

Council Budget Work Session FY 2011

January 27, 2010

Agenda

- ✦ Present Preliminary Budget Scenario
- ✦ Review State's proposed budget and the impact on Hampton, if passed
- ✦ Discuss public engagement strategy

Preliminary Budget Scenario

Revenue Shortfall	
Real Estate Assessments 4%	\$4.6 - \$4.6 M
Preliminary State Budget Cuts	1.3 - 1.3 M
Preliminary Revenue Shortfall	\$5.9 - \$5.9 M
Expenditure Drivers	
Employee Compensation/ Benefits	2.5 - 4.5 M
Committed Contributions	.9 - 1.0 M
Fixed Costs	.3 - .5 M
Schools	(1.2) - (2.7) M
Debt Service	4.9 - 5.7 M

Preliminary Budget Scenario

Cont'd	
Capital budget	5.9 - 8.0 M
Contractual Support	.8 - 1.1 M
New Requests	0.0 - 1.0 M
Preliminary Budget Shortfall	\$20.0 - 25.0 Million

Preliminary Budget Recap

Revenue Shortfall	\$ 5.9 - \$ 5.9
Expenditure Drivers	<u>14.1 - 19.1</u>
Total FY11 Preliminary Budget Shortfall	\$20.0 - \$25.0M

Preliminary Budget Recap

- ✦ Very preliminary estimates
- ✦ Numbers most likely will increase
- ✦ Expect more definitive numbers in February

City Impact of State Budget Cuts

	<u>Amount</u>	<u>Percentage Change</u>
Reduction in HB599 Funding	(\$1,359,416)	-18.29%
Reduction to Sheriff's Office	(\$1,049,647)	-15.48%
Reduction in per diem reimbursement for Jail	(\$580,218)	-47.73%
Reduction to Commonwealth Attorney	(\$301,925)	-22.17%
Reduction to Commissioner of Revenue	(\$247,613)	-75.15%
Reduction to City Treasurer	(\$241,227)	-76.66%
Reduction to Clerk of Circuit Court	(\$181,717)	-24.18%
Reduction in General Registrar and Election Board	(\$12,906)	-19.73%
Reduction in Va Juvenile CCC funding for Court Service Unit	(\$21,507)	-5.00%
Elimination of 2008 revenue reductions to localities	\$1,115,715	100.00%
Elimination of Personal Property Tax Reimbursements	(\$15,453,929)	-100.00%
Institute a 1% surcharge on the income tax	\$15,453,929	100.00%
Estimated FY11 State Impacts	<u>(\$2,880,461)</u>	

City Impact of State Budget Cuts

✦ Total Revised State Budget Cuts	(\$2,880,461)
✦ Money Set Aside in Contingency	<u>900,000</u>
✦ Net Impact to City based on proposed State Budget	(\$1,980,461)

State Cut Impact on City

- Numbers are based on the budget submitted by former Governor Kaine.
- New Governor – New Philosophy – General Assembly Changes
 - Governor McDonald – no tax increases
 - Uncertainty of General Assembly's direction

Policy Ramifications

✦ Personal Property Tax Relief Program

- ✦ Budget proposes elimination of Personal Property Tax Relief
- ✦ 1% income tax surcharge proposed to make up loss of tax relief

✦ Proposed Impact: - \$15.4 million

- ✦ Impose cut, but do not allow for income tax option
 - ✦ Hampton's Personal Property Tax Rate would remain the same
 - ✦ Residents would have to pay full share.

Policy Ramifications

✦ VRS

- ✦ State employees to pay 1% share of VRS payment
- ✦ State considering giving authority to localities to do the same
- ✦ For Hampton, every 1% of VRS payment passed on to employees would equal approximately \$770,000

✦ Constitutional Officers – deep cuts - \$2.6 M

- ✦ Commissioner of Revenue and Treasurer – elimination of reimbursement of State staff except for officers
- ✦ Cuts to Clerk of Courts, Sheriff and Jail per diem

✦ Other impacts probable as the budget is modified by Governor McDonald and General Assembly

Public Engagement Strategy

- ✦ City Manager's high-touch approach
 - ✦ Engaging community groups, Kiwanis, Rotary Club, AFA, Commissions, etc.
- ✦ Enhanced communications
 - ✦ E-News, Web Site, HTV, City Page, Press Releases, Budget Narratives (Budget Media Blitz), communications with workforce.
- ✦ Surveys
 - ✦ Used to determine and gauge public preferences, sense of priorities, appetite for certain changes

Public Engagement Strategy

Public Forums

- Budget Week - Late February
- Electronic Voting Keypads

On-line Opportunities

- Survey Voting
- On-line Video