnoff
Council Member C. E. "Cliff" Hayes, Jr. (connected by conference call)
Council Member Dwight M. Parker
Council Member S.Z. "Debbie" Ritter
Council Member Ella P. Ward (connected by conference call)
Council Member Richard "Rick" West
Council Member Patricia Pritchard Willis

ABSENT: None

Present from Administration: City Manager William Harrell, City Attorney Ronald Hallman, Deputy City Manager Betty Jean Meyer, and City Clerk Dolores Moore.

Mayor Krasnoff welcomed everyone and thanked them for being present. He addressed the topic of the meeting, stating that Chesapeake needed to stay in front of the economic situation. Prior to a roundtable discussion among Council Members, Mayor Krasnoff asked what the Members saw as the City's obligation to reassure citizens during the economic uncertainty.

Council Member Hayes (connected by conference call) – provide services to citizens; follow the revenue trends and be conservative in revenue projections; keep real estate assessments as close to reality as possible. Kudos to Real Estate Assessor and staff for staying on top of the valuations and staying within six months of actual market numbers. Focus on using technology as a tool to leverage productivity.

Council Member Ward (connected by conference call) – look at combining resources between the City and Schools, and among departments to reduce costs. Look closely at the housing market trends which are bad and getting worse. Reassure citizens that the basic core services will continue to be provided.

Council Member Ritter - Reinforce confidence in government to citizens through accountability and responsibility. Local government will have some hard choices because of the deteriorating economy and need to stick with priorities and not supplant shortfalls or reductions by the State. Need to be able to stand on our own as a City and do the best we can given the economy.

Council Member Parker – Need to have a picture of the economic outlook and focus on health, safety and welfare issues. Those should have priority and postpone everything else until the economy is better.

Council Member Collins – In addition to health, safety and welfare issues, need to support safe neighborhoods. Kudos to administrative staff for the conservative position taken with the predictions of the current year's revenues. Real Estate assessments should reflect the market changes. Chief Information Officer recently provided some ideas including making sure that core items for Schools are maintained. Work on increasing the ratio of business to residential taxes by encouraging Economic Development to expand the types of businesses being sought. Decide the City's core services and the impacts those services may have on citizens and employees.

Council Member West – keep an eye on the national economy while managing services in the local economy. Look at doing business differently, like large scale recycling. Show leadership to citizens and be accountable for decisions. Make good decisions using accurate information. Given the current economy, the City is doing well and can continue to do well if we are mindful of how we spend revenues and manager resources.

Council Member Willis – open communications with citizens as issues occur. City has a history of conservative revenue projections which has allowed the City to building up its reserve funds for difficult times. People need to feel safe and City should put safety first in order to maintain property values. Decide how revenues will be spent and cut some services if needed. The safe City image will help encourage businesses to locate to Chesapeake. Continue pursuing businesses and work with Tidewater Community College & other entities to bring in business.

Vice Mayor de Triquet – City's role in difficult economic times is the same as in other times. Need to manage safety because financial stressors produce lawlessness, greed, etc. Public Safety is one of the major, practical issues to be focused on. Reinforce to citizens that the role of government should also be to reinforce economic risk aversion. Maintain forward fiscal management with City Manager and City Council overview. City Council and City Administration should understand what "lean government" actually is and commit to be a "lean government" and to provide tax relief to citizens. City should recommit to helping people by lowering taxes.

Mayor Krasnoff stated that the State was facing a 2-plus billion dollar deficit. He advised that he had heard that transportation projects would be cut. The City should commit to a policy of not supplanting funding cut by the State. Council would be lobbied hard by the Constitutional Offices and departments to make up the cuts, but the Council should not back down on the issue. He noted that if government was hurting for revenue, than citizens were also suffering.

Mayor Krasnoff inquired about eight million dollars in unspent revenue from the previous fiscal year. The question is, does Council take a position of holding that money in anticipation of what may be coming down the road in the economy? Trying to be a safety net for everyone creates an expectation. The current unknown factor is how the State's actions will impact the City.

Council Member Hayes inquired as to the accuracy of the City's revenue estimates, home values and assessments.

Council Member West concurred noting it was important to know how accurate the City's assessments were in following the market. Important to maintain citizens' confidence in government as the City moves forward and that includes setting goals for the current time as well as for three-to-five years from now.

Council Member Hayes stated that once the Council's goals are established, priorities can be set so the City can act responsibly. He inquired when the City Council would meet to establish goals and objectives.

Mayor Krasnoff advised that a goal-setting meeting would be held in the coming months. He asked City Manager Harrell to comment on the City Council's discussions.

City Manager Harrell provided a handout to City Council and reviewed the information with them. He discussed the controls in place for the remainder of Fiscal Year 2008-2009 including implementing a hiring freeze; placing costs for utilities into controlled line items; holding monthly meetings with departments to monitor and discuss spending controls; daily review of monitoring reports, and prohibiting the transfer of funds from salary and controlled expenditure accounts without an offsetting position deletion or the City Manager's approval.

Mr. Harrell noted that the first quarter of the current fiscal year had just ended and he would be bringing a forecast to Council in November based on that information. He advised that while the City had been conservative in budgeting for the current fiscal year, there would still be some reductions necessary due to the State's situation. De-appropriations would be in order should there be significant revenue shortfalls and/or State reductions. Mr. Harrell stated that departments were already being asked to look at budget reductions.

Mayor Krasnoff asked if de-appropriations would include the required matching City funds. Deputy City Manager Meyer advised that the last time a de-appropriation was implemented the City did not remove the matching funds in order to lessen the service impacts to the departments, however, that might have to be looked at on a case-by-case basis given the current economic situation.

Deputy City Manager Meyer noted that if the State reduced funding but not the mandate for the service being impacted, the City should look at going to the State for a change in legislation and not do the mandate.

Vice Mayor de Triquet stated that the current economic issues nationally were based in the fundamental financial way business was handled and could be a long-term fundamental crisis and recovery. He inquired as to how long the City could be impacted by the current situation.

Deputy City Manager Meyer responded that the Real Estate Assessor had previously indicated that the housing market was expected to recover in late 2008 or early 2009, however new predictions indicate recovery in the 2010 to 2012 time period. That could mean a seven-year recovery period.

Vice Mayor de Triquet declared that the City's long-term goals should have short-term tacks. Chesapeake would not be a California or Massachusetts and ask the Federal government for a bailout as the City would manage itself.

Council Member Ritter inquired about the areas in which the City was exceeding the required mandates and suggested that the City review whether it was meeting or exceeding them. She stated that the list of mandates on the City's website should be removed and made more understandable. Mrs. Ritter added that the City should look at zero-based budgeting.

City Manager Harrell advised that he had already asked staff to look at that issue.

Council Member Ritter suggested that staff look at an exchange of projects. For example, in the mass transit arena, would express buses be more helpful in addressing traffic congestion than doing some major intersection improvements. She noted that fuel costs were the most volatile thing the City was currently experiencing.

Council Member Collins stated that in looking at mandates some policies being used were outdated and had impacts on citizens. He cited Dominion Boulevard as an example. He expressed the need for Constitutional Offices to realistically face and deal with State cuts. In dealing with Schools' issues, MR. Collins asked what policy issues should be reviewed to in order to provide the most impact with declining revenues in the budget. He asked that a date be set in January 2009 for Council to hold a retreat.

Mayor Krasnoff recommended holding a retreat in the first or second week of November to look at the revenue forecast and then come back in January with a goal-setting and budget retreat.

Council Member Ward reiterated her previous comments on the need to look at ways to combine resources between the City and Schools and among departments. She stated the need to see what priorities Schools were looking at given the projected revenue shortfalls.

Council Member West spoke on unfunded mandates, noting that supplementing the Schools budget was important to maintaining the school population. He stated that there were things that could be changed by Schools.

There was additional discussion on mandates among the Council Members. All agreed that the State and the City's General Assembly representatives needed to understand the impacts to local government from mandates, cuts to local taxes, and revenue reductions.

Vice Mayor de Triquet asked City Manager Harrell if there were impacts to employees given the current economic situation. Mr. Harrell advised that employees had been advised that a compression adjustment would be unlikely to occur given the current economic climate unless it was a phased-in process.

Deputy City Manager Meyer added that departments had been advised that Administration would not be considering any reclassifications, promotions or reorganizations within departments under the current economy.

Council Member Willis emphasized the need to fund the City's core services and that non-departmental funding may have to be eliminated for the time being. She also stated that the time may have come to look at the formula for sharing new revenue between the City and Schools. Council Member Willis noted that the City is asked every year by the Constitutional Offices to fund additional employees and the City should determine whether or not those positions were still necessary or were cost productive.

Council Member Ritter stated that the same type of philosophy could be applied to the redundancy and duplication of services among departments. For example, Family Access to Medical Insurance Security (FAMIS) is a State and Federally funded mandate, but many City and private agencies are vying for the funds and providing the same services. Could that be coordinated and housed within one department or agency?

Council Member Willis noted that the Parks and Recreation Department was one of the first areas to receive cuts in down times, but could be a revenue producer for the City. Mrs. Willis stated that the private sector may be able to do a better job with the ball fields and other recreation areas currently under the department. She suggested that the City may need to look at charging for recycling and go to the larger bins.

Council Member Parker asked City Attorney Hallman to explain what the City Charter states about the role of Government. Mr. Hallman shared what the State Code contained about the role of Government. He noted that Virginia is a Dillon Rule State which prevents localities from doing anything not specifically allowed by the General Assembly.

Council Member Collins stated that the Schools' budget was approximately 80% salaries and benefits while the City's employees' salaries and benefits comprised about 75% of the City's Operating Budget; everything should be on the table.

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Council Member Hayes suggested that a joint meeting between the City Council and School Board Members be scheduled. Mayor Krasnoff asked the Schools Liaisons, Council Members Parker and Ward, along with City Manager Harrell to coordinate a future meeting.

Council Member Ward and Hayes thanked everyone for a healthy discussion and including them through a conference call.

Mayor Krasnoff thanked everyone for their attendance and participation.

Mayor Krasnoff adjourned the meeting at 8:07 p.m.

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