



City of Hampton

22 Lincoln Street
Hampton, VA 23669
www.hampton.gov

Council Approved Minutes - Final City Council Work Session

Mayor Donnie R. Tuck
Vice Mayor Linda D. Curtis
Councilmember Jimmy Gray
Councilmember W.H. "Billy" Hobbs
Councilmember Will Moffett
Councilmember Teresa V. Schmidt
Councilmember Chris Snead

STAFF: Mary Bunting, City Manager
Vanessa T. Valldejuli, City Attorney
Katherine K. Glass, CMC, Clerk of Council

Wednesday, March 22, 2017

1:00 PM

Council Chambers

CALL TO ORDER / ROLL CALL

DONNIE R. TUCK PRESIDED

The meeting was called to order at 1 p.m. Councilman Gray was not present at roll call.

Present 6 - Vice Mayor Linda D. Curtis, Councilmember Billy Hobbs, Councilmember Will Moffett, Councilmember Teresa V. Schmidt, Councilmember Chris Snead, and Mayor Donnie R. Tuck

Absent 1 - Councilmember Jimmy Gray

AGENDA

1. [17-0108](#) Presentation on Hampton Road Transit's True-Up Process and Budgetary Impacts

Attachments: [Presentation](#)
[Hampton Annual Ridership By Route](#)

City Manager Mary Bunting introduced Mr. William Harrell, President and CEO of Hampton Roads Transit (HRT), to provide information about HRT's annual True-Up Process, the process in which HRT has taken in more or less of their budget resulting in appropriate disbursements and/or requirements of the City. Ms. Bunting shared that this year, Hampton had a significantly larger True-Up than in past years; therefore, Mr. Harrell agreed to speak about what caused the significant difference

and what action is underway moving forward.

Mr. Harrell greeted those on the dais. He emphasized that HRT is accountable for its actions; however, HRT has worked diligently over the past several years to improve its operation. He noted that detailed information about the challenges HRT faced during FY15-FY16 will be provided at a work session tomorrow. Hampton Roads City Managers and public officials have been invited to attend the work session.

Mr. Harrell emphasized that with the structural challenges regarding how HRT is funded, regional transportation for Hampton Roads will require HRT, all cities involved, and the Planning District Commission to work together to determine solutions to improve public transportation.

Mr. Harrell shared information about HRT's cost allocation agreement. HRT has been charged with operating a consolidated regional public transit system. However, following the TRT and Peninsula Transportation District Commission (Pentran) merger in 1999, each city was made responsible for transportation within its own borders. Mr. Harrell pointed out that transit funds compete with other locality general fund needs and fiscal priorities such as public safety and education; therefore, it has become challenging to determine a way to patch together funding from the various cities and incorporate that as part of the regional network.

Mr. Harrell spoke about FY16 challenges not only faced by HRT, but also faced by transit agencies around the country. HRT experienced ridership decline in buses, light rail and ferry service. Transit has also experienced ridership reductions across the country attributed to low gas prices, low car prices, and ride-hailing companies. Mr. Harrell noted that HRT saw a significant ridership reduction equivalent to a \$2.4 million reduction in received revenue.

Mr. Harrell also spoke about HRT's staff and employment challenges. HRT experienced a higher than anticipated operator turnover, which resulted in the need for overtime hours consistent with their union contract to meet requirements of various routes. There was also a significant increase in the health insurance enrollment program which contributed to the fringe benefits impact. Mr. Harrell added that HRT also experienced challenges related to aged buses which resulted in higher maintenance and supply costs.

Mr. Harrell explained another significant challenge HRT is faced with: the inability to reserve funds. HRT is required to start the year with zero funds and end the year with zero funds. He explained that it would be beneficial if HRT was able to reserve funds from productive years and use those funds in less productive years; however,

HRT has the inability to do this. This contributed to the larger True-Up Hampton is experiencing.

Mr. Harrell noted that part of tomorrow's work session will outline cost saving strategies implemented by HRT to address FY16 concerns as well as FY17 future trends. He emphasized the need for additional mitigation strategies to alleviate a significant True-Up balance for FY17.

Mr. Harrell shared that another challenge across the country is transit companies determining ways to leverage assets in order to move large volumes of people. For example, improving frequencies in major trunk areas while reducing neighborhood services in order to have savings and operate in a climate where revenues are shrinking.

Mr. Harrell recited HRT's vision: Transit is a valued regional partner that drives prosperity and makes life better for our community. He also shared statistical information related to HRT services and information about the Connect Hampton Roads Project designed to improve overall public transportation.

Mr. Harrell emphasized that the final element of the budget relates to local funding and the need for a funding source that supports local public transportation.

HRT's Chief Planning and Development Officer Mr. Ray Amoruso provided an overview of what the City receives in return for the funding it provides.

Mr. Amoruso reiterated some of the influencing factors regarding the decrease in funds. They include: gas prices, the decline in ridership, and employment. Mr. Amoruso noted that the economic recovery in Hampton Roads is lagging behind national trends; this is reflective of people who depend on transit for mobility choices.

Mr. Amoruso shared information about various bus routes within the border of the City. He then opened the floor for questions from those on the dais.

In response to Ms. Bunting, Mr. Amoruso spoke about revenue recovery. He explained that the rate is variable and depends on the route. He emphasized that the more riders there are (fares), the better the recovery rate will be. He shared that the average recovery rate ranges between 19-20% system-wide (within the 6 cities).

Mr. Harrell noted that part of tomorrow's work session will include discussion about cost cutting strategies and potential adjustments to routes such as pruning routes and determining which routes are non-productive.

Councilwoman Schmidt asked why small vehicles are not used for short routes and routes carrying a low number of riders.

Mr. Harrell explained that HRT has not been able to right size the routes due to the equipment shortage. He noted that this concern will be taken into consideration when new buses and equipment are purchased.

Mr. Amoruso explained that HRT is under contract to put out a certain amount of service each day using whatever equipment they have. He also explained that the two main cost drivers for service are fuel and operator (labor) costs. For example, operators will make the same hourly wage regardless of the number of riders. He noted that it will take several years to replace the older large buses and move forward with purchasing some small buses.

Councilwoman Schmidt inquired about dedicated funding sources.

Mr. Harrell explained that potential funding sources vary according to the community. Some sources include: sales taxes, gas taxes and tolls. He said HRT is attempting to build a consensus on what this region wants to use as an appropriate funding source to help improve and support public transportation. Mr. Harrell noted that this will require support from the General Assembly.

Ms. Bunting commented that the region has worked to get a dedicated funding source; however, the General Assembly has not been inclined to do it. She noted that we will continue that effort; however, there may be a hard road ahead. She also spoke about other considerations including the economic development component, guidelines from the President's budget, and how this will affect the tax rate.

Mayor Tuck expressed concern about HRT's inability to maintain a surplus. He asked if this could be resolved by the General Assembly or by attempting to achieve a consensus of the six cities to allow a surplus to be used during problematic years rather than distributing the funds back to the localities.

Mr. Harrell said HRT believes this concern could be amended through the cities. He noted that this is one of the mitigation strategies that will be recommended at tomorrow's work session.

Vice Mayor Curtis expressed concern that cities are paying a significant amount out of their budgets for fewer people to use transit services when it appears that things such as low gas prices and the use of hail companies are not changing.

Mr. Harrell stated it is vital that we attempt to resolve the problem by revising route structure, revising route frequency, moving large amounts of people along major corridors, and working with planners and economic development departments to determine where routes should be restructured. He added that another significant part of the plan is to maintain creative partnerships. For example, setting up a system in which riders receive a free Uber ride after purchasing a certain number of transit passes.

Mr. Amoruso added that Hampton has changed structurally in terms of where jobs are located. Hampton is also unique because the peninsula is linear in shape and it partners with the City of Newport News. He said HRT will consider restructuring the existing bus route system to capture and reflect growing areas and job locations.

Mr. Amoruso also spoke about how service frequencies influence ridership. He reiterated the importance of partnering with companies like Uber and investing in areas where ridership is proven.

Ms. Bunting noted that several representatives from Hampton will attend tomorrow's meeting and will provide a report regarding the actions of the Commission.

Presented by William Harrell, President and Chief Executive Officer, and Ray Amoruso, Chief Planning and Development Officer, Hampton Roads Transit.

Councilman Gray, who had been attending a funeral, arrived at 1:23 p.m.

Present 7 - Vice Mayor Linda D. Curtis, Councilmember Jimmy Gray, Councilmember Billy Hobbs, Councilmember Will Moffett, Councilmember Teresa V. Schmidt, Councilmember Chris Snead, and Mayor Donnie R. Tuck

2. [17-0107](#) Update on Fiscal Year 2018 Budget Development: I Value Citizen Input Results and Federal Budget Update.

Attachments: [Public Input Presentation](#)
[Potential HUD Budget Impact Scenarios.pdf](#)
[HUD Presentation.pdf](#)

Ms. Bunting said today's presentation will focus on what directly impacts our budget, the Community Development Block Grant (CDBG) and HOME funds. She reminded everyone that we are in the process of understanding how President Trump's budget released last week will impact Hampton. Ms. Bunting explained that each year, as an entitlement community, Hampton receives money from these programs which are

adopted as part of our budget. She said if these funds are eliminated, the City will be required to determine whether it can absorb the equivalent of two cents on the tax rate to cover this Federal budget cut. Staff will seek Council's guidance regarding how it wants to approach this in the coming budget.

PART I - POTENTIAL CDBG/HOME ENTITLEMENT GRANT BUDGET IMPACT

Housing and Neighborhood Services Division Manager Jonathan McBride spoke about the current proposal for significant cuts to the U.S. Department of Housing and Urban Development (HUD) budget and the impacts that the cuts would impose on the City.

Mr. McBride reviewed a chart which depicts overall annual HUD allocation scenarios and the anticipated income received from the sale of properties based on the percentage of funding received. He noted that scenario 5 represents what is being proposed: no anticipated income if no funding is received.

Mr. McBride reviewed a chart which depicts CDBG/HOME activity budget limits according to various services provided. He also shared the impacts that this lack of funding will have on Hampton Redevelopment and Housing Authority (HRHA) and the Community Housing Development Organization (CHDO). He iterated that as the funds are reduced, our capacity to support HRHA and CHDO is reduced.

Mr. McBride shared information regarding how the proposed changes will impact Parks and Recreation and Property Maintenance including the impact the proposed changes will have on staff.

Mr. McBride spoke about Community Development Department housing and neighborhood impacts including service and staff reductions that would occur as a result of the proposed changes.

Mr. McBride summarized the programs and funding that would be eliminated as a result of the proposed changes. Some of the areas that could potentially be eliminated include: affordable housing development activities, home ownership programs, housing counseling, the neighborhood revitalization initiative, and fair housing training.

Mr. McBride announced that the City is not poised to pick up the approximately \$650,000 cost to operate those programs; however, it will explore other potential resources and State agencies to determine what resources may be available.

Mr. McBride opened the floor for questions from those on the dais. No questions

were posed.

Ms. Bunting clarified that the purpose of today's presentation is to inform Council of the proposal; however, the CDBG/HOME budget will be prepared as though the funds will be received so that the priorities will have already been articulated for the use of the funds. She also reminded everyone that by Code, the budget is adopted by May 15th which allows time to determine what to do and to communicate the consequences of receiving no funding with the community and delegation. Some of the consequences include the City not being able to absorb that dollar amount and the City attempting to place employees elsewhere in the organization. Ms. Bunting noted that staff will wait as long as possible before defunding the activities.

PART II - CITIZEN INPUT ON THE FY18 BUDGET

Communications Strategist Robin McCormick summarized the input received from the "I-VALUE" on-line public poll/survey regarding the FY18 budget. This information will be used when staff prepares its recommendation to Council for the released budget next month.

Ms. McCormick announced that although the in-person meetings did not have high attendance this year, there are advantages to having them. The advantages include: depth of information, dialogue, and engagement. These things cannot be received from on-line polling.

Ms. McCormick provided information about how citizens responded to the questions related to potential changes in various areas and services within the City. Some of those areas include: the Police Department, recreational vehicles, Emergency Medical Service (EMS) fees, trash fees and solid waste.

Ms. McCormick stated citizens were also polled about the "I-VALUE" philosophy if growth remains slow and does not cover the cost of expanding services and the living increase. She noted that 50% of the people polled were willing to pay more for services while 50% of the people polled were not in agreement with rate increases and would rather deal with reduced services.

Ms. McCormick said that the poll results do not provide clear direction for how to cut City services if that becomes necessary; however, there was some support for consolidating services into fewer locations.

Ms. McCormick shared poll results related to strategic investments, efforts to grow the economy, and efforts to produce more annual revenue to help with increasing operating expenses. She also shared information about citizen preferences

regarding various priorities, services, and economic development projects in the City.

Ms. McCormick opened the floor for questions from those on the dais.

Ms. Bunting added that the budget polling also allowed for open-ended responses; however, there was not enough time to include a synopsis of those results in today's presentation. She noted that Council will receive that information in the near future.

Ms. Bunting stated that there was inconsistency regarding the public's desire about what services should be cut and what services should be funded. The survey also revealed that there is a lack of knowledge in the community about what the City is doing and why the City has no influence over some things. For example, the City has limited or no influence regarding decisions about Fort Monroe and decisions about private property owners. Ms. Bunting noted that plans are underway to develop processes to assist the public with understanding the City's capabilities and limitations.

Ms. Bunting reiterated that staff will use the information presented today when making a final recommendation scheduled to come before Council next month.

In response to Councilman Gray, Ms. McCormick stated there were approximately 1,000 on-line participants, approximately 45 in-person participants, approximately 90 people who listened to the City Manager's budget chat, and approximately 12 people who participated in general discussions that were not part of the polling process.

Councilman Gray thanked Ms. McCormick for the report and added that he would like the City to determine a way to receive a better demographic response in future polling.

Ms. McCormick noted that more input was received during the years the City paid an outside independent survey firm to do the survey. She agreed that there is a need to determine a way to receive a better demographic response.

Ms. Bunting noted that there was better diversity of all segments in years in which the City was in more of a crisis regarding reducing or raising revenue. This year, that element was not present which may have impacted the overall numbers.

Ms. McCormick noted that we partnered with the schools in past years, which may have impacted the results in those years.

Vice Mayor Curtis commented that presenting all of the background information can

be challenging with on-line polling which may have been a factor.

Additional discussion took place among Ms. McCormick, Ms. Bunting, and the members of Council regarding tweaking and improving the polling process.

Presented by Mary Bunting, City Manager. The federal budget portion was presented by Jonathan McBride, Housing & Neighborhood Services Division Manager. The citizen input results were presented by Robin McCormick, Communications Strategist.

REGIONAL ISSUES

NEW BUSINESS

CLOSED SESSION

3. [17-0104](#) Closed session pursuant to Virginia Code Sections 2.2-3711.A.1, .3, and .7 to discuss nominations of appointees to the Virginia Municipal League Policy Committees; to discuss or consider the acquisition of real property for a public purpose, or the disposition of publicly held real property in the Kecoughtan Road Corridor, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the city; and to consult with legal counsel employed or retained by the City regarding specific legal matters pertaining to land use in the Coliseum Central area requiring the provision of legal advice by such counsel

A motion was made by Vice Mayor Curtis seconded by Councilmember Hobbs, that this Closed Session - Motion be approved. The motion carried by the following vote:

Aye: 7 - Vice Mayor Curtis, Councilmember Gray, Councilmember Hobbs, Councilmember Moffett, Councilmember Schmidt, Councilmember Snead and Mayor Tuck

4. [17-0114](#) Consideration of nominations to the Virginia Municipal League 2017 Policy Committees

Attachments: [VML Memo](#)
[Description of the policy committees and process](#)
[VML Nominations Form](#)

CERTIFICATION

5. [17-0112](#) Resolution Certifying Closed Session

A motion was made by Councilmember Moffett seconded by Councilmember Hobbs, that this Closed Session - Certification be approved. The motion carried by the following vote:

Aye: 7 - Vice Mayor Curtis, Councilmember Gray, Councilmember Hobbs, Councilmember Moffett, Councilmember Schmidt, Councilmember Snead and Mayor Tuck

ADJOURNMENT

The meeting adjourned at 3:40 p.m.

Contact Info:

Clerk of Council, 757-727-6315, council@hampton.gov

Donnie R. Tuck
Mayor

Katherine K. Glass, CMC
Clerk of Council

Date approved by Council _____