



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 Jimmy Gray
Councilmember Chris L. Bowman
Councilmember Eleanor Weston Brown
Councilmember Steven L. Brown
Councilmember Michelle T. Ferebee
Councilmember Billy Hobbs

STAFF: Mary Bunting, City Manager
Cheran Cordell Ivery, City Attorney
Katherine K. Glass, CMC, Clerk of Council

Wednesday, March 23, 2022

1:00 PM

Council Chambers

CALL TO ORDER

Vice Mayor Gray called the meeting to order at 1 p.m. Mayor Tuck was not present due to another meeting but was expected to join the meeting when he became available.

Present 6 - Councilmember Chris L. Bowman, Councilmember Eleanor Weston Brown, Councilmember Steven L. Brown, Councilmember Michelle T. Ferebee, Vice Mayor Jimmy Gray, and Councilmember Billy Hobbs

Out 1 - Mayor Donnie R. Tuck

JIMMY GRAY PRESIDED

AGENDA

1. [22-0124](#) Budget Briefing - Revenue Estimates

Attachments: [Presentation](#)

City Manager Mary Bunting shared that budget workshops have taken place over the past few months in preparation for the release of the City Manager's recommended budget at the next City Council meeting. She introduced Finance Director, Karl Daughtrey, to provide an update on revenue estimates, and noted that these estimates are subject to change because the budget from the state has not yet been received.

Mr. Daughtrey greeted those on the dais and thanked everyone for their effort in the process. He gave special thanks to Marcie Dunn who worked behind the scenes to provide a great amount of information related to these estimates.

Mr. Daughtrey began reviewing the slide presentation which provided preliminary revenue projections for FY2023. He announced that of the \$25.1 million increase in recurring revenues, \$16.5 million is available for general expenses. The remaining \$8.6 million is dedicated for other specific purposes including the school funding formula and the meals and lodging tax designated for the Convention Center. He also shared that the main revenue drivers for FY2023 are general property taxes and other local taxes.

The next group of slides that Mr. Daughtrey reviewed provided preliminary projections related to general property taxes including real estate taxes and personal property taxes.

Mr. Daughtrey opened the floor for questions about the projections related to general property taxes.

In response to Councilman Brown, Mr. Daughtrey clarified that assessed values increased by \$1.9 billion and this also impacted the value by each penny.

The next group of slides that Mr. Daughtrey reviewed provided preliminary projections related to other local taxes. The largest five local tax categories include meal tax; sales and use tax; business license tax; communications sales tax; and utility taxes (electric and gas).

Mr. Daughtrey noted that inflation has caused restaurants and other businesses to pass these increases to the consumer.

Additional local taxes that Mr. Daughtrey provided preliminary projections for include pari-mutual license tax, admission tax and lodging tax.

Prior to speaking about lodging tax, Mr. Daughtrey opened the floor for questions related to what had been presented thus far about local taxes.

In response to Councilman Bowman, Mr. Daughtrey said that entertainment businesses, such as Skyzone, bring in admission taxes. This is in addition to admission taxes brought in by movie theaters.

Ms. Bunting added that other examples of places where admissions taxes are paid include bowling alleys, athletic games and other events where tickets are sold.

Councilman Brown asked if this includes events at the Coliseum. Mr. Daughtrey explained that venues such as the Coliseum and golf courses collect admissions

taxes; however, Council has authorized the admissions tax to be returned to these venues as a revenue source for their operations.

Ms. Bunting added that with regard to the Coliseum, this has been a historical practice to avoid having to do a general fund transfer to the Coliseum.

Mr. Daughtrey reviewed the next portion of the presentation about lodging tax; license, permits and privileged fees; fines and forfeitures; revenues from use of money and property; and charges for services. He noted that the main drivers for the charges for services category are EMS transport fees; host fees for the landfill; fees for school age programs; Fort Monroe PILOT (payment in lieu of taxes); and PRLS (Parks, Recreation and Leisure Services) fees.

Councilman Brown asked if the City assists seniors who are unable to pay EMS transport fees and whether ambulatory fees are a part of that category. Mr. Daughtrey said that Fire Chief Monk provides extensive analysis of those revenues; however, he (Mr. Daughtrey) is unaware about assistance to seniors and will provide that information to Council at a later date after doing some research.

Ms. Bunting added that there is a broad policy related to Hampton residents who are struggling to pay for these services, but nothing specific to seniors. She noted that she would also do a bit of research and return to Council with more information.

In response to Councilman Bowman, Mr. Daughtrey said that the state labels a category called privileged fees. This refers to licenses and permits such as zoning fees, building permits and taxi cab permits. Ms. Bunting added that this refers to fees for a specific benefit versus a benefit for the entire public.

Mr. Daughtrey spoke a bit more about charges for services and then reviewed the slides related to miscellaneous revenues, state/federal revenues, and transfers and fund balance (the City's savings account used for one-time expenses). The final slide of the presentation provided a recap of the preliminary projections for FY2023.

Mr. Daughtrey opened the floor for questions from Council.

For the benefit of the public, Ms. Bunting provided the following information regarding an upcoming advertisement related to the real estate tax rate. The state requires the City use specific ad language from the state code which asks it to calculate what the real estate tax rate would be if there was only a 1% change in real estate assessment revenue. Additional language has been added to clarify what is being done specifically in Hampton. The ad will advertise a rate of \$1.19 even though \$1.18 is the rate being budgeted. This is being done because the City can

only adjust the rate lower once the ad has run and it is unclear what will happen with the absence of a state budget. In years past, the state has given unanticipated unfunded mandates; therefore, it is important to have flexibility. In addition, this year involves uncertainty of what will transpire as a result of the grocery sales tax issue; therefore, Hampton's budget has been prepared with the assumption that money will be lost in revenue. If the state's budget reimburses the City, additional funds can be put back on the table allowing the City to potentially reduce the real estate tax rate from \$1.18 to approximately \$1.15. Ms. Bunting noted that the current rate is \$1.24; therefore, \$1.19 represents a five cent tax decrease. The City is hopeful of reducing it more; however, the amount will depend on the unknown scenarios described above.

Ms. Bunting also shared that Mr. Daughtrey will return to Council with updated estimates prior to the release of the City Manager's recommended budget. If the state has not resolved its budget at that time, staff will prepare a reconciliation as appropriate.

Councilman Hobbs briefly spoke about the number of individuals who recently attended an event at Langley Speedway. This event brought in a lot of admissions tax indicating that things are looking up for Hampton in admissions tax.

In response to Councilman Bowman, Mr. Daughtrey explained that PILOT refers to the payment in lieu of taxes that Fort Monroe pays the City in lieu of the City providing services. This is a part of the state's budget. In addition, as more corporations and businesses take on property at Fort Monroe, the PILOT will be reduced because the City will be collecting real estate taxes.

Vice Mayor Gray asked about House Bill 599 and how much the City will receive from the state for local police.

For the benefit of the public, Ms. Bunting spoke about House Bill 599 which offsets the financial expense of localities which fund some of the same services that counties receive funding for from the state. Examples include funding for Sheriff's Departments and street and highway maintenance.

In response to Vice Mayor Gray, Mr. Daughtrey shared that the City will receive \$7.2 million in this category. Vice Mayor Gray asked additional questions about 599 funding and offsets; however, Mr. Daughtrey noted that he would have to do some research and provide that information at a later date.

Ms. Bunting also shared a few additional functionalities that Hampton supports, which if were supported by the state, would result in a lower tax rate for the City.

One example is the higher level of exemptions that are written off due to the number of veterans in our area.

Mr. Daughtrey noted that the City provides approximately \$3.9 million in exemptions for disabled veterans from the real estate tax.

Additional discussion took place about the costs associated with maintaining the quality of living in our City and these costs are paid for via taxes.

Vice Mayor Gray assured everyone that our veterans are important and that we are here to support them.

2. [22-0114](#) 'I Value' Citizen Outreach Results

Attachments: [Presentation](#)

Ms. Bunting introduced the item and introduced Communications Strategist, Robin McCormick, to share the results from the budget poll process.

Prior to giving the results, Ms. McCormick shared that in past years, the focus has been on how to reduce the budget; however, this year the focus was on how much of a tax rate reduction is possible in a year with an average 16% increase in assessed home values.

Ms. McCormick reviewed the first portion of the presentation which provided information about the opportunities that were available for citizen polling; representation of who participated in the poll; and expense options including competitive wage increases and minimum wage increases. In addition, participants were asked to rank importance of various services on a tier scale. Tier 1 represents items and issues of top priority for this coming budget year; tier 2 represents items and issues that were supported generally, but not necessarily this year; and tier 3 represents items and issues that were not realistic given budget constraints.

The next portion of the presentation included graphs indicating what percentage of participants selected tiers 1, 2 and 3 for the following categories: public safety pay range adjustments; additional EMS staff; enhanced police take-home cars; civilian targeted range adjustments; elimination of fees for online payments; school grounds maintenance; new staffing recommendations; youth summer employment expansion; enhanced parks maintenance; enhanced right-of-way maintenance; additional funding for special events; and enhanced code enforcement.

The final portion of the presentation provided information about revenue options including the real estate tax rate and grocery sales tax.

Ms. McCormick shared that more than 300 participants provided complex comments, most of which were related to taxes; public safety; crime prevention; activities for youth; needs versus wants; additional services; investments; diversity; cuts or changes to be made; and expressions of thanks. She also took a moment to read a few of the comments from the participants.

Ms. McCormick listed the next steps in the process. The City Manager's recommended budget will be released on April 15; public hearings will be held on April 27 and May 4; and the final vote on the budget will take place May 11.

Ms. McCormick opened the floor for questions from Council.

Ms. Bunting commented that the City has always weighed very carefully the input from the community prior to finalizing a budget recommendation. She also made reference to a few other aspects of what is involved leading up to the release of the recommended budget and thanked everyone for their participation in the process.

Vice Mayor Gray again opened the floor for questions from Council, but no questions were posed. He also commented that he was glad to see progress in the diversity of those who participated in the survey and appreciates staff's effort to improve in that area.

REGIONAL ISSUES

There were no regional issues to report.

NEW BUSINESS

There were no items of new business.

CLOSED SESSION

3. [22-0126](#) Closed session pursuant to Virginia Code Sections 2.2-3711 A (.1), (.3) and (.5), to consider appointments as listed on the agenda; to discuss the disposition of publicly held real property in the LaSalle Avenue and Kecoughtan Road corridor of the city where discussion in an open meeting would adversely affect the bargaining or negotiating strategy of the city; and to discuss a prospective business or industry where no previous announcement has been made of the business or industry's interest in locating or expanding its facilities in Hampton.

At 2:18 p.m., a motion was made by Councilmember Steven Brown and seconded by Councilmember Billy Hobbs, that this

Closed Session - Motion be approved. The motion carried by the following vote:

Aye: 6 - Councilmember Bowman, Councilmember Weston Brown, Councilmember Brown, Councilmember Ferebee, Vice Mayor Gray and Councilmember Hobbs

Out: 1 - Mayor Tuck

4. [22-0101](#) Consideration of Appointments to the Peninsula Stadium Authority
5. [22-0118](#) Consideration of Appointments to the Hampton Economic Development Authority (EDA)
6. [22-0120](#) Consideration of Appointments to the Hampton Redevelopment & Housing Authority (HRHA)
7. [22-0122](#) Consideration of an Appointment to the Board of Zoning Appeals (BZA)
8. [22-0127](#) Consideration of Appointments to the Hampton Senior Citizens Advisory Committee
9. [22-0128](#) Consideration of Appointments to the Grievance Board
10. [22-0129](#) Consideration of Appointments to the Athletic Hall of Fame Committee
11. [22-0130](#) Consideration of Appointments to the Citizens' Unity Commission (CUC)
12. [22-0131](#) Consideration of Appointments to the Citizens Engagement Advisory Review Commission (CEARC)
13. [22-0132](#) Consideration of an Appointment to the Hampton Clean City Commission (HCCC)
14. [22-0135](#) Consideration of Appointments to the Purchasing and Procurement Oversight Committee (PPOC)

Mayor Tuck was in attendance during the closed session.

Present 7 - Councilmember Chris L. Bowman, Councilmember Eleanor Weston Brown, Councilmember Steven L. Brown, Councilmember Michelle T. Ferebee, Vice Mayor Jimmy Gray, Councilmember Billy Hobbs, and Mayor Donnie R. Tuck

CERTIFICATION

15. [22-0119](#) Resolution Certifying Closed Session

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

Aye: 7 - Councilmember Bowman, Councilmember Weston Brown, Councilmember Brown, Councilmember Ferebee, Vice Mayor Gray, Councilmember Hobbs and Mayor Tuck

ADJOURNMENT

The meeting adjourned at 4:57 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 _____