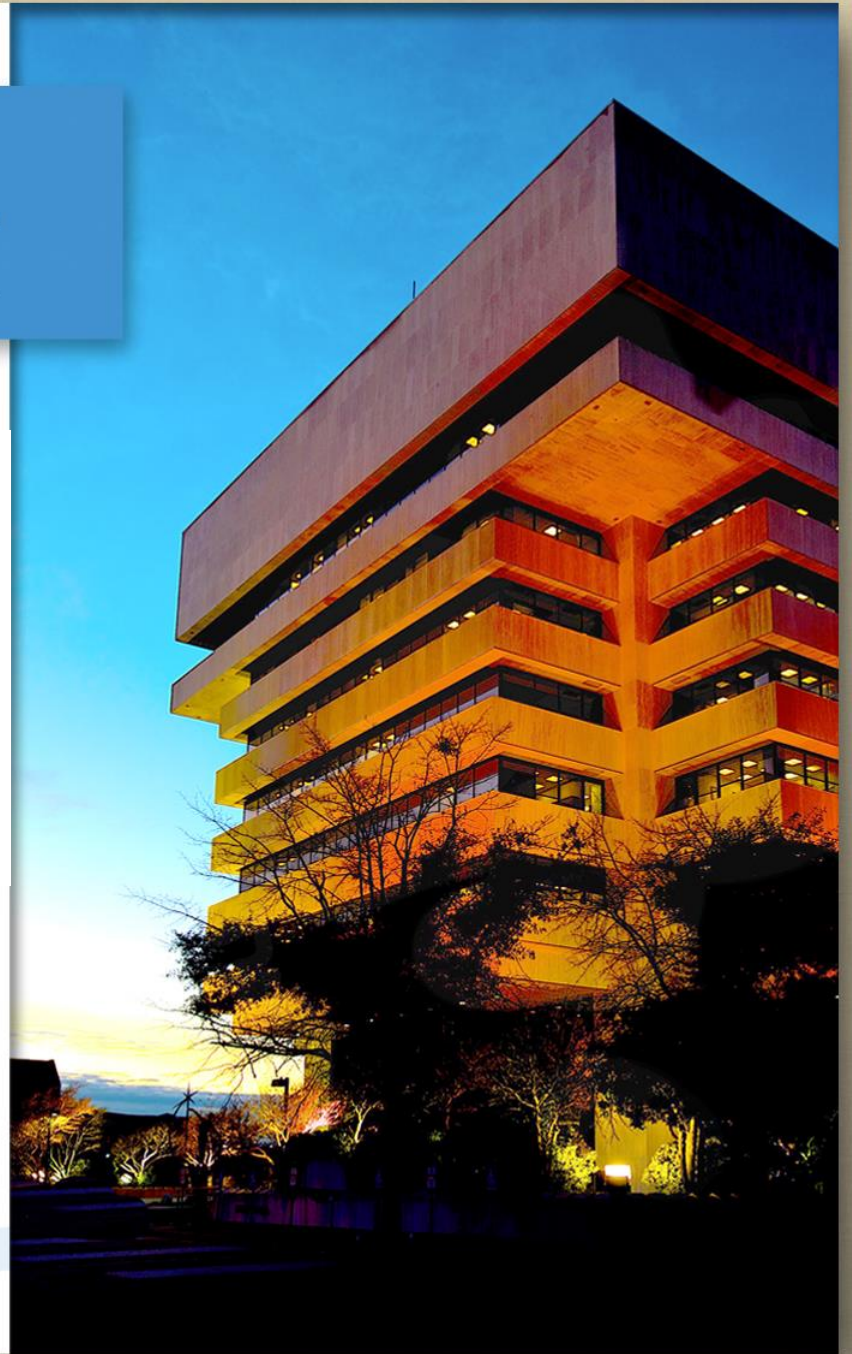


HAMPTON VA

City Council FY23 Budget Work Session Priority Projects

Hampton City Council

February 23, 2022




Agenda

- Background/Budget Overview
- Overview of Property Taxes & Grocery Tax
- Key Budget Driver Focused Ranking
 - Compensation
 - Staffing
- Priority Project/Initiative Ranking Process
- Tax Relief Options Ranking
- Refined Priority Ranking

General Budget Information

- Approval of the annual budget is one of City Council's most important jobs
- The budget lays the groundwork for all city services and programs offered as determined by City Council and by the community through the strategic plan, community plan, and master plans

Decade of Stagnant Revenues

- 11-year recovery from financial crisis: 2010-2020
 - Great Recession
 - Sequestration
 - Limited revenues used to address many of City Council's top priorities
- 


Budget Priorities/Accomplishments During Last Decade

- Economic Growth
 - Aquaplex
 - Boo Williams Sportsplex
 - Coliseum Upgrades
 - Convention Center Upgrades
 - DHDP Reinvestment Plan
 - Hotel Initiative (Hyatt Place, Element)
 - Huntington Ingalls Manufacturing Center for Excellence
 - Lumens Apartments
 - Revitalization of Riverdale Shopping Center
 - Skyzone
 - Virginia Tech AREC
 - WVS

Budget Priorities/Accomplishments During Last Decade (Cont'd)

- Educated & Engaged Citizens
 - Doubled Annual Maintenance
 - Investments in the Academies of Hampton
 - New Science Wing
- Living with Water
 - Resilient Hampton
 - Armistead Avenue & Lake Hampton
 - Big Bethel Blueway
 - Buckroe Beach Nourishment
 - Maximizing Existing Stormwater

Budget Priorities/Accomplishments During Last Decade (Cont'd)

- Placemaking
 - Aquaplex
 - Buckroe Beach Boardwalk
 - Buckroe Beach Nourishment
 - Darling Stadium Artificial Turf
 - Fox Hill Neighborhood Center
 - Mary Jackson Neighborhood Center
 - War Memorial Stadium Upgrades
- 

Budget Priorities/Accomplishments During Last Decade (Cont'd)

- Safe and Clean Community
 - Police Staff
 - Station 11 Construction & Staffing
 - Circuit Courthouse
 - Firing Range
 - Jail Renovations
 - Pay Adjustments
 - Police Division Technology
 - Real Time Crime Center
 - Second Set of Turnout Gear
 - Wythe Fire Station

Budget Priorities/Accomplishments During Last Decade (Cont'd)

- Family Resilience & Economic Empowerment
 - BASE Workers
 - Mini-Grant Programs
 - Office of Youth & Young Adult Opportunities
 - WorkOne Center
- Good Government
 - Maintain base level of maintenance of City Infrastructure
 - Maintain competitive compensation

Financial Resiliency

- Addressed Council priorities while maintaining financial resiliency
- Financial Resiliency Commitment & Culture
 - Conservative Budgeting & Management
 - Conservative Budgeting
 - Monitoring Financial Performance
 - Adjusting as needed & continually
 - Improving Operations
 - Adhering to Financial Policies
 - Building Public Trust through Engagement
 - Diversification (Economic & Tax Base)

Budget Strategies in Difficult Times

- Department consolidations
- Efficiency initiatives
- Freeze new spending
- Freeze non-essential spending
- Hiring freeze
- Position reductions
- Raised tax rates
- Reduce capital budget funding
- Service reductions

Pandemic

Just emerging from "lost decade" when pandemic arrived.

Fiscal Year 2020

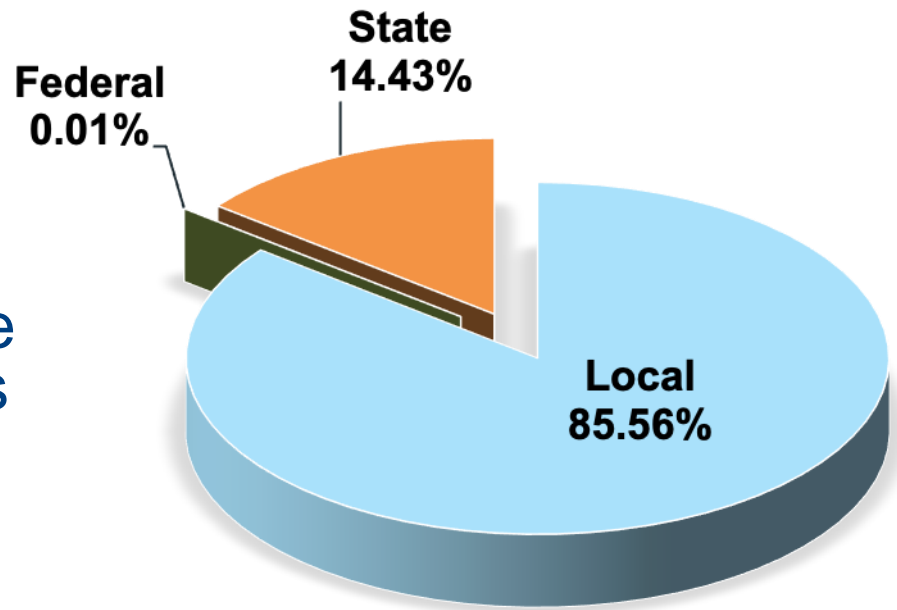
- Froze non-essential spending
- Delayed, targeted hiring freeze
- Budget savings reserve
- No layoffs or furloughs
- Added \$5.668 million to unassigned fund balance

Fiscal Year 2021


- Froze non-essential spending
- Targeted hiring freeze
- Froze all new spending
- Started weekly "Budget Impact Committee" meetings
- Identified \$20 million in savings

Revenues

- Vast majority we generate locally
- State revenue
 - Only 1.06% is flexible
 - Rest is restricted in use and/or reimbursements for required functions
 - Examples: social services, jails, constitutional offices, etc.
- Federal revenue: 0.01%

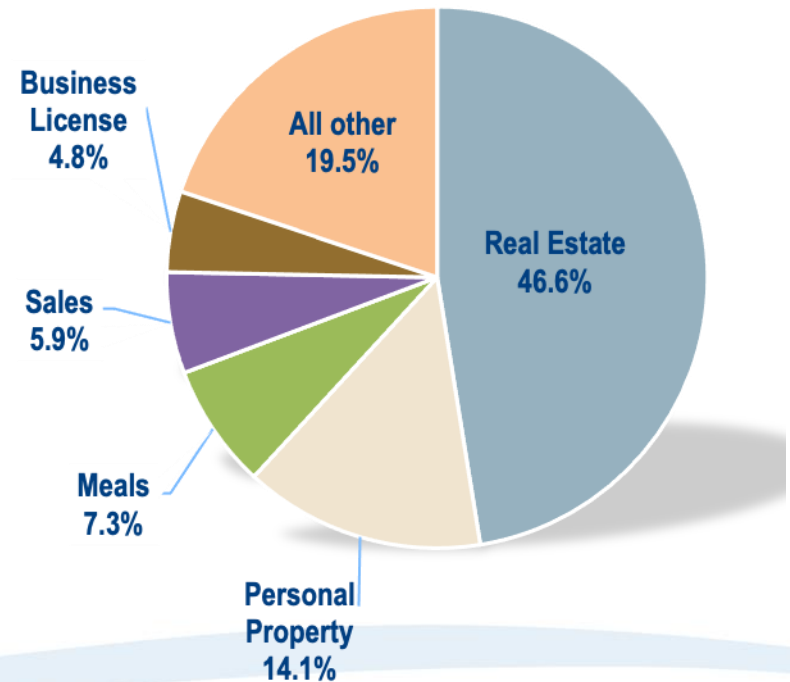


Expect Strong Revenue Growth in FY23

- General property taxes are growing aggressively.
 - Other local taxes are recovering from the pandemic – specifically Meals, Sales and Lodging Taxes.
 - Interest earnings from investments are expected to begin recovering.
- 

Sources of City Revenues (FY22)

- General Fund Budget
 - 85% Local
 - 15% State (0.24% is flexible)
 - Excluding schools
- 79% of the locally generated revenue comes from:
 - Real Estate tax
 - Personal Property tax
 - Meals tax
 - Sales tax
 - Business License tax



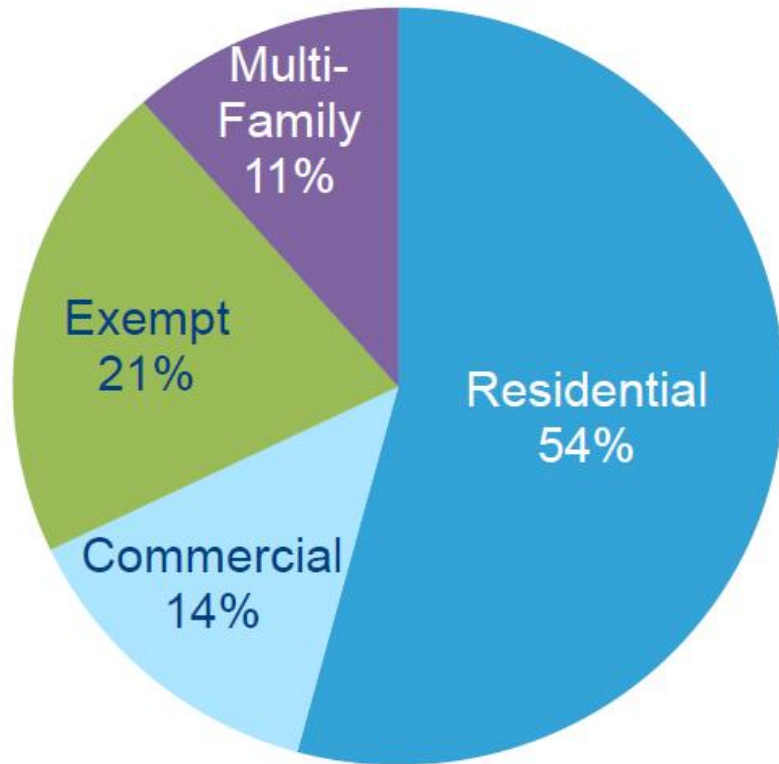
Percentages may not total 100% due to rounding

Local Revenues #1 Real Estate Tax

- Biggest single source of all Revenues (27%) and 46.6% of local revenues
- 61.83% of Residential Taxes to HCS per School Funding Formula
- Only way to increase:
 - New construction
 - Improvements/redevelopment
 - Reassessment – change in market value; increased demand
 - Tax rate change

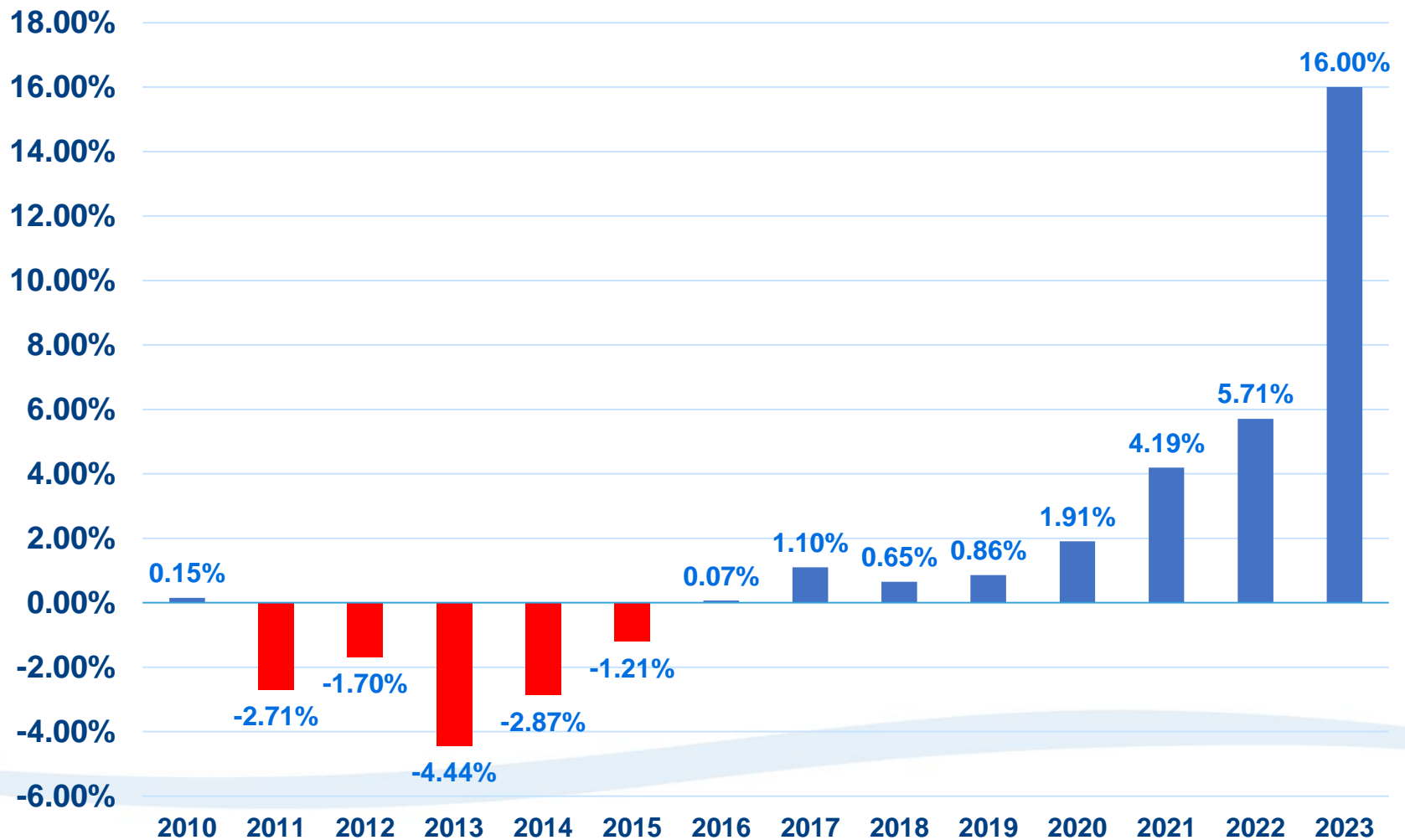


Total Market ASSESSED Value



Residential	\$9,708,078,100
Multi-Family	\$2,058,180,300
Commercial	\$2,449,734,300
Exempt	\$3,686,556,000
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Total Market	\$17,902,548,700

Change in Taxable Value of Land



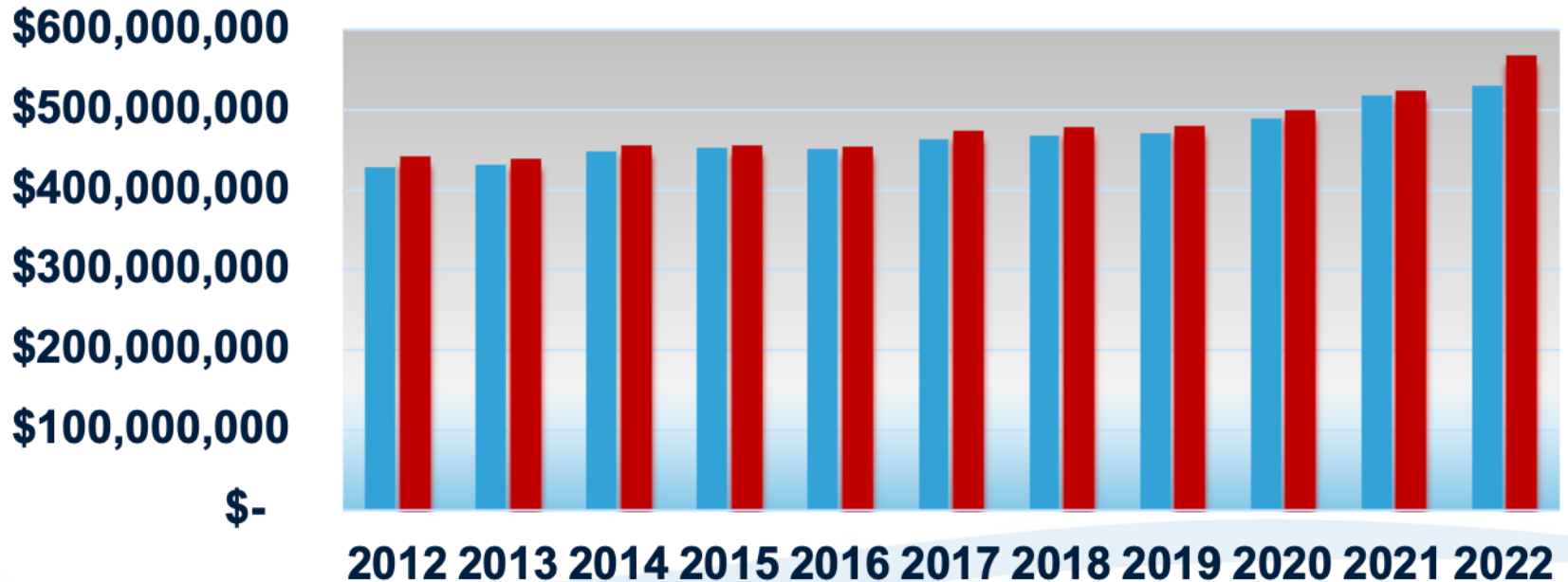
Total Budget

SINCE FY12

Total City Budget Compared to Inflation over the past decade:

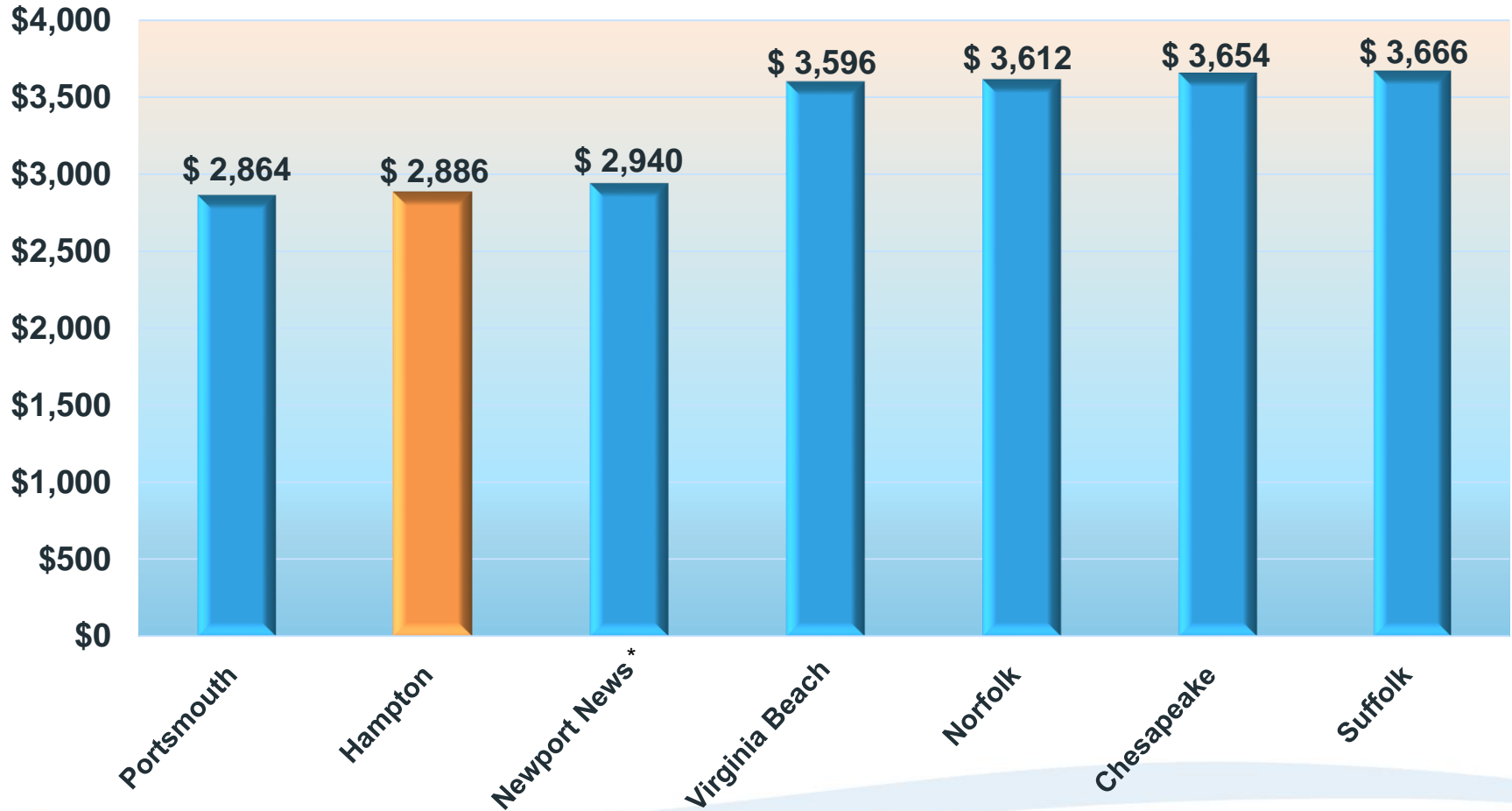


■ GF Adopted Budget ■ Inflation Adjusted



Inflation is measured by the percent increase in the Consumer Price Index (CPI) on a fiscal year basis.

Hampton Homeowners Pay Less Taxes



City tax rate applied to median home value from Zillow data as of January 31, 2022

*Newport News' budget includes impact from the Shipyard and Waterworks.

Local Revenues #2: Personal Property Taxes

- 14.1% of local revenues
- 61.83% of Residential Taxes to HCS per School Funding Formula
- Fluctuates
 - Increases only when people are buying new cars or other vehicles (such as motorcycles)
 - Decreases as car depreciates over time



Local Revenues #3:

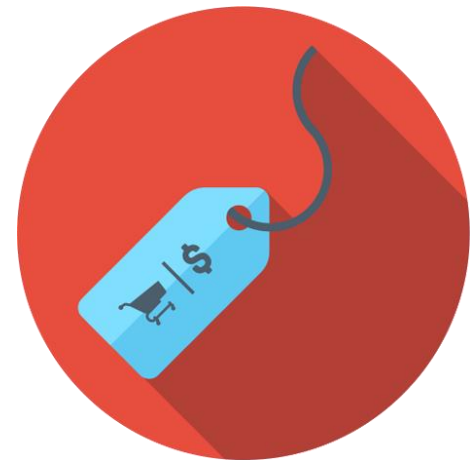
Meals Taxes

- 7.3% of local revenues
- Meals tax on top of sales tax for restaurant & prepared meals
- City investments in retail development boosts revenues



Local Revenues #4: Sales Taxes

- 5.9% of local revenues
- Of the sales taxes charged:
 - 1 cent comes back to city budget
 - 1 cent is dedicated to school systems statewide based on enrollment
- City investments in retail development boosts revenues



Local Revenues #5: Business License Taxes

- 4.8% of local revenues
- Based on gross receipts of businesses
- Maximum rates set by state, which has previously considered elimination of this source
- Grows when existing companies do more business and/or when new companies open in Hampton



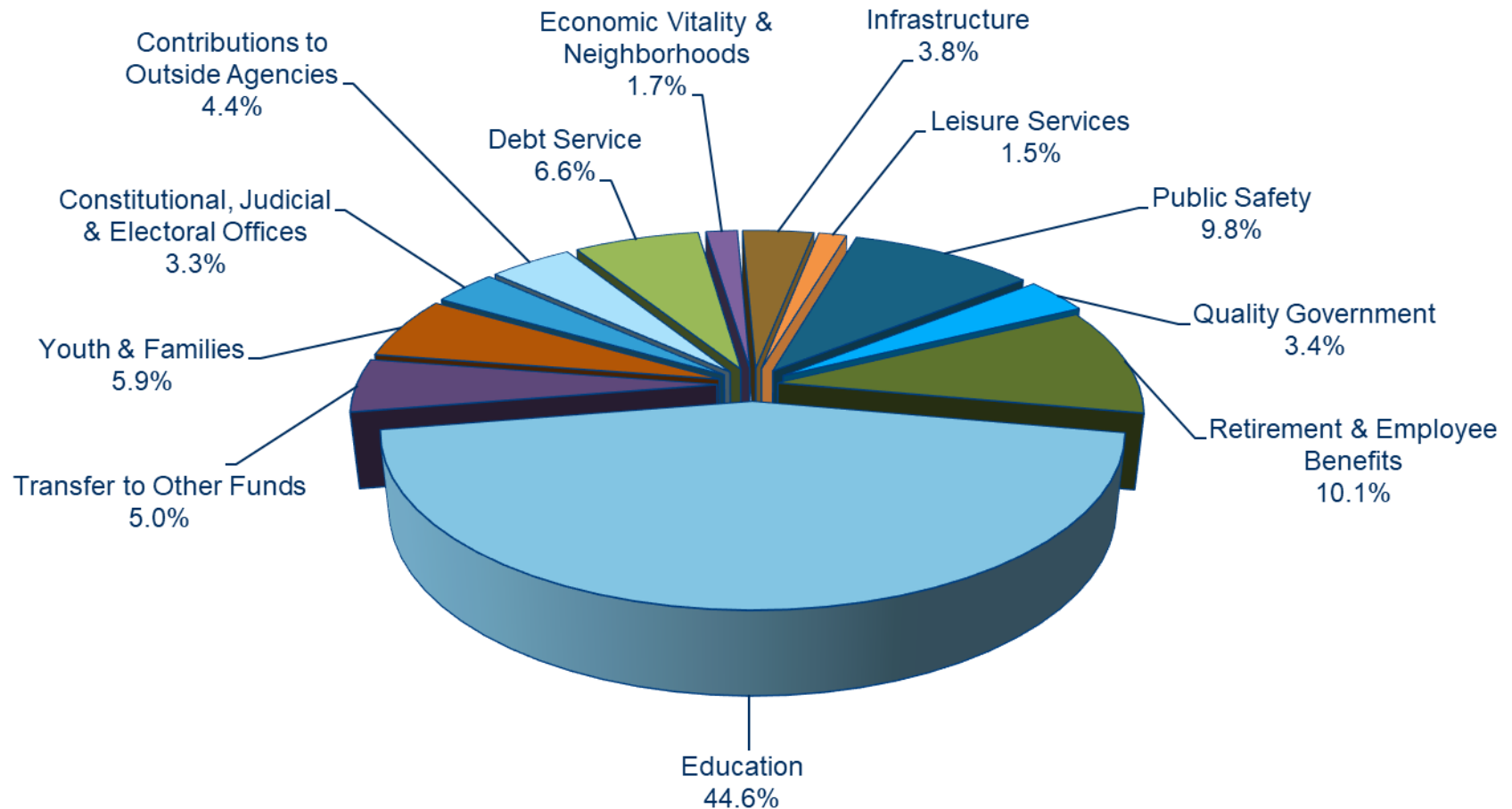
Amusement Tax

- 0.2% (\$650,000) of local revenues
- Fluctuates
 - Primarily driven by the three movie theaters in the City
 - Increases when people go to the movies and entertainment venues more often
 - Decreases when people are spending less on entertainment that charges admissions
 - This revenue source has been significantly impacted by the pandemic.

Lodging Tax

- 1.1 % (\$3.5 million) of local revenues
- Fluctuates
 - Increases when more people visit Hampton and when hotels can command higher room nights.
 - Decreases when room night demand is down.
 - This revenue source has been significantly impacted by the pandemic.

Allocation of General Fund Dollars for Core Services



Percentages may not total 100% due to rounding

School Funding

- Localities are responsible for appropriating school budgets but are NOT allowed to dictate how the money is spent.
- About 44.6% of the total City budget goes to the school system
 - Includes the state and federal contribution but the City portion is also very large.
- Hampton's School Funding Formula (61.83% of residential taxes) is used to calculate local contribution

School Funding (Cont'd)

- Local contribution to the schools does not include debt service related to school construction, maintenance and other City support for Schools, i.e. grounds maintenance, etc.

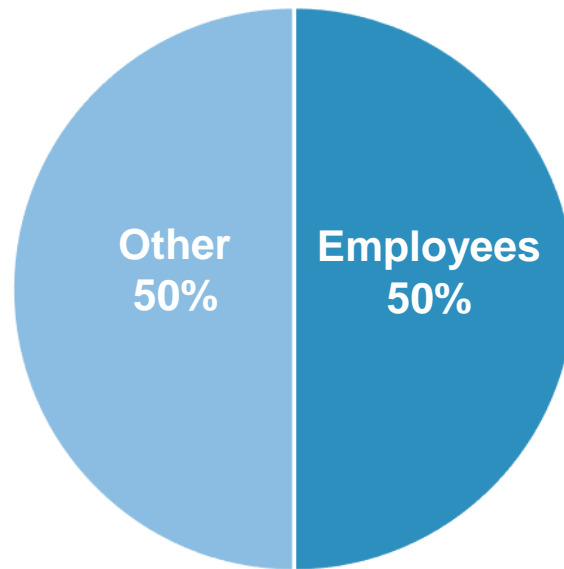
School Funding (Cont'd)

- All localities exceed the required state match for schools because of the inadequacy
- Hampton provides substantially more than the state requirement

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget
Required local contribution per state law	\$35,860,190	\$35,613,382	\$42,557,180	\$45,928,735
Local contribution in excess of requirement	\$37,966,852	\$39,958,922	\$34,391,288	\$34,236,384

City Employees

Personnel services encompass nearly half the budget...



...so a 4% pay increase would require an approximate 1.4% increase in local city revenues (excluding schools revenues)

FY23 Budget Challenges

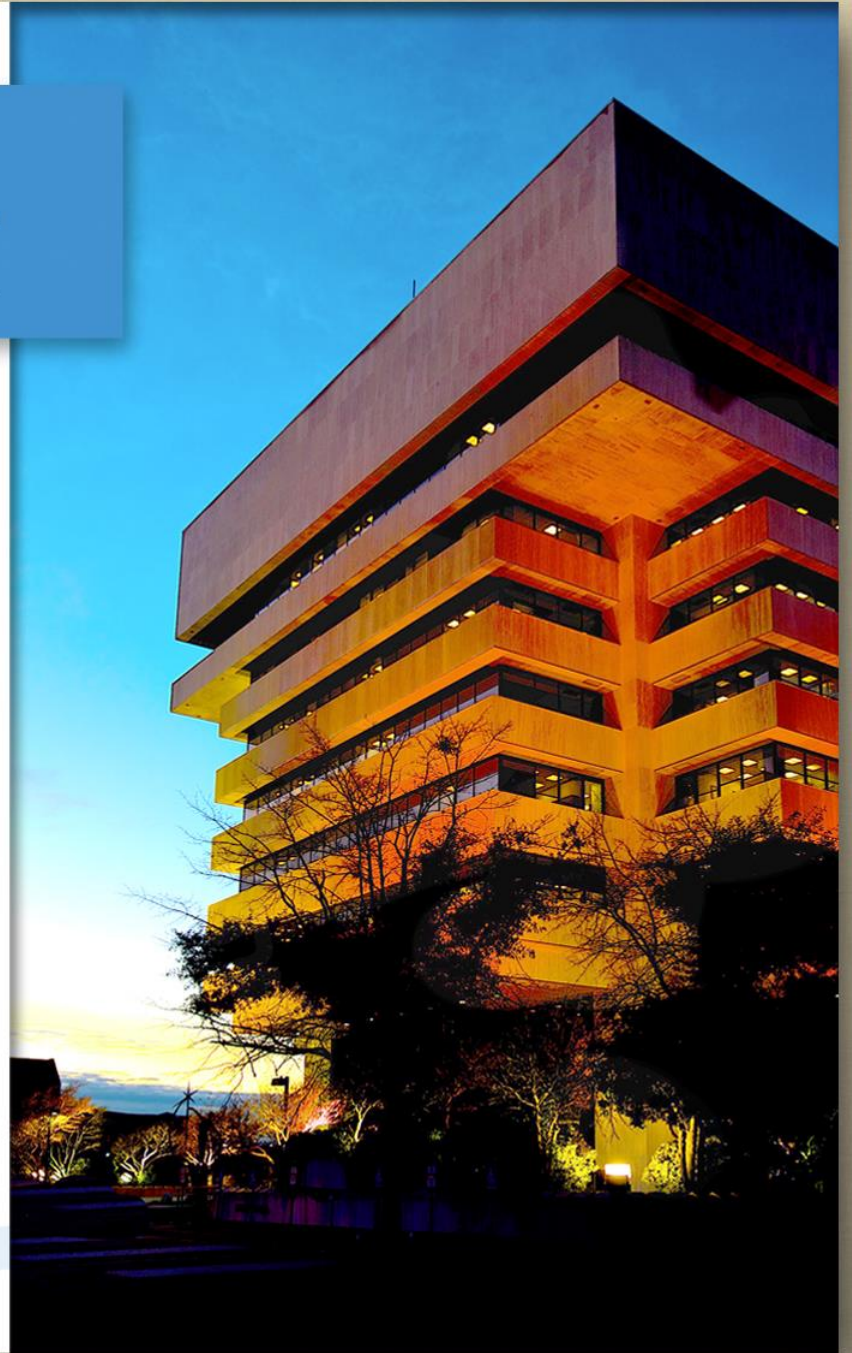
- Retaining & Attracting Employees
 - Global decline in workforce
 - Inflation fueled wage growth
- Staffing Levels
- Infrastructure Maintenance
 - No significant change in funding for infrastructure maintenance since the great recession
- Technology Investments

Summary of Budget Overview

- Maintained financial resiliency during difficult times
- Significant investments in many strategic priority areas
- Strong growth in revenues expected in FY23
- Key FY23 Challenges
 - Retaining & Attracting Employees
 - Staffing Levels
 - Infrastructure Maintenance
 - Technology Investments

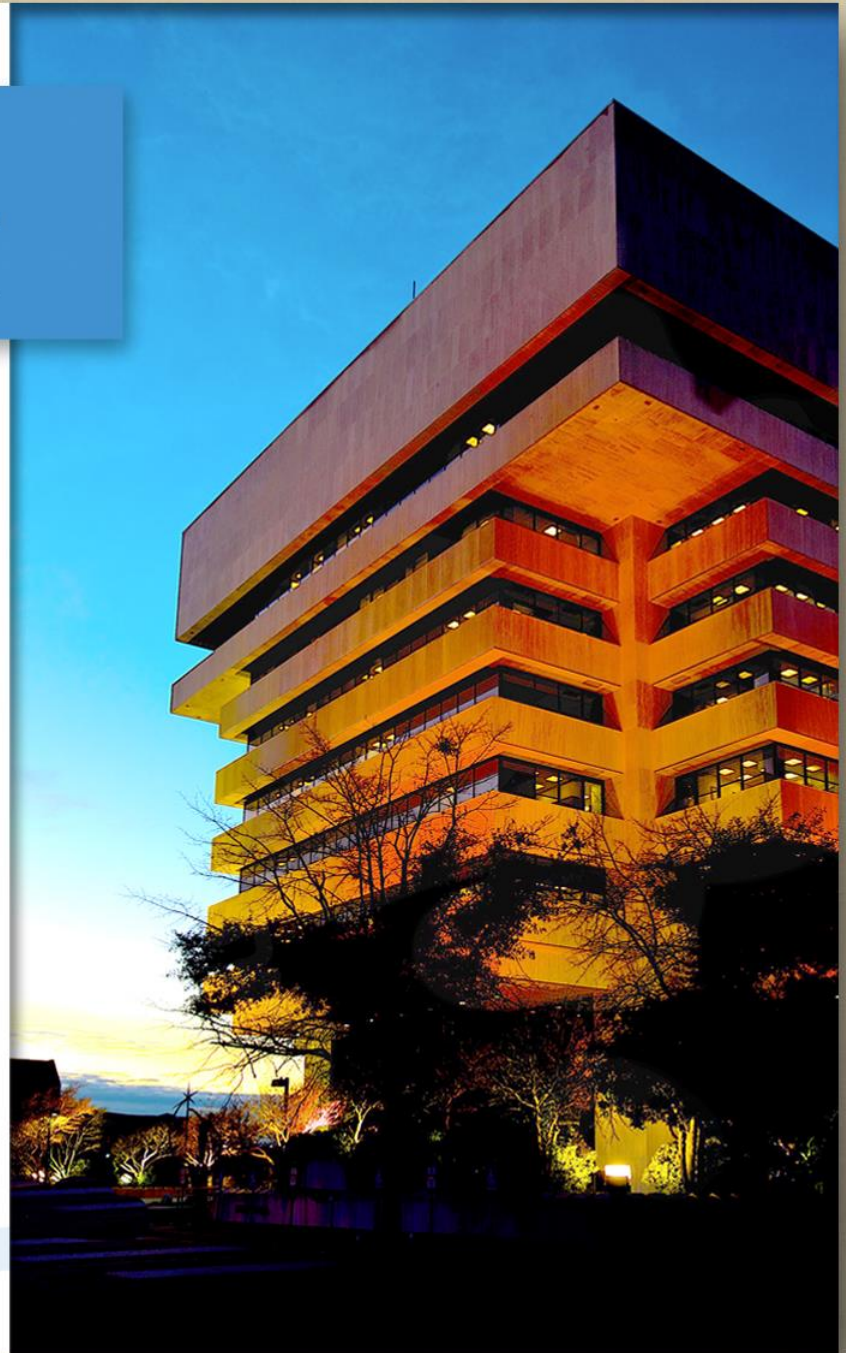
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Questions/Discussion



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Overview of Property Taxes



City of Hampton Real Estate Tax Elderly or Disabled Relief Program Disabled Veteran Exemption



Hampton City Council
February 23, 2022

Presented by
Ross A. Mugler, Commissioner of the Revenue

REAL ESTATE TAX REDUCTION PROGRAMS

ELDERLY OR DISABLED REAL ESTATE TAX RELIEF

(Local Option)

- Freeze
- Deferral
- Exemption (Grandfathered)



DISABLED VETERAN REAL ESTATE TAX EXEMPTION

(State Mandated)

LOCAL OPTION PROGRAM REQUIREMENTS

- In order to qualify for Hampton's Real Estate Tax Relief Program:
 - Applicant must own the real property and use as sole residence
 - Owner is sixty-five (65) and older OR permanent and totally disabled
 - Maximum household income not more than \$57,000
 - Net Worth (excluding home) cannot exceed \$200,000
 - Up to ten (10) acres of land where house is situated
 - Exclusion up to \$7,000 of income for other individual(s) who live on the premises

TAX RELIEF AVAILABLE TO HAMPTON HOMEOWNERS FOR NEW APPLICANTS

- **TAX FREEZE** – amount of tax payment is frozen at the tax paid in the initial year they entered the program. Tax payment will not increase and if the tax decreases in a subsequent year the homeowner will pay the lower tax.
- **DEFERRAL** – postpone paying all or a portion of tax. Deferral of tax constitutes a lien on the property. The deferred tax becomes due the earlier of the property sale date or within one year from the death of last qualifying owner. The accumulated deferred tax is not subject to penalty or interest unless paid **AFTER** the due date. City will not attempt to collect on the lien until after taxes become due and delinquent.

EXEMPTION (GRANDFATHERED)

Only available to qualifying homeowners who were in the program on July 1, 2013 and continue to meet qualifications.

Income Level	Tax Relief
\$0 - \$25,000	100% tax credit
\$25,001 - \$27,000	75% tax credit
\$27,001 - \$29,000	50% tax credit
\$29,001 - \$31,000	25% tax credit

FY20 and FY21 and FY22 REAL ESTATE TAX RELIEF LOCAL OPTION

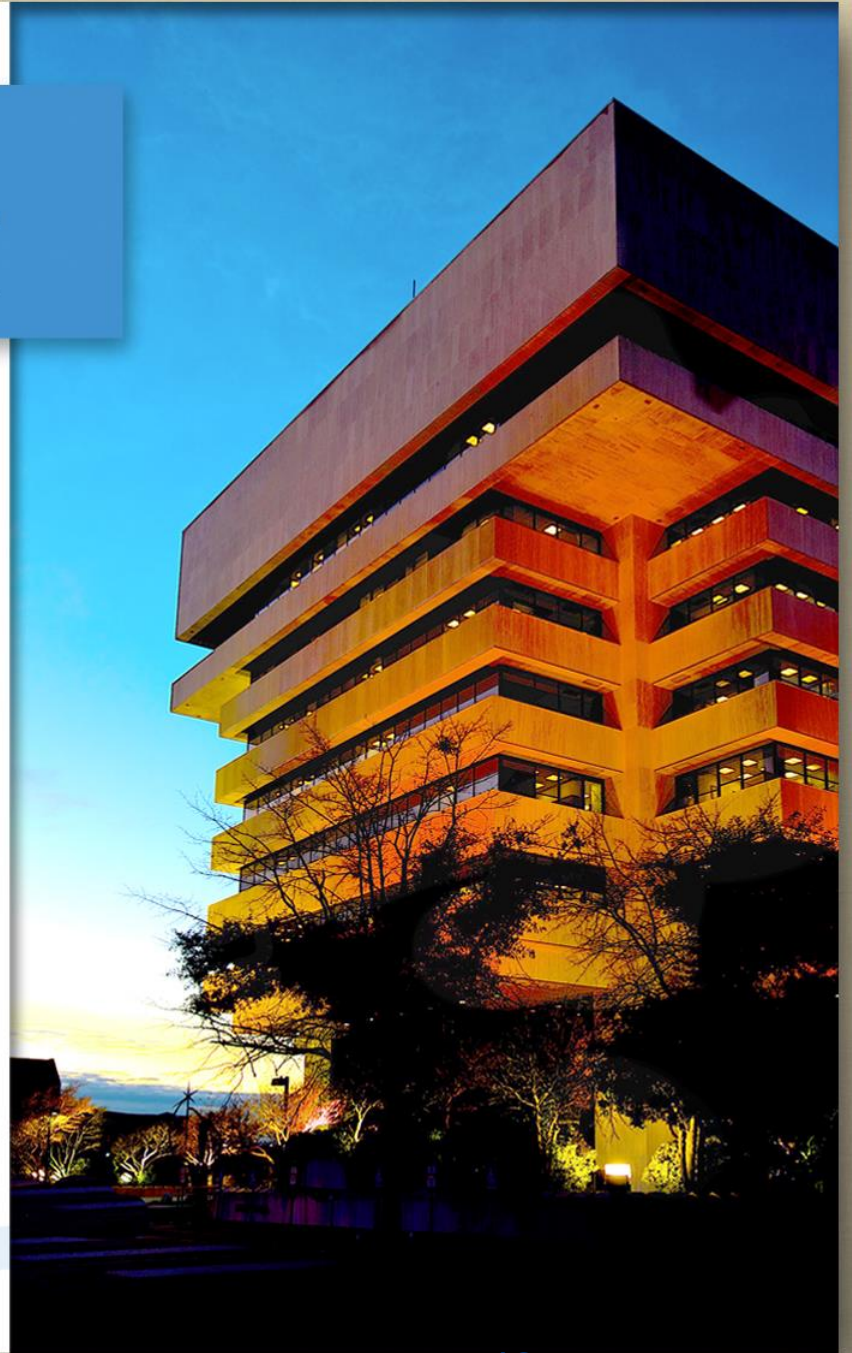
Program	FY20 Tax Revenue Impact	FY21 Tax Revenue Impact	FY22 Tax Revenue Impact
25% - 100% Exemption	\$1,032,037 794 parcels	\$905,333 677 parcels	\$915,755 446 parcels
Freeze	\$39,125 393 parcels	\$34,143 398 parcels	\$75,440 313 parcels
Deferral	\$301,067 182 parcels	\$293,555 168 parcels	\$294,791 155 parcels
Total	\$1,372,229 1,369 parcels	\$1,233,031 1,243 parcels	\$1,285,986 914 parcels

**FY12 through FY22 Residential Tax Revenue Impact
 DISABLED VETERAN REAL ESTATE TAX EXEMPTION
 Total 11 Year Revenue Loss \$20,253,056**

Fiscal Year	DV Annual Real Estate Tax Impact	Number of Parcels	% Hampton Residential Tax
FY12	\$695,672	323	.73%
FY13	\$778,105	390	.85%
FY14	\$1,049,090	453	1.01%
FY15	\$1,251,329	556	1.19%
FY16	\$1,395,324	616	1.35%
FY17	\$1,531,720	665	1.48%
FY18	\$1,786,596	769	1.69%
FY19	\$2,239,290	1,159	2.08%
FY20	\$2,366,620	935	2.15%
FY21	\$3,268,695	1,266	2.85%
FY22	\$ 3,890,615	1,340	3.14%

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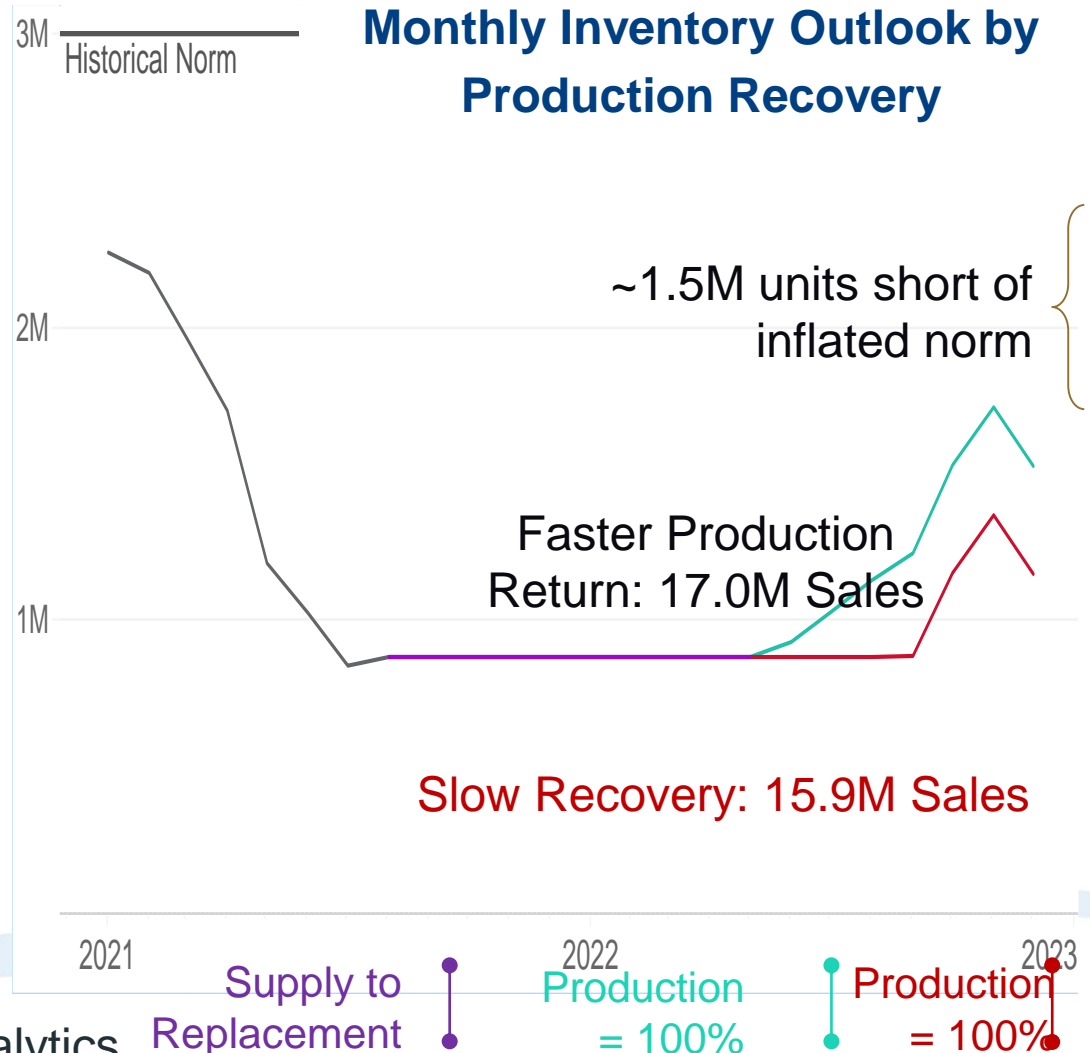
**City of Hampton
2022 Personal
Property Tax
Assessment**



Inventory Levels Slowly Return in 2022

New Production & Inventory

- Inventory levels remained below 1M units through 2021
- 2022 Sales are expected to be above 15.9M to 17.0M, delaying inventory recovery
- 3M units is not necessary to provide reasonable days supply
- 2M to 2.5M could be a **new** normal base for healthy supply



Source: PIN Consulting & Analytics

Personal Property Valuation

The City of Hampton is experiencing an increase of approximately 45% in the assessed value of vehicles.

Vehicles are assessed using the National Automobile Dealers Association (NADA) pricing guide or by a percentage of cost price.

The City assess vehicles at 100% of clean loan as required by Section 58.1-3503(A)(3).

This valuation guide is used by every locality in the Commonwealth of Virginia.

Personal Property Valuation

§ 58.1-3503(A)(3) Summarized

Section 58.1-3503(A)(3) automobiles, shall be valued by means of a recognized pricing guide or if the model and year of the individual automobile are not listed in the recognized pricing guide, a percentage of original cost may be used.

In using a recognized pricing guide, the Commissioner shall use either of the following two methods. The Commissioner may use all applicable adjustments in such guide to determine the value of each individual automobile, or he shall use the base value specified in such guide which may be either average retail, wholesale, or loan value.

Personal Property Valuation § 58.1-3503(B) Summarized

Section 58.1-3503(B) allows an assessment ratio to be used with the concurrence of the local governing body. It is clear to me, that this is the time for a ratio to be used.

2022 Auto/Truck Growth

Assessment

2022 Auto/Truck Estimate	\$1,200,000,000	
2021 Auto/Truck Book	<u>\$832,389,738</u>	
Growth	\$367,610,262	44%

Tax

2022 Auto/Truck Estimate	\$52,800,000	
2021 Auto/Truck Book	<u>\$36,634,704</u>	
Growth	\$16,165,296	44%

Assessment Ratio

	<u>Assessment</u>	<u>Tax*</u>
2022 Auto/Truck Estimate	\$1,200,000,000	\$52,800,000
2021 Auto/Truck Book	\$832,389,738	\$36,634,704
Applying the Assessment Ratio		
Assessment Ratio 80%	\$960,000,000	\$42,240,000
Assessment Ratio 77.5%	\$930,000,000	\$40,920,000
Assessment Ratio 75%	\$900,000,000	\$39,600,000
Assessment Ratio 70%	\$840,000,000	\$36,960,000

*On average, the collection rate is 90% of the tax billed. The tax rate of 4.50% results in a corresponding rate of 4.40% due to the assessment of items taxed at \$0.000001 per \$100 of value.

Lowering the Tax Rate

	<u>Assessment</u>	<u>Rate</u>	<u>Tax</u>
2021 Auto/Truck Book	\$832,389,738	4.50%	\$36,634,704
Lowering the Rate	<u>Assessment</u>	<u>Rate</u>	<u>Tax</u>
2022 Auto/Truck Estimate	\$1,200,000,000	4.50%	\$54,000,000
2022 Auto/Truck Estimate	\$1,200,000,000	3.52%	\$42,240,000
2022 Auto/Truck Estimate	\$1,200,000,000	3.41%	\$40,920,000
2022 Auto/Truck Estimate	\$1,200,000,000	3.30%	\$39,600,000
2022 Auto/Truck Estimate	\$1,200,000,000	3.08%	\$36,960,000

*The tax is calculated on the rate and does not take into consideration items taxed at a \$0.000001 per \$100 of value. If the rate is reduced, it would also apply to Business Personal Property taxes.

Tax Impact

2017 Honda Accord

	2021	2022	2022 (80%)	2022 (75%)
Value	\$11,575	\$16,550	\$13,240	\$12,413
Annual Tax	\$281	\$405	\$322	\$302

Using 2021 PPTR of 46%



Assessment Ratio

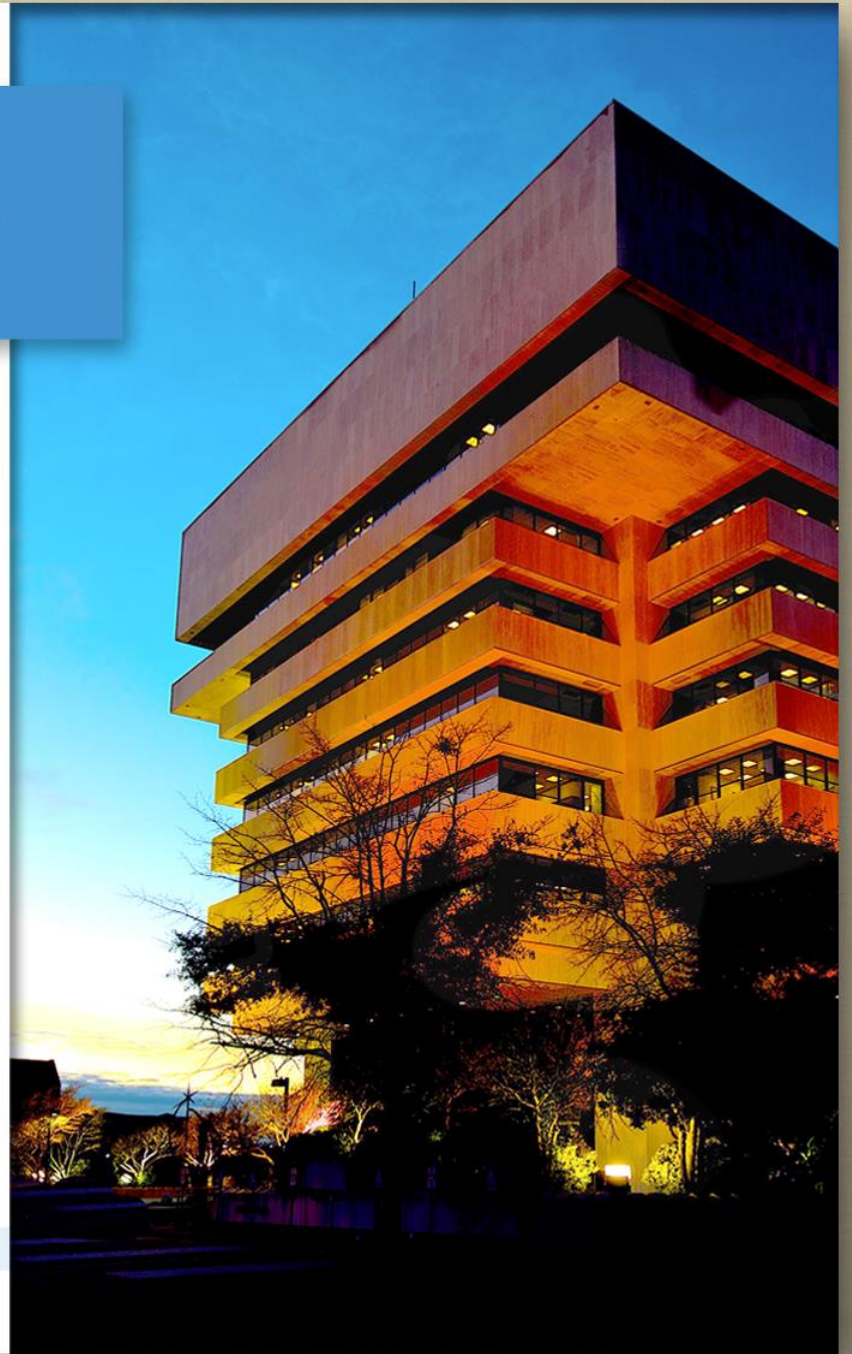
- After consulting with the City Attorney's Office we agree that the Code of Virginia supports using the assessment ratio.
- The assessment ratio is applied against all vehicles in an equitable manner as required by the Code of Virginia.
- If an assessment ratio is used, City Council is not in a position of reducing the tax rate to later increase the rate when values stabilize.
- We expect the market to recover in the next 12-15 months and are recommending the assessment ratio be used for the valuation of vehicles and trucks for 2022 only.

Assessment Ratio (cont.)

- If you agree with my recommendation, to use the assessment ratio, the City Attorney's Office will assist in adding a resolution to the March 9th agenda.
- We are working with IT to ensure the billing system can handle this change.
- The deadline for this determination is March 1st. This will allow for implementation and testing prior to the final billing date of March 26th. An insert informing citizens of the ratio will be mailed with all personal property tax bills.

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Grocery Tax

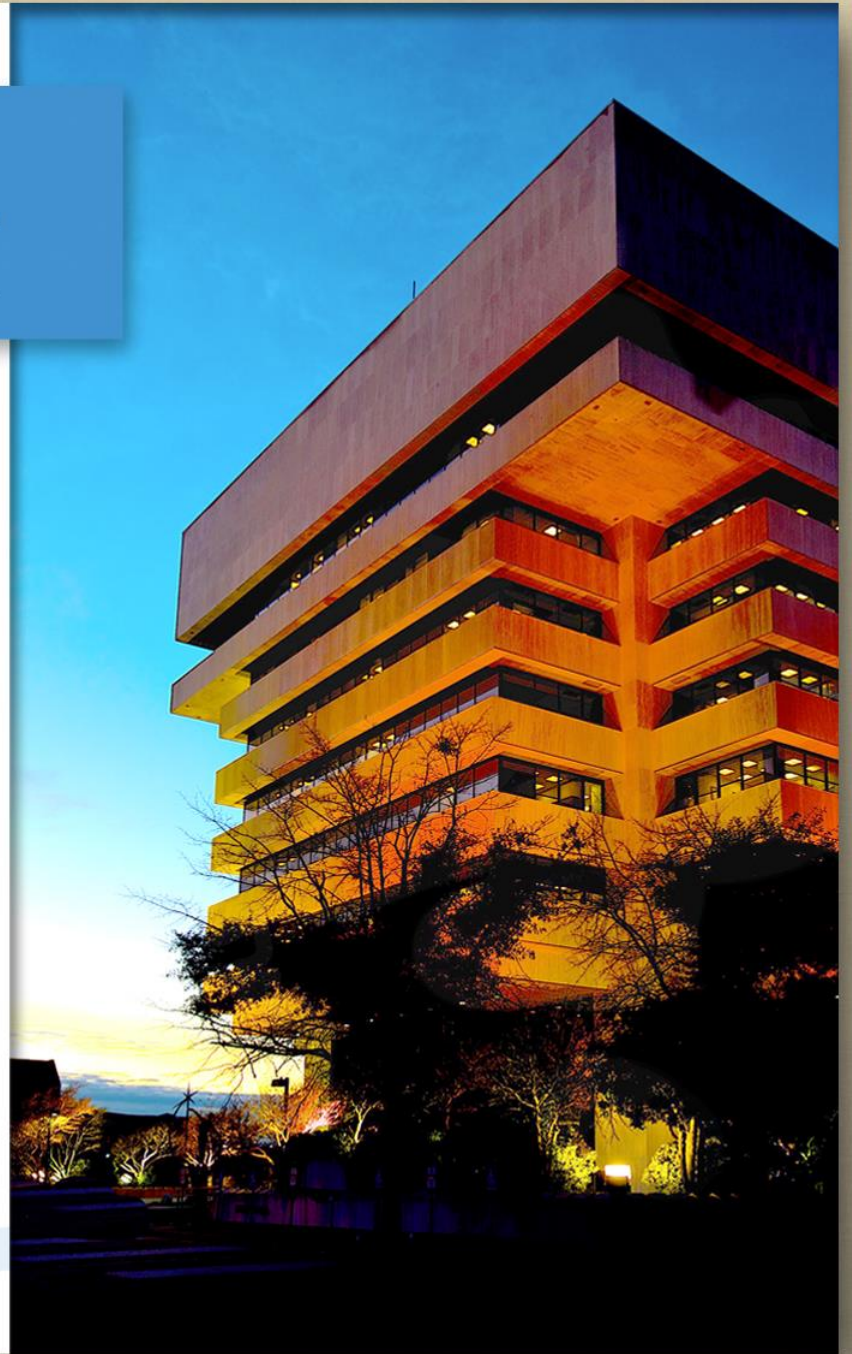


Grocery Sales Tax

- 1% Grocery Tax generates \$3.3 million annually
- General Assembly may allow the sales tax on groceries to be a local option

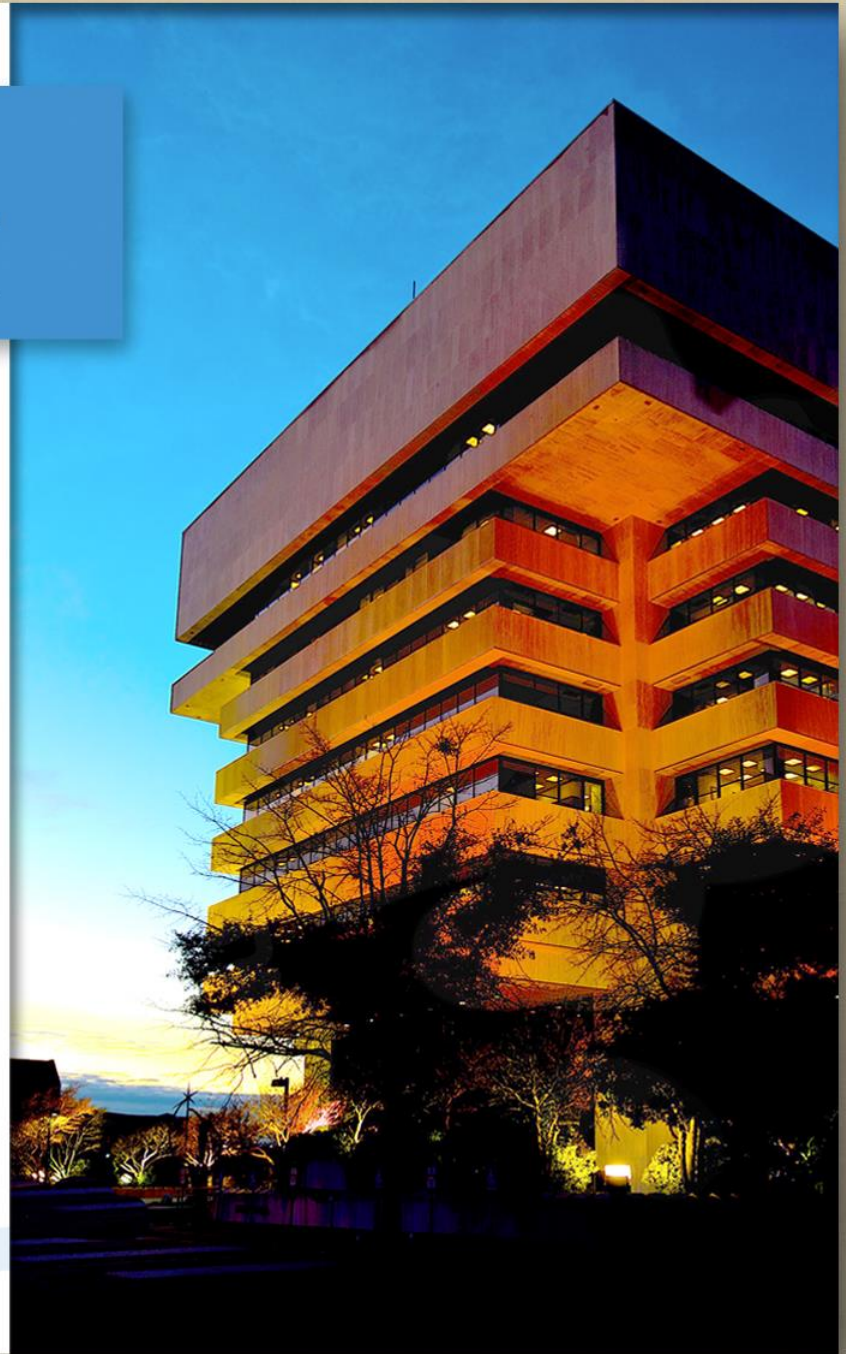
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Questions?



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Real Estate Tax Stabilization



Real Estate Tax Rate Stabilization Policy

- Real estate revenue growth, net of new construction, from one fiscal year to the next, shall be limited to the equivalent percentage increase in an inflationary growth factor as measured by either:
 - Consumer price index for urban dwellers (CPI-U); or
 - Resident income growth (RI); whichever is greater in any given year

Real Estate Tax Rate Stabilization Policy

(Cont'd)

- If budgetary needs require real estate revenue to grow faster than this factor, the Manager and Council shall explicitly explain the budget drivers.
- Review all revenues and fees to encourage diversity and less reliance on real property revenues during economic declines

Tax Equalization

- Historically, we have kept the tax rate lower than what the policy suggested
- Finance Committee will review the results of the Policy as part of the budget process and report to Council

Tax Equalization (Cont'd)

Fiscal Year	Increase/(Decline) In Real Estate Tax Revenue	Actual Tax Rate*	Equalized Tax Rate*
2013	(4,645,906)	\$1.04	\$1.21
2014	(3,001,349)	\$1.24	\$1.27
2015	(1,327,579)	\$1.24	\$1.30
2016	578,339	\$1.24	\$1.30
2017	1,569,560	\$1.24	\$1.30
2018	1,416,775	\$1.24	\$1.30
2019	2,208,293	\$1.24	\$1.30
2020	2,418,641	\$1.24	\$1.30
2021	5,907,396	\$1.24	\$1.30
2022	7,576,490	\$1.24	\$1.27
2023	23,041,523	TBD	\$1.19

*Actual and Equalized rates are per \$100 of assessed value

Impact of R. E. Tax Rate Decrease on Real Estate Tax Revenues

Tax Rate	FY23 Estimated Revenues	FY22 Estimated Revenues	Revenue Increase over FY22	Reduction in Estimated Revenues
\$1.24	167,499,011	144,457,488	23,041,523	
\$1.23	166,146,467	144,457,488	21,688,979	(1,352,544)
\$1.22	164,793,922	144,457,488	20,336,434	(2,705,089)
\$1.21	163,441,378	144,457,488	18,983,890	(4,057,633)
\$1.20	162,088,834	144,457,488	17,631,346	(5,410,177)
\$1.19	160,736,286	144,457,488	16,278,804	(6,762,722)
\$1.18	159,383,745	144,457,488	14,926,257	(8,115,266)
\$1.17	158,031,201	144,457,488	13,573,713	(9,467,810)

Impact of R.E. Tax Rate Decrease on Public Service Corp. Tax Revenues

Tax Rate	Estimated Revenues	Reduction in Estimated Revenues
\$1.24	4,675,752	
\$1.23	4,638,052	(37,700)
\$1.22	4,600,352	(75,400)
\$1.21	4,562,652	(113,100)
\$1.20	4,524,952	(150,800)
\$1.19	4,487,251	(188,501)
\$1.18	4,449,551	(226,201)
\$1.17	4,411,851	(263,901)

Impact of RE Tax Rate Decrease on PTC CDA Incremental Real Estate Tax Revenues

Tax Rate	Estimated RE Revenues	Base Year	Estimated Incremental RE Tax Revenues	Reduction in Incremental RE Tax Revenues
\$1.24	3,184,380	831,924	2,352,456	
\$1.23	3,158,699	831,924	2,326,775	(25,681)
\$1.22	3,133,019	831,924	2,301,095	(53,361)
\$1.21	3,107,338	831,924	2,275,414	(77,042)
\$1.20	3,081,658	831,924	2,249,734	(102,722)
\$1.19	3,055,977	831,924	2,224,053	(128,403)
\$1.18	3,030,297	831,924	2,198,373	(154,083)
\$1.17	3,004,616	831,924	2,172,692	(179,764)

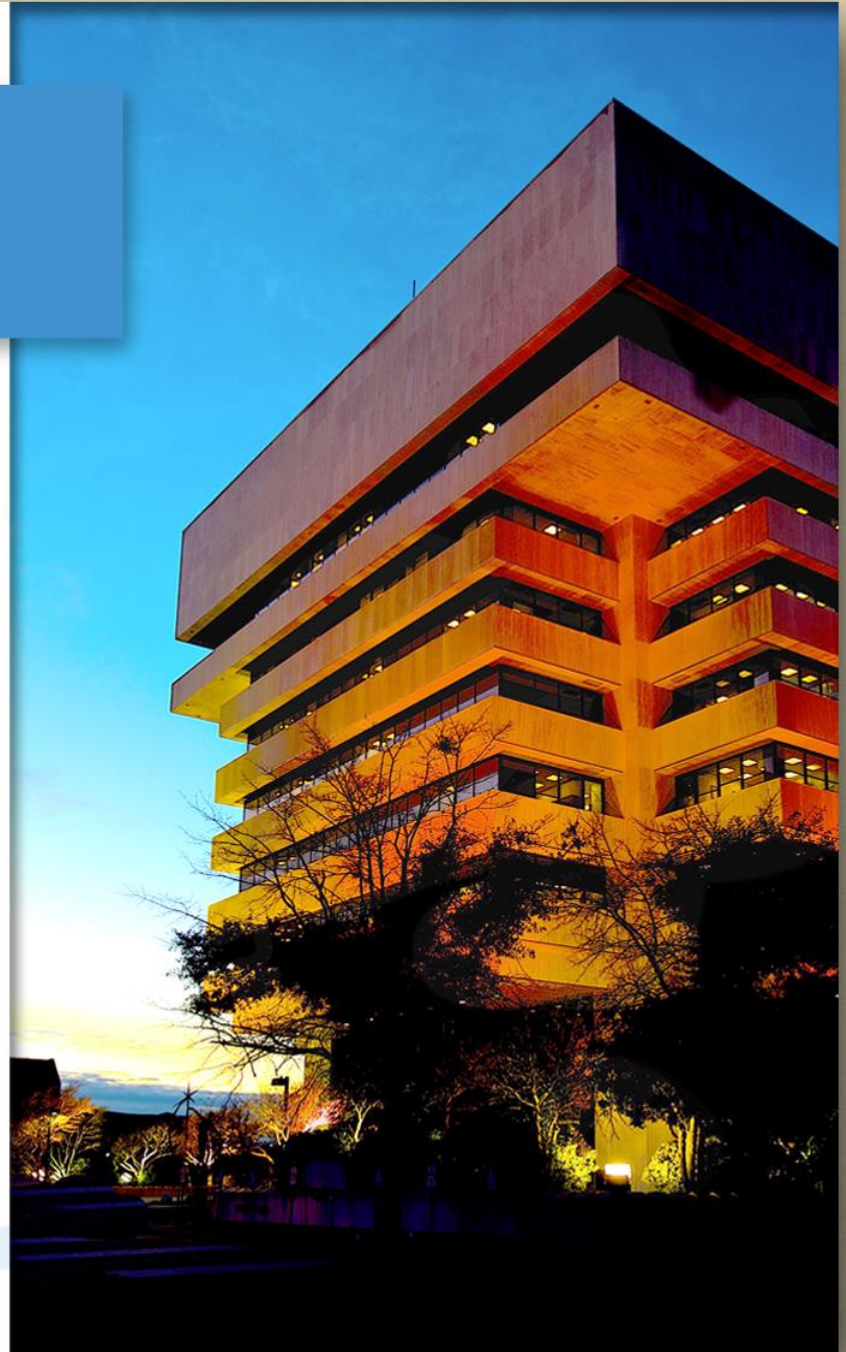
Net Increase in Real Estate Revenues Allocated to City and Schools

Tax Rate	City	Schools
\$1.24	13,267,209	9,774,314
\$1.23	12,477,873	9,211,106
\$1.22	11,688,536	8,647,898
\$1.21	10,899,200	8,084,690
\$1.20	10,109,863	7,521,483
\$1.19	9,320,526	6,958,275
\$1.18	8,531,190	6,395,067
\$1.17	7,741,854	5,831,859

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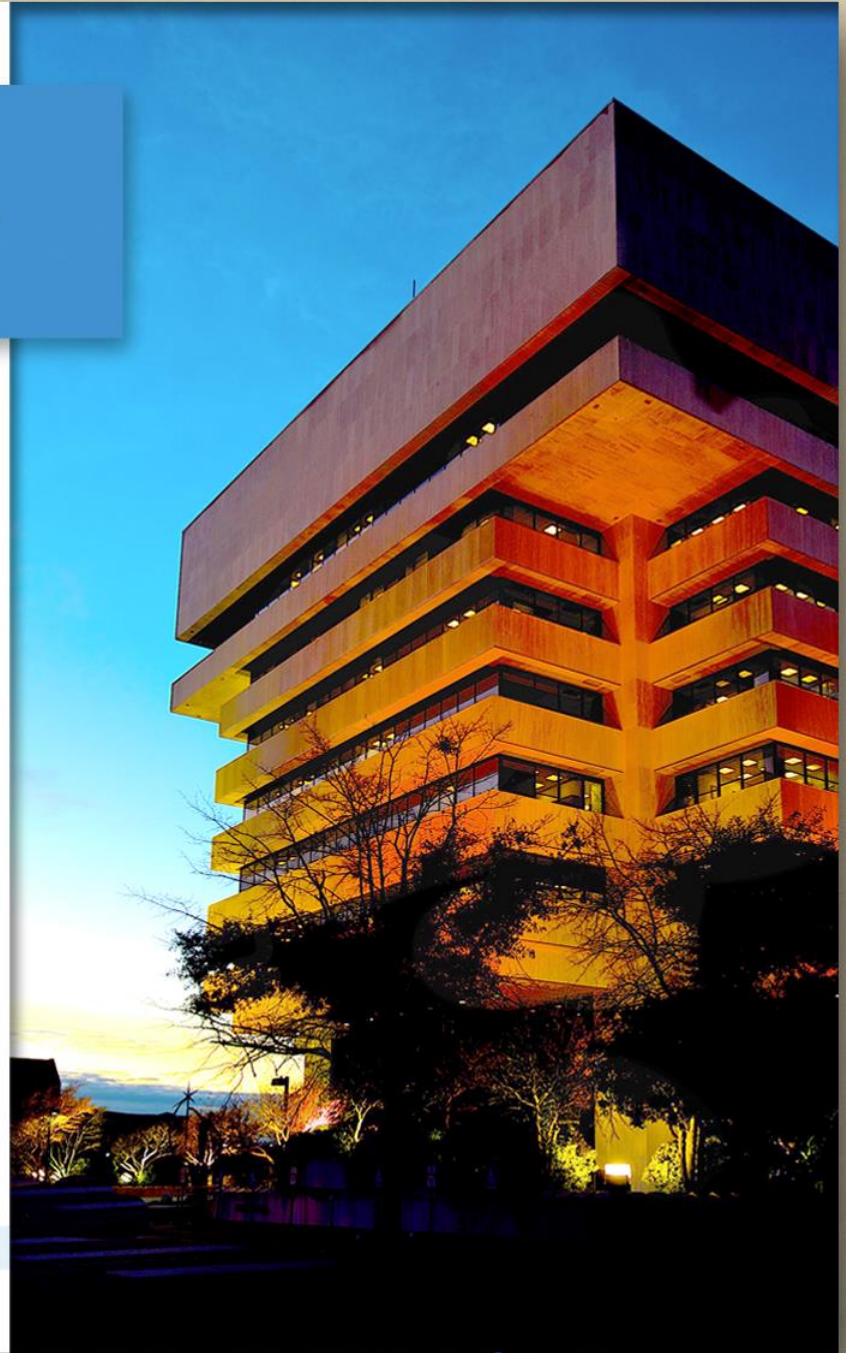
Key Budget Driver Focused Rankings

- **Compensation**
- **Staffing**



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Compensation



Compensation

Provide competitive pay to retain and attract talent by:

- Providing competitive wage increases
- Increasing the minimum wage
- Reviewing and updating pay scales for hard-to-fill positions
- Providing career progression for targeted positions
- Addressing compression
- Administering performance-based bonuses

Competitive (General) Wage Increases

- Most localities are discussing a 3%-5% increase for FY23
- Hampton City Schools is proposing a 5% increase

	<u>Unified</u>	<u>Public Safety</u>	<u>PPT/WAE</u>	<u>Total</u>
<u>General Fund:</u>				
3%	\$1,865,914	\$1,505,100	\$347,815	\$3,718,829
4%	\$2,487,886	\$2,006,800	\$463,753	\$4,958,439
5%	\$3,109,857	\$2,508,500	\$579,691	\$6,198,048
<u>Non-General Fund:</u>				
3%	\$648,919	\$0	\$127,829	\$776,748
4%	\$865,225	\$0	\$170,439	\$1,035,664
5%	\$1,081,531	\$0	\$213,048	\$1,294,579

Minimum Wage Increases

- The annual Living Wage for a full-time employee is \$16.33/hour or \$33,966 (source: www.livingwage.mit.edu)
- The City's minimum wage is \$11/hour or \$22,880
 - Ranges were adjusted 1/1/2021 and 7/1/2021 increasing the minimum wage from \$7.55/hour to \$11/hour
 - Changes made in advance of the Commonwealth's minimum wage of \$11/hour 1/1/2022
- Future General Assembly-mandated increases:

<u>Date</u>	<u>Amount</u>
1/1/2023	\$12.00
1/1/2025	\$13.50
1/1/2026	\$15.00

Minimum Wage Increase Comparison

Increasing the hourly rates of affected employees only;
no range or compression adjustments:

	<u>PFT #</u>	<u>PFT \$</u>	<u>PPT/WAE #</u>	<u>PPT/WAE \$</u>	<u>Total*</u>
<u>General Fund:</u>					
\$12/hr	4	\$6,942	223	\$179,667	\$186,609
\$13/hr	15	\$43,634	264	\$547,136	\$590,770
\$15/hr	63	\$297,903	441	\$1,493,608	\$1,791,511
<u>Non-General Fund:</u>					
\$12/hr	1	\$384	132	\$100,091	\$100,475
\$13/hr	3	\$7,308	144	\$312,039	\$319,347
\$15/hr	19	\$51,154	192	\$850,342	\$901,496

*Costs added to the 4% GWI

Range Adjustment to \$15/Hour

Minimum Range \$15/hour and Compression Adjustments

	<u>Range Adjustments</u>	<u>Compression Adjustments</u>	<u>Total*</u>
General Fund			
Civilian PFT	\$707,433	\$2,808,590	
Civilian PPT/WAE	\$2,592,106	\$354,890	
		Total	\$6,463,019
Non-General Fund			
Civilian PFT	\$224,714	\$1,014,869	
Civilian PPT/WAE	\$1,074,440	\$211,016	
		Total	\$2,525,039

*Costs added to the 4% GWI

Targeted Pay Range Updates

- Goal is to retain the talented workforce we have and attract new talent
- Some departments have a greater challenge than others
 - Police, Fire, E911, Community Development, Public Works
- Salary ranges for high turnover positions were compared to the market and adjustments recommended

Public Safety Range Updates

- Ranges adjusted 3%
- No employees below the new minimums
- Additional 3% salary increase added to the 4% GWI for a total of 7%
 - Addresses compression created from increasing the ranges

Range Adjustments	Compression Adjustments	Total*
\$110,264	\$1,565,304	\$1,675,568

*Costs added to the 4% GWI

Impact of Range Adjustment to the Police Recruit Position

Current

City	Minimum
Virginia Beach	\$45,656
Hampton	\$45,213
Chesapeake	\$45,213
Newport News	\$45,213
Portsmouth	\$45,000
Norfolk	\$41,200
Suffolk	\$

Market average \$44,583 (Tied for 2nd)

With Adjustment

City	Minimum
Virginia Beach	\$47,026
Hampton	\$46,569
Chesapeake	\$46,569
Newport News	\$46,569
Portsmouth	\$46,350
Norfolk	\$42,436
Suffolk	\$

Market average \$45,920 (Tied for 2nd)

Impact of Range Adjustment to the Police Officer Position

Current

City	Minimum
Norfolk	\$50,835
Virginia Beach	\$50,356
Chesapeake	\$50,326
Hampton	\$48,800
Newport News	\$48,800
Suffolk	\$46,714
Portsmouth	\$46,000

Market average \$48,839 (Tied for 4th)

With Adjustment

City	Minimum
Norfolk	\$52,360
Virginia Beach	\$51,867
Chesapeake	\$51,836
Hampton	\$50,264
Newport News	\$50,264
Suffolk	\$48,115
Portsmouth	\$47,380

Market average \$50,298 (Tied for 4th)

Impact of Range Adjustment to the Firefighter Recruit Position

Current

City	Minimum
Virginia Beach	\$45,656
Hampton	\$45,213
Chesapeake	\$45,213
Newport News	\$45,213
Portsmouth	\$45,000
Norfolk	\$41,200
Suffolk	\$

Market average \$44,583 (Tied for 2nd)

With Adjustment

City	Minimum
Virginia Beach	\$47,026
Hampton	\$46,569
Chesapeake	\$46,569
Newport News	\$46,569
Portsmouth	\$46,350
Norfolk	\$42,436
Suffolk	\$

Market average \$45,920 (Tied for 2nd)

Impact of Range Adjustment to the Firefighter Position

Current

City	Minimum
Norfolk	\$50,835
Virginia Beach	\$50,356
Chesapeake	\$50,326
Hampton	\$48,800
Newport News	\$48,800
Suffolk	\$46,714
Portsmouth	\$46,000

Market average \$48,839 (Tied for 4th)

With Adjustment

City	Minimum
Chesapeake	\$51,836
Hampton	\$50,264
Newport News	\$50,264
Virginia Beach	\$49,404
Portsmouth	\$47,380
Suffolk	\$45,824
Norfolk	\$45,036

Market average \$48,572 (Tied for 2nd)

Civilian Targeted Range Updates

- Ranges adjusted based on the regional market
- Employees brought to new minimums
- Additional 3% salary increase added to the 4% GWI for a total of 7%
 - Addresses compression created from increasing the ranges

	<u>Range Adjustments</u>	<u>Compression Adjustments</u>	<u>Total*</u>
General Fund	\$101,787	\$208,267	\$310,054
Non-General Fund	\$42,427	\$159,676	\$202,103

*Costs added to the 4% GWI

Impact of Range Adjustment on a Codes Compliance Inspector I*

Current

City	Minimum
Virginia Beach	\$40,768
Suffolk	\$40,353
York	\$40,133
Norfolk	\$38,457
Chesapeake	\$37,833
Newport News	\$36,763
Portsmouth	\$36,631
Hampton	\$36,499

Market average \$38,430 (8/8)

With Range Adjustment

City	Minimum
Virginia Beach	\$41,991
Suffolk	\$41,564
York	\$41,337
Hampton	\$40,049
Norfolk	\$39,611
Chesapeake	\$38,968
Newport News	\$37,866
Portsmouth	\$37,730

Market average \$39,583 (3/6)

*Other Inspector positions adjusted accordingly

Rankings subject to change, projected 3% market increase⁸⁰

Impact of Range Adjustment to the Electrician*

Current

City	Minimum
Portsmouth	\$42,853
Chesapeake	\$35,651
Hampton	\$34,844
Virginia Beach	\$33,467
Newport News	\$32,546
Norfolk	\$28,261

Market average \$32,954 (3/5)

With Range Adjustment

City	Minimum
Portsmouth	\$44,139
Chesapeake	\$36,721
Hampton	\$36,499
Virginia Beach	\$34,471
Newport News	\$33,522
Norfolk	\$29,109

Market average \$33,499 (2/5)

*Other Electrician positions adjusted accordingly

Rankings subject to change, projected 3% market increase⁸¹

Impact of Range Adjustment to the Dispatcher*

Current

City	Minimum
Norfolk	\$38,457
Suffolk	\$38,432
Portsmouth	\$38,096
Hampton	\$38,233
Virginia Beach	\$36,920
Chesapeake	\$36,525
York	\$35,882
Newport News	\$34,586

Market average \$36,919 (4/8)

With Range Adjustment

City	Minimum
Hampton	\$40,049
Norfolk	\$39,611
Suffolk	\$39,585
Portsmouth	\$39,239
Virginia Beach	\$38,028
Chesapeake	\$37,621
York	\$36,958
Newport News	\$35,624

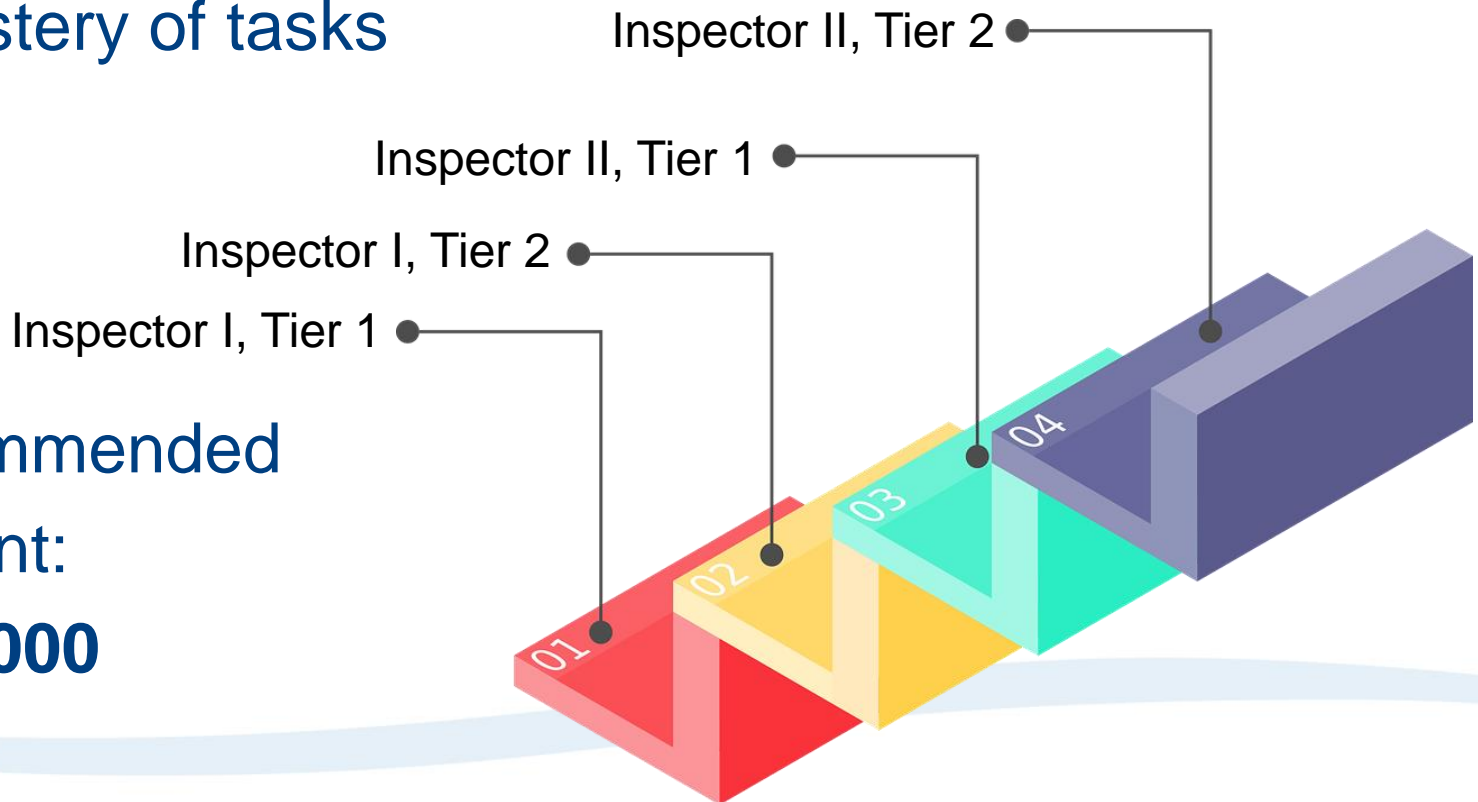
Market average \$38,101 (1/8)

*Other Dispatcher positions adjusted accordingly

Rankings subject to change, projected 3% market increase⁸²

Career Progression

- Provide opportunity to advance, without going through a competitive process based on objective performance that demonstrates job proficiency and mastery of tasks



Recommended

Amount:

\$100,000

Compression Adjustments

- Compression occurs when people in the same pay grade with varying levels of experience earn the same amount of money
- Compression is not always related to the time in a job with an organization

Date	Description
7/1/2016	3% GWI, pay plan, range, compression adjustments implemented
7/1/2017	2% GWI, no range adjustments
7/1/2018	2% GWI, no range adjustments
7/1/2019	3% GWI, no range adjustments
1/2/2021	3% GWI, PPT/WAE range adjustments due to minimum wage
7/1/2021	3% GWI, range adjustments due to minimum wage, up to \$500 in compression adjustments

Compression Adjustments

- Compression adjustments recommended for any position where the range was increased
- Further review of public safety positions and internal equity stemming from higher external salaries
- Strategy of reviewing $\frac{1}{4}$ of the workforce annually
- Continued desire to increase spread based on years of service; limited recurring funding is a challenge
- Recommended Amount: **\$500,000**

Impact of Range Adjustments and Compression

Date	Description
7/1/2016	3% GWI, pay plan, range, compression adjustments implemented
7/1/2017	2% GWI, no range adjustments
7/1/2018	2% GWI, no range adjustments
7/1/2019	3% GWI, no range adjustments
1/2/2021	3% GWI, PPT/WAE range adjustments due to minimum wage
7/1/2021	3% GWI, range adjustments due to minimum wage, up to \$500 in compression adjustments

- Continued desire to increase spread based on years of service, limited recurring funding is still a challenge
- Compression only applied if ranges were adjusted

Compensation Consultant

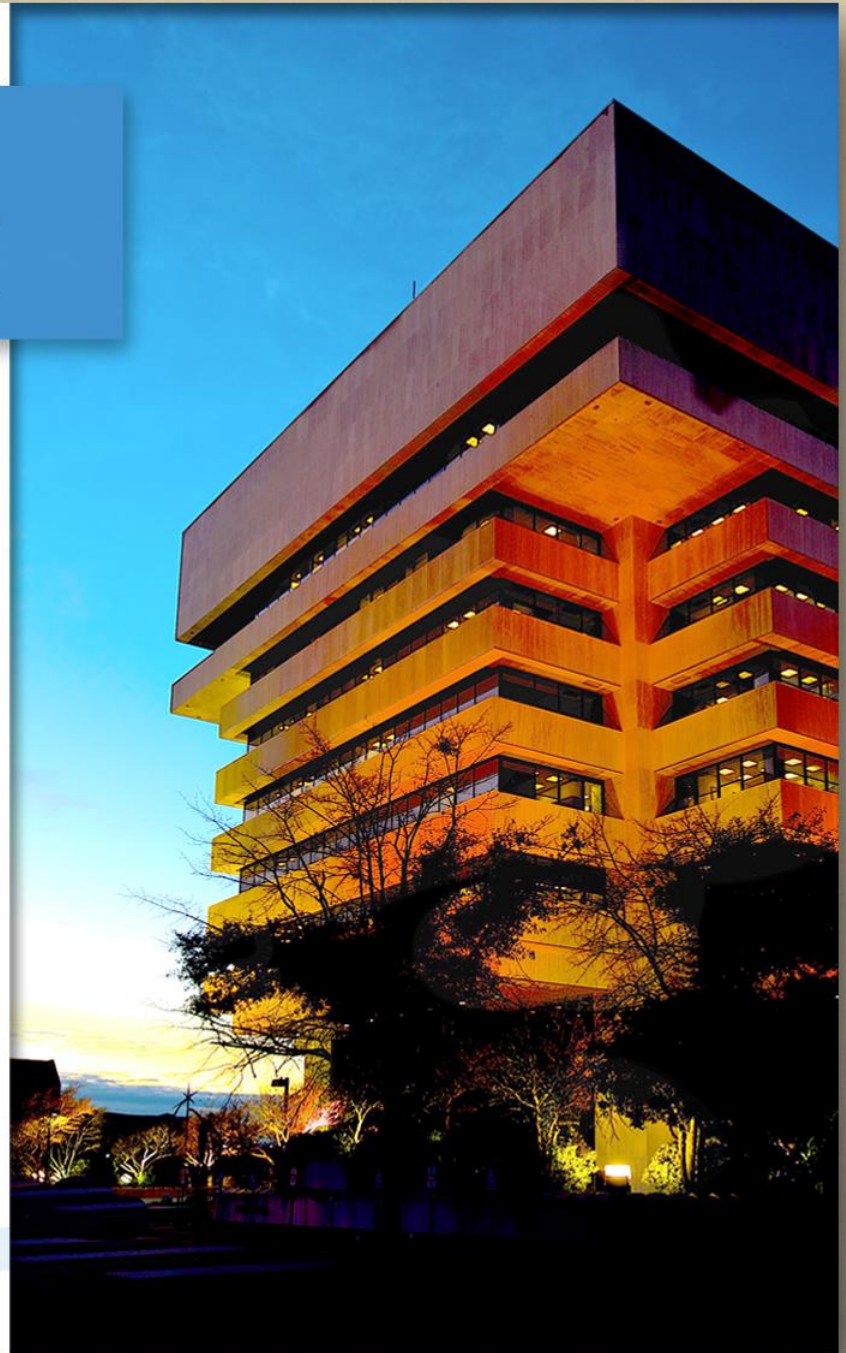
- Compensation strategies were shifting pre-Covid
- “Great Resignation” accelerated by the pandemic
- Accelerating minimum wages and labor shortages are making it harder to attract and retain top talent
- Comprehensive analysis is needed to address all compensation strategies
- An external consultant is needed to facilitate the modernization of our current compensation strategy and develop a framework that provides flexibility for today’s workforce
- Recommended Amount: **\$225,000**

Summary

- Hampton is experiencing a challenge in hiring and retaining top talent
- Creative and unconventional compensation strategies are necessary
- Immediate need has been addressed – for now
 - Competitive Wage Increase, Minimum Wage Increase, Targeted Adjustments, Career Progression
- Consultant will facilitate what's needed for the future
 - Modernized pay structure and strategies to address compression

HAMPTON VA

Staffing



Staffing

- Hampton has a lower per capita staffing level than other cities in the region
- In department-by-department review, we have identified the areas where these lower staffing levels are creating operational challenges
- Our approach is to recommend a one year plan to address immediate needs followed up by a more comprehensive 5 year plan developed over the next few months

Staffing Recommendation

Recommendation for One-Year Plan: Enhance our internal capacity to *attract ~ retain ~ develop* talented employees who are able to provide efficient and effective services through streamlined, automated processes. Departments providing these functions include:

- ✓ Finance Department
- ✓ Human Resources
- ✓ Information Technology
- ✓ Public Works/Facilities Maintenance

Finance

Add one (1) full-time **Senior Accountant** position to assist in the accounting and reporting requirements for grants.

Cost: \$73,742 {salary and benefits}

Human Resources

Add three (3) full-time positions to enhance efficiency and compliance concerning employee relations and proactively address current and future workforce challenges. Adding the positions would eliminate the need for two (2) part-time positions, at \$35,492.

(1) Administrative Services Manager	\$70,398
(1) Human Resources Specialist	\$73,742
(1) Assistant Director of Human Resources	\$128,696

Cost: \$272,836 {salary and benefits}

Information Technology

Add eight (8) full-time positions to address current/future innovations; enhance efficiency/productivity; compliance; and automation. New positions would eliminate two (2) part-time positions at \$21,000.

(1) Assistant Director of Information Technology	\$128,696
(1) Information Technology Security Administrator	\$101,780
(2) Information Technology System Administrator	\$213,785
(2) Information Technology Solutions Developer	\$195,328
(1) Radio Communications Manager	\$88,784
(1) Procurement Specialist	\$58,472

Cost: \$786,845 {salary and benefits}

Public Works Facilities Maintenance

Add nine (9) full-time positions to enhance the department's capacity to maintain new and aging infrastructure. These positions include:

Two (2) Junior Plumbers	\$101,744
Two (2) Electricians	\$111,640
Two (2) Senior Heating/Air Conditioning Mechanics	\$111,640
Two (2) Custodians	\$66,810
One (1) Facility Project Manager	\$58,472

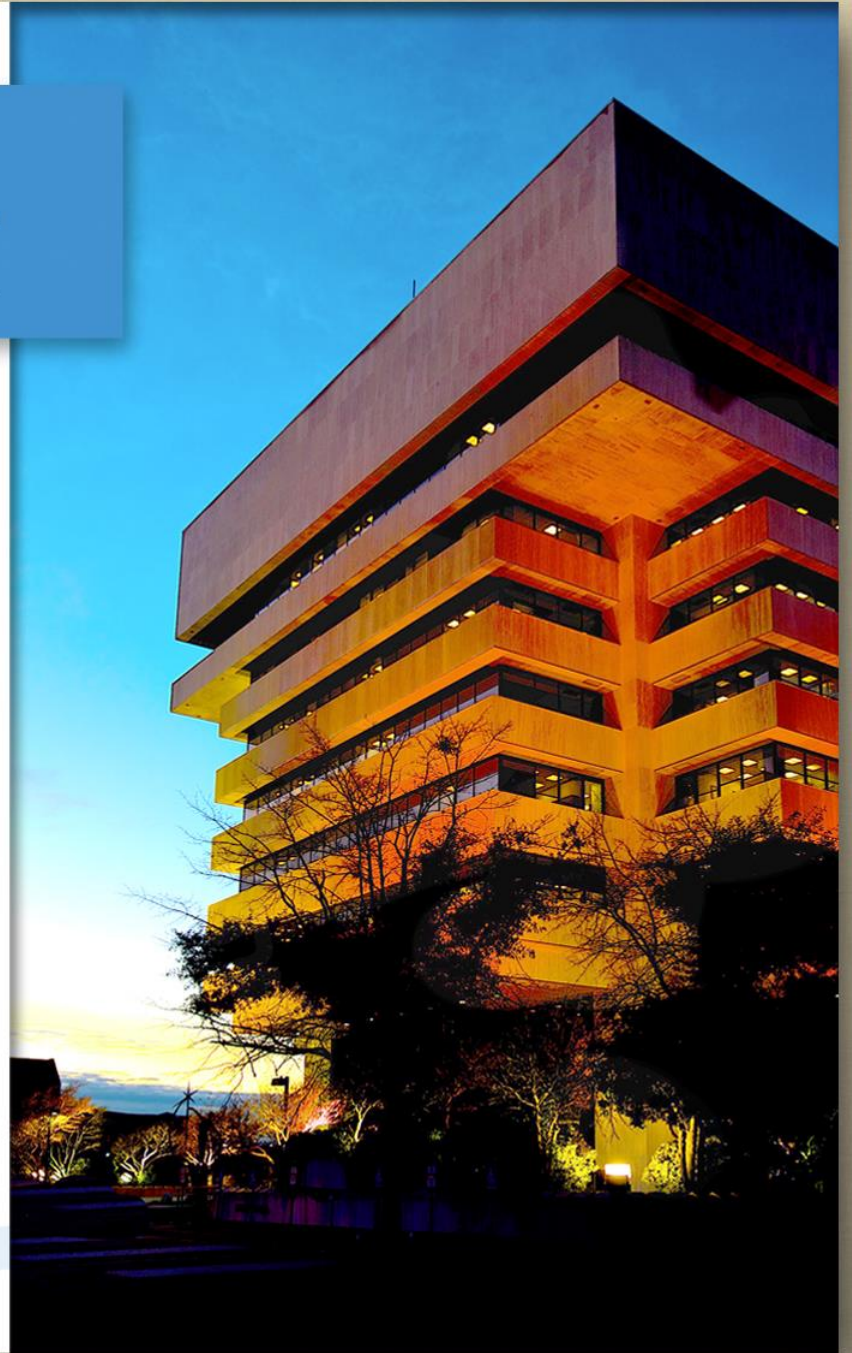
Cost: \$450,306 Annually {salary and benefits}

Total Cost for First-Year Staffing Needs

Finance	\$73,742
Human Resources	\$272,836
Information Technology	\$786,845
Public Works Facilities Maintenance	\$450,306
Total Cost	\$1,583,729

HAMPTON VA

Priority Project Ranking Process



Strategic Priorities

1. Economic Growth
2. Educated and Engaged Citizens
3. Family Resilience and Economic Empowerment
4. Good Government
5. Living with Water
6. Placemaking
7. Safe and Clean Community

Refining Our Strategic Priorities

- **Economic Growth** – generating the resources necessary to support the services the community desires and produce quality jobs for our citizens
- **Educated & Engaged Citizenry** – partnering with the school system, Hampton University, Peninsula Community College and other formal and informal educational providers to keep, develop and attract a talented citizenry that will have a positive impact on their community and be able to succeed in the global economy

Refining Our Strategic Priorities (Cont'd)

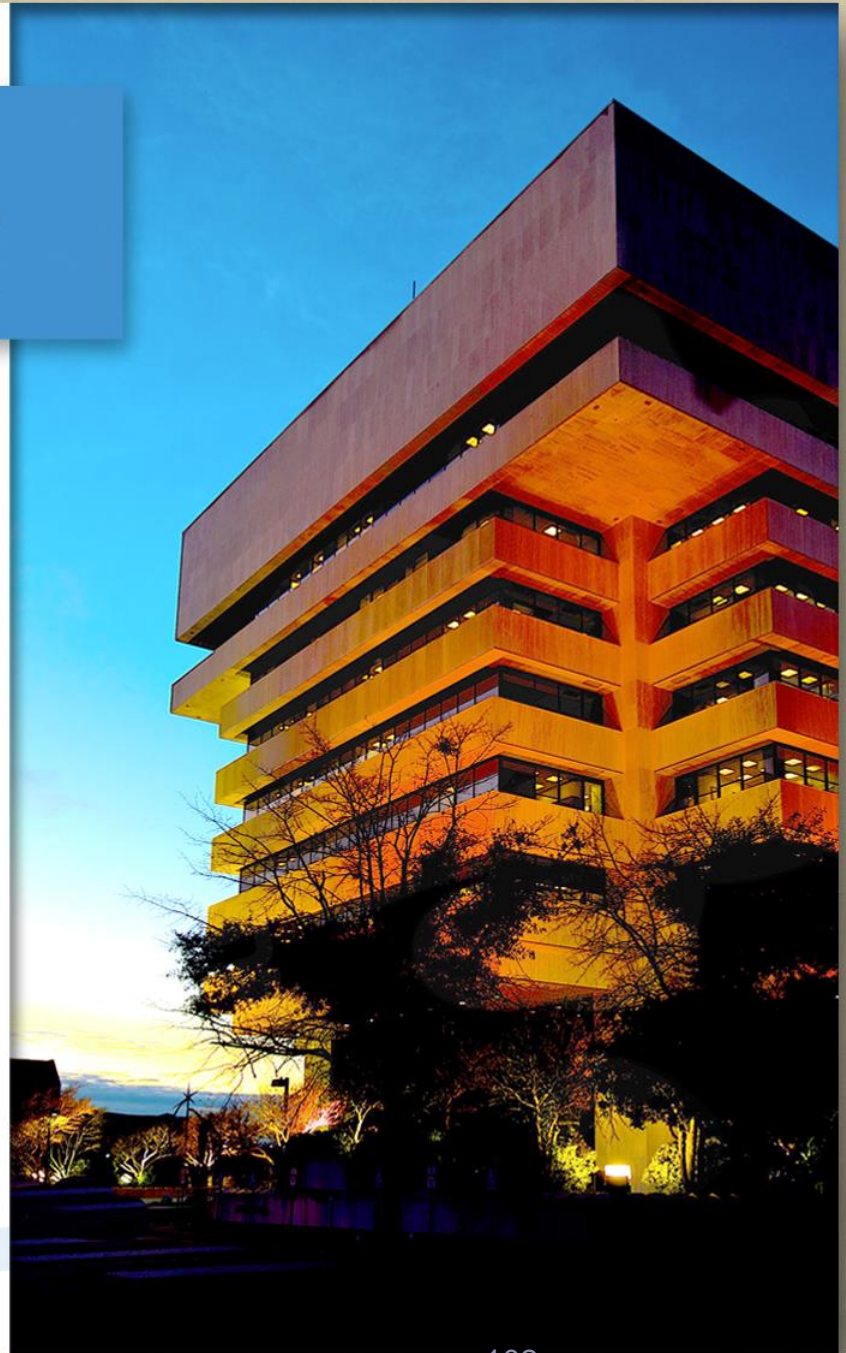
- **Family Resilience and Economic Empowerment** – addressing poverty in ways that support families and individuals
- **Good Government** – attracting, retaining, developing and rewarding high quality public servants that are committed to being stewards of community resources and trust, providing great customer service and demonstrating the highest level of ethical conduct

Refining Our Strategic Priorities (Cont'd)

- **Living with Water** – addressing coastal resiliency, reoccurring flooding, waterways, and environmental sustainability while enhancing our tax base and quality of life
- **Placemaking** – creating vibrant and authentic places that reflect and celebrate the unique culture, history, and character of our community
- **Safe & Clean Community** – ensuring that all Hampton citizens and businesses are safe, healthy, and secure in their persons and property

HAMPTON VA

Overview of Ranking Process



Priority Project Ranking

First Round Ranking:

- **Tier 1 Projects** Should reflect those projects which Council members have the strongest interest in immediately pursuing.
- **Tier 2 Projects** Should reflect those projects which Council members support but which may take longer than five years to complete unless revenue grows faster than projected.
- **Tier 3 Projects** Should reflect those projects which—while Council members may support – there is agreement to cease active staff work on at this time.

(1) Grant Writer

- Create a grant writer position to oversee City-wide efforts to apply for financial grants allocated by government departments, companies, foundations and trusts
- Currently, each department uses existing staff to apply for grants
- Additional grants will assist in secure grant funding for Hampton City Government's operations

Cost: \$90,000



(2) Staff Training and Development

- Training and Development Manager hired 3/2021
- Aspiring/current supervisory middle management development programs created and ongoing
- Department specific programs delivered:
 - Public Works, Parks & Recreation
- Demand is growing:
 - Diversity, Equity and Inclusion
 - Technical and professional skill development
 - Compliance training
- Funds will cover:
 - Expansion of existing Safety/Risk Management online learning system
 - Specialized contract facilitator

Cost: \$50,000

(3) Digital Sign & Flooring Virginia Air and Space Science Center

The Virginia Air and Space Science Center's information sign in front of the building has stopped working and needs replacement. Flooring and carpet in the building also need to be replaced.



Cost: \$220,000 - 1x capital

(4) Technology Investments/ Process Automation

Use machine learning and artificial intelligence to automate a City process to increase efficiency, improve service delivery and relieve staff burden

- Budget Division; Community Development; Finance Department; and Human Resources would be candidates for this pilot project.

Cost: \$100,000 - pilot program

(5) Citizen Satisfaction Bonus - Fund With Recurring Revenue

- Year-end departmental budget savings has been used to fund the Citizen Satisfaction Bonus in recent years.
- Using recurring revenues would:
 - Make the program more sustainable
 - Enable us to reinstitute the Departmental Savings Program which allows departments to retain a portion of their savings to fund technology initiatives to improve operations and other departmental needs.

Cost: \$865,000

(6) Convert Merit Bonus Funding to Recurring

- The Merit Bonus program was funded with one-time funds in FY22.
- Recurring funds should be used to make this a sustainable program in the future.

Cost: \$1,000,000

(7) New Hire Skills Training

Train 20 new codes inspectors, trades and equipment operator positions in Community Development and Public Works.

Program would enable the City to hire people without the necessary skills and train them in the skills needed to perform these functions.

Cost: \$100,000

(8) Service Fees for On-Line Payments

- Service fees for on-line payment of taxes and fees collected by the Commissioner of the Revenue and City Treasurer have typically been passed on to the tax payer.
- City covered these costs during the pandemic to promote social distancing.
- Funding this initiative would enable us to continue to cover the costs of these on-line payments.

Cost: \$400,000



(9) Enhanced Placemaking Initiative

Provide additional support to implement the City's Placemaking initiatives to enhance activities around activating the waterfront and increasing the sense of place in the City.



Cost: \$400,000

(10) Birthplace of America Trail

- Long Range Transportation Plan (LRTP) to design/construct the Fort Monroe 5-mile loop portion of the BoAT (trail connection target date is 2045)
- Total cost to Hampton for **Fort Monroe portion is \$12,600,000 (or \$2,520,000 per year over five years)**
- Staff is finalizing trail alignments and will pursue SMART Scale Round 5 funding (10-year funding cycle for full project amount; City match not required but customary to increase chance for award)
- In absence of SMART funding, 5-year funding cycle options may be available through Revenue Share (\$5M with 50/50 match) and Transportation Alternatives Program (\$2M with 80/20 split)

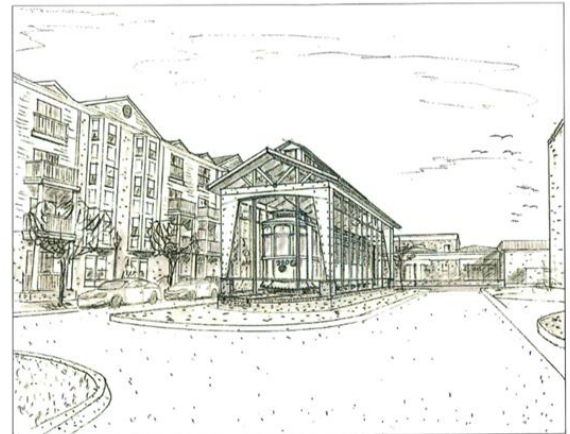


Cost: \$2,520,000 first year funding of Phase 1 (full cost = \$12,600,000)

(11) Historic Trolley Building (with Streetcar 390 Project)

- 2014 – Volunteer Chair Greg Siegel presented to Council plans for a building to house the historic trolley car in downtown next to museum with estimated cost of \$870,000 (no exhibit materials included)
- 2021 – Volunteer Chair Greg Siegel introduced modified building plan to house streetcar (including building + exhibit materials but no restoration or moving expenses) with estimated cost of \$1,200,000
- **Estimated Cost of Building Alone (no exhibit materials, restoration or moving expenses) is \$1,100,000**
- Regulatory review of building design in progress in Community Development

Cost: \$1,200,000



(12) Air Power Park STEM Playground & Exhibits

Outer space themed playground and exhibits that will support educational STEM programming at the park.

Cost: \$400,000



(13) Athletic Field Maintenance Nutrient Plan

The Parks Division seeks additional funding to implement an athletic field maintenance nutrient plan to meet baseline partner and user expectations. Plan will include proper chemical care, aeration, and effective soil health programs to meet athletic field guidelines.

Cost: \$106,500



(14) Bluebird Gap Farm Rentals & Trails

Funding to add Picnic Rental “Silos” and Kid’s Tractor Corral as new revenue sources, plus infrastructure for trails to connect new park features and allow expanded pedestrian access to exhibits.



Cost: \$400,000

(15) Bluebird Gap Farm Animal Barn Expansion

Expand the animal barn to provide additional space for animals at the Farm.

Cost: \$1,450,000



(16) Bluebird Gap Farm Welcome Center

Construct a Welcome Center “Barn” like concept below with Gift Shop, Exhibits, and Rental Hub for new revenue, plus replace aging office trailer. This project will also expand parking and install an entrance arch.



Cost: \$2,750,000

(17) Community Center Game Rooms & Art Rooms Enhancements

Funding to upgrade game and art rooms equipment in Community Centers to provide additional video gaming capabilities and other recreational opportunities.

Cost: \$225,000



(18) Darling Stadium Track Renovation

Renovate the Darling Stadium Track when the new artificial turf is installed. The track has reached the end of its useful life and needs to be renovated. Including the renovation with the planned installation of artificial turf in FY23 will complete the renovations of the playing surfaces at the Stadium.

Cost: \$1,400,000



(19) Parks Maintenance

The Parks Division seeks additional funding to cover:

- (1) increasing cost of city-wide parks and grounds maintenance contracts;
- (2) maintenance requirements for new projects such as Mary W. Jackson Neighborhood Park; Water Walk Trail; Phoebus Waterfront Park; future expansion of Honor Park; and City-wide resiliency projects; and
- (3) repair costs for aging playgrounds/amenities.

Cost: \$620,000



(20) Special Events

The Recreation Division seeks funding to continue meeting obligations for new and/or expanded events such as Groovin' by the Bay; Holiday Wonder Walk; Crabtown Seafood Festival; and Bike-Walk. Additional funding is also required for increased support requests from neighborhood/community groups, as well as expenses for City ceremonies. Any further reductions per-event are no longer sustainable without adjusting and eliminating some events.

Cost: \$245,000



(21) School Maintenance Contracts

The Parks Division seeks additional funding to cover the increasing cost of school maintenance contractual obligations and school expectations; including out of season/scope requests from HCS that typically exceeds \$10,000 annually.

Cost: \$300,000



(22) Tree Maintenance Contracts

The Parks Division seeks additional funding to cover contractual costs for overhead tree maintenance for improved storm resiliency outside of right-of-ways. Due to liability and risk limitations, City staff are not permitted to:

- maintain treetops beyond a height of 45’;
- climb trees that can’t be reached by truck; or
- work near overhead power lines.

Cost: \$90,000



(23 & 24) Dredging Waterways

Dredging program to maintain public channels, creeks, basins and outfalls (maximum depth 15 ft.) Public Works is analyzing an annual dredging program within our stormwater program. A one-time capital investment is needed for equipment with recurring costs for personnel.

Cost: \$3,000,000 - 1x capital
\$500,000 {salary and benefits}



(25) Enhanced Street Resurfacing

Increase City's annual contribution to the street resurfacing capital budget to cover 25 residential streets per year.



Cost: \$1,000,000

(26) Mercury Boulevard Renovation Phase 1

Installation of an asphalt surface requiring the removal of the concrete roadway on Mercury Boulevard, from Fox Hill Road to Fort Monroe, has an estimated total cost of \$10 M. Staff recommends a four-phased approach with Phase I commencing from Fox Hill Road to Andrews Boulevard.

Cost: \$2,500,000 - 1x capital



(27) Development-Ready Sites Infrastructure

- Infrastructure to support development-ready sites
 - Includes Stormwater, Wastewater, Newport News Waterworks, Virginia Dominion Energy, Virginia Natural Gas, Verizon, Cox Communications, etc.
- \$4,000,000 initial estimated one-time capital costs
 - Hampton's costs could be partially covered by our Stormwater & Wastewater funds as development occurs

Cost: \$4,000,000



(28) Facilities Maintenance Increase

Funding would enable Public Works to provide additional maintenance for older City buildings
“ HVAC, Electrical, Plumbing, Lighting”



Cost: \$775,000 - 1x capital

(29) HRC North Pump Station

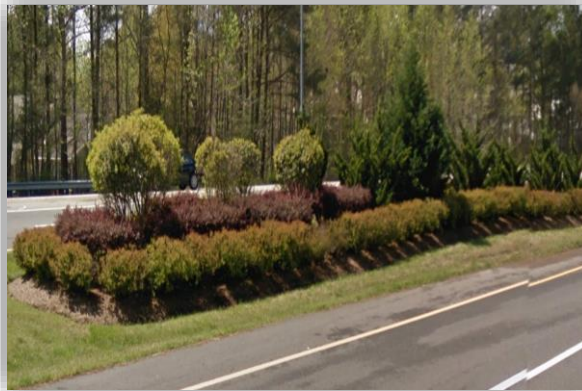
- Hampton Roads Center North Campus Wastewater System Upgrades
“Wastewater Pumping Station and Infrastructure”



Cost: \$1,600,000 - 1x capital

(30) Enhanced Right-of-Way Maintenance

- Enhanced Right-of-Way Maintenance
 - Increase mowing frequency and areas maintained to include overhead tree maintenance and litter control expansion to improve the overall appearance of the City.

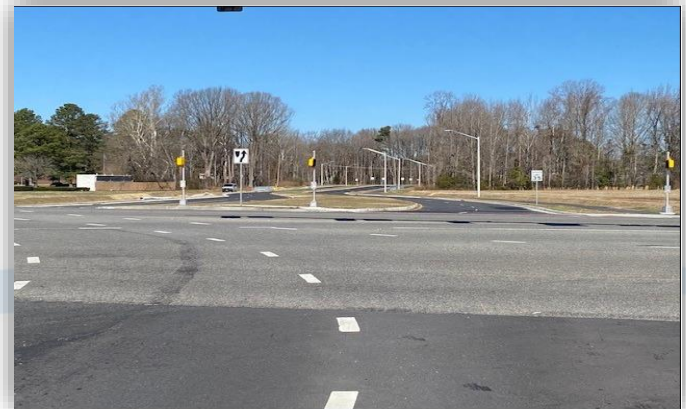


Cost: \$600,000

(31) VDOT Transportation Program Match Money

Provide additional funding to leverage additional VDOT funded projects. The lack of City funding contributed toward State and Federal funded projects reduces the City's ability to compete for state transportation programs.

Cost: \$500,000



(32) Fleet Facilities Repair

Fleet Operations facility repairs are needed to replace the existing roof, exhaust system and upgrade the security cameras that monitor the fuel systems. Could be funded with increase in facilities maintenance.



Cost: \$885,000 - 1x capital

(33) Parking Lot Maintenance

Includes asphalt repairs, pavement markings, signs and parking lot sealing.



Cost: \$490,000/year – 1x capital

(34) Guardrail Replacement

Repair and replace safety guardrails throughout the City over a period of four years.



Cost: \$400,000 - 1x capital
\$150,000 {annually over 4 years}

(35) Ruppert Sargent Building Generator

Ruppert Sargent building generator provides back-up power for essential services for the City Treasurer; Commissioner of the Revenue; Consolidated Procurement; Hampton City Schools administration and others

Cost: \$515,000 - 1x capital



(36) Equipment Replacement Fund

- Costs of replacing new vehicles has accelerated faster than our funding for this Fund, which required the extension of vehicles beyond their useful life.
- \$3 million in recurring revenue needs to be added to provide sufficient funding in future years to replace vehicles within their useful lifecycle.

Cost: \$500,000 {annually over 5 years}

(37) New Fleet Facilities

Replacement of the existing Fleet maintenance facility will be needed in the near future. The existing building is in need of ongoing repairs until replaced.



Cost: \$13,000,000

(38) Old Wythe Neighborhood Signs

Refurbish decorative street signs in the Old Wythe Neighborhood to reflect the historical appeal. Cost estimate would provide replacement of the decorative street poles, new historic street signs and sign toppers throughout the neighborhood.



Cost: \$475,000

(39) Youth Summer Employment Expansion

Funding to increase participation of high school students and college interns, who serve as employment costs, in the youth summer employment program. The goal is to increase the number of young people who are exposed to the world of work in various career fields. Elements of financial literacy are also taught.



Cost: \$76,500 {salary, benefits and operating expenses}
per 25 High School/2 College Interns

(40) Commonwealth's Attorney Staffing

The Commonwealth's Attorney seeks to add two (2) full-time positions and one (1) part-time position to assist the department with an anticipated workload increase as a result of the option of jury trials. In priority order:

- One (1) PFT Legal Secretary @ \$46,364
- One (1) PFT Assistant Commonwealth's Attorney III @ \$122,860
- One (1) PPT Investigator @ \$67,233

Cost: \$236,457 {salary and benefits}



(41) X-Ray Screening (Jails)

New x-ray technology will increase safety by reducing prohibited items from entering jails



Cost: \$184,000 - 1x capital

(42) Enhanced Take Home Car Program

Enable additional police officers to participate in the take home car program which will (1) increase presence and deterrence in neighborhoods; (2) provide faster response times when responding to on-call events; and (3) recruitment/retention measure.

Cost: \$1,691,370 - 1x capital
{Approximately 18 fully-equipped vehicles}

Recurring Cost: \$525,000



(43) Annex Intercom System City Jail

IP based intercom system stations, speakers and appropriate equipment throughout the Annex. This system will allow remote monitoring by the Jail and operational Control/Backup. Replacing damaged outside pedestal.



Cost: \$230,000

(44) Home Elevation Program Staff

Emergency Management seeks funding to add one full-time Project Manager position for home elevation projects. Existing staff does not have the expertise needed to supervise the home elevation construction projects that are part of the flood mitigation grant.

Cost: \$73,669 {salary and benefits}



(45) EMS Personnel

The Fire and Rescue Division seeks additional funding to staff two (2) EMS units to meet increased service delivery demands.

Cost: \$600,000 {salary and benefits}



(46) Currently Funded Agencies

The City has level funded outside agencies for several years.

The cost amount below is the sum total of increases requested from agencies' whose services are considered an extension of their host department.

Cost: \$661,448

(47) New Outside Agency

A new agency, **Center for Sexual Assault Survivors**, requested funds (1) to supplement rental space costs; (2) for office supplies/equipment; (3) and to fund a part-time Crisis Treatment Specialist position to provide counseling and support group and educational services during evening/weekend hours due to rise of sexual assaults.

Their mission is to provide free crisis services; educational curriculum awareness; community awareness; 24/7 crisis hotline; hospital/court accompaniment and advocacy with law enforcement to all survivors of sexual assault, domestic violence and human trafficking.

Council's current policy has been not to add any additional agencies. However, the request submitted was endorsed by the , but rather s to

Cost: \$20,000

(48) Enhanced Code Enforcement

- Additional staff resources would allow increased frequency of inspections as well as the flexibility to conduct strategic targeted enforcement (i.e.; areas of special emphasis)
- \$435,560 combined in annual operating and one-time capital to add five (5) new inspectors each, including salary, benefits, and operation costs

Note: Could be phased over 2-3 years

Cost: \$435,560



(49) Phoebus Parking

- Existing private gravel lot behind Fuller's in Phoebus
- Owner will gift the property to the City in order to have an improved public parking lot
 - Estimate 20-25 parking spaces could be accommodated



Cost: \$260,000 - 1x capital

(50) Infill Housing Plan Book

A strategy to improve the quality of new construction on infill lots across the City which will help facilitate residential development on various types of infill lots while meeting quality standards for design and construction.

Cost: \$250,000 - design services

(51) Enhanced Permitting

Improve the turnaround time on processing permits to be the best in the region. Implementation would include adding up to seven (7) full-time positions including plans reviewers; zoning official; permit technicians; civil engineers; project coordinators; additional legal assistance along with needed technology equipment and licenses. Total implementation (\$600,000) could be phased in over time.



Cost: \$124,760 – 1st year

(52) Housing Market Studies

To expedite strategic development & support housing initiatives we need current market data every 4-5 years

- City-wide study to consider Federal workforce growth, COVID trends, & new Census Data
- Targeted studies for Master Plan & revitalization areas
- Help to focus improvements and programs to achieve the greatest impact on reinvestment

Cost: \$60,000



(53) Parking Garage

- Create denser developments to enhance City's tax base will require structured parking in various strategic areas of the City.
- Downtown, Buckroe & Coliseum Central all have parking challenges that need to be addressed soon by building a structured parking.
- A single parking garage to accommodate 300 - 500 spaces.

Cost: \$11,000,000 - 1x capital



(54) Housing Assistance for Employees

- City employees can receive up to \$25,000 in a forgivable 5-year loan (up to 20% per continuous year of service).
- If employee leaves City employment before the five years, remaining loan would need to be repaid.
- Could be limited to the purchase of a home in strategic neighborhood revitalization areas



Cost: \$100,000 - pilot program

(55) Master Plan Funding

Funding for study and implementation of the new Master Plans. The economic environment has changed since many of the City's Master Plans were last updated.

Cost: \$250,000 – 1x

(56) Waterfront Property Acquisition

- Funding for acquisition of strategic waterfront throughout the City of Hampton
- Some waterfront properties are needed to further Master Plan recommendations that promote economic growth and quality of life in the City

Cost: \$3,750,000 – 1x



(57) Phoebus Dumpster Enclosure

Phoebus Business District has requested an additional dumpster enclosure which would be located in the Fuller's parking lot



Cost: \$63,000 - Dumpster Enclosure
\$5,500 - Annual Dumpster Rental

(58) Small Business Liaison in Community Development

- Provide a dedicated staff member to assist new small business owners through the various City approval processes so they can successfully start their businesses in compliance with City requirements.

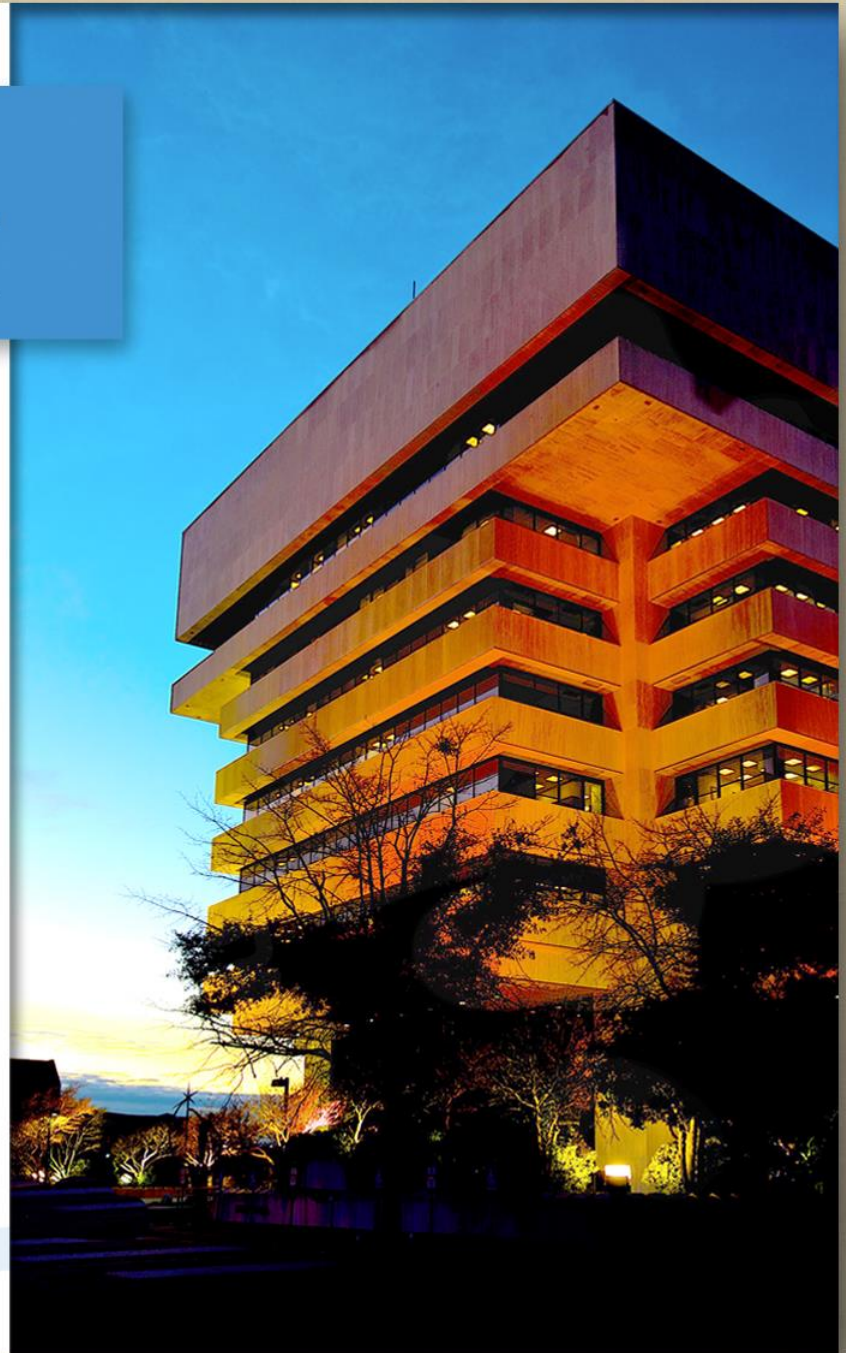
Cost: \$69,000

Tax Relief Options

- Real Estate values are growing significantly after 11 years of declines and below inflation growth from 2010-2020
 - Tax Rate Stabilization Policy suggests a 5 cent tax rate reduction
 - State Mandated Disabled Veteran Real Estate Tax Exemption grew to \$3.89 million from 2012 (3 cents on the tax rate)
- Car Values are rising at an unprecedented level due to pandemic induced supply chain chain disruptions
 - Expected to be temporary and come back down over the next few years
 - Can reduce the tax rate or the assessment ratio
- State may provide the option to reduce the 1% grocery tax which would reduce City revenues by \$3.3 million
 - Grocery sales are a resilient revenue source
 - Reducing this tax would negatively impact the revenue benefit from the City supported redevelopment of Riverpoint Shopping Center & PTC

HAMPTON VA

**Are we missing
anything?**



Net Increase in Real Estate Revenues Allocated to City and Schools

Tax Rate	City	Schools
\$1.24	13,267,209	9,774,314
\$1.23	12,477,873	9,211,106
\$1.22	11,688,536	8,647,898
\$1.21	10,899,200	8,084,690
\$1.20	10,109,863	7,521,483
\$1.19	9,320,526	6,958,275
\$1.18	8,531,190	6,395,067
\$1.17	7,741,854	5,831,859

Personal Property Tax Relief

	<u>Assessment</u>	<u>Tax</u>	<u>Net Incr. excl. Bus. PP</u>	<u>Ratio</u>
2021 Auto/Truck Book	\$832,389,738	\$36,634,704		100%
<u>2022</u>				
2022 Auto/Truck Est.	\$1,200,000,000	\$52,800,000	\$16,165,296	100%
2022 Auto/Truck Est.	\$1,200,000,000	\$42,240,000	\$5,605,296	80%
2022 Auto/Truck Est.	\$1,200,000,000	\$40,920,000	\$4,285,296	77.5%
2022 Auto/Truck Est.	\$1,200,000,000	\$39,600,000	\$2,965,296	75%
2022 Auto/Truck Est.	\$1,200,000,000	\$36,960,000	\$325,296	70%

*The tax is calculated on the rate and does not take into consideration items taxed at a \$0.000001 per \$100 of value. If the rate is reduced it would also apply to Business Personal Property taxes.

Tax Relief: Assessment Ratio or Tax Rate Change

- Assessment Ratio can be changed to provide immediate tax relief for residents
- Can be targeted to cars only whereas changing the tax rate would impact other forms of property not experiencing the same unusual market fluctuations
 - Adjust assessment ratio?

~ Or ~

- Adjust the tax rate?

Tax Relief: Grocery Sales Tax

- 1% Grocery Tax generates \$3.3 million
- Reducing this tax would impact the PTC CDA and performance of the Riverpoint Redevelopment project
- If the General Assembly transitions the grocery tax to a local option, is it City Council's desire to:

➤ Keep the tax on groceries?

~ Or ~

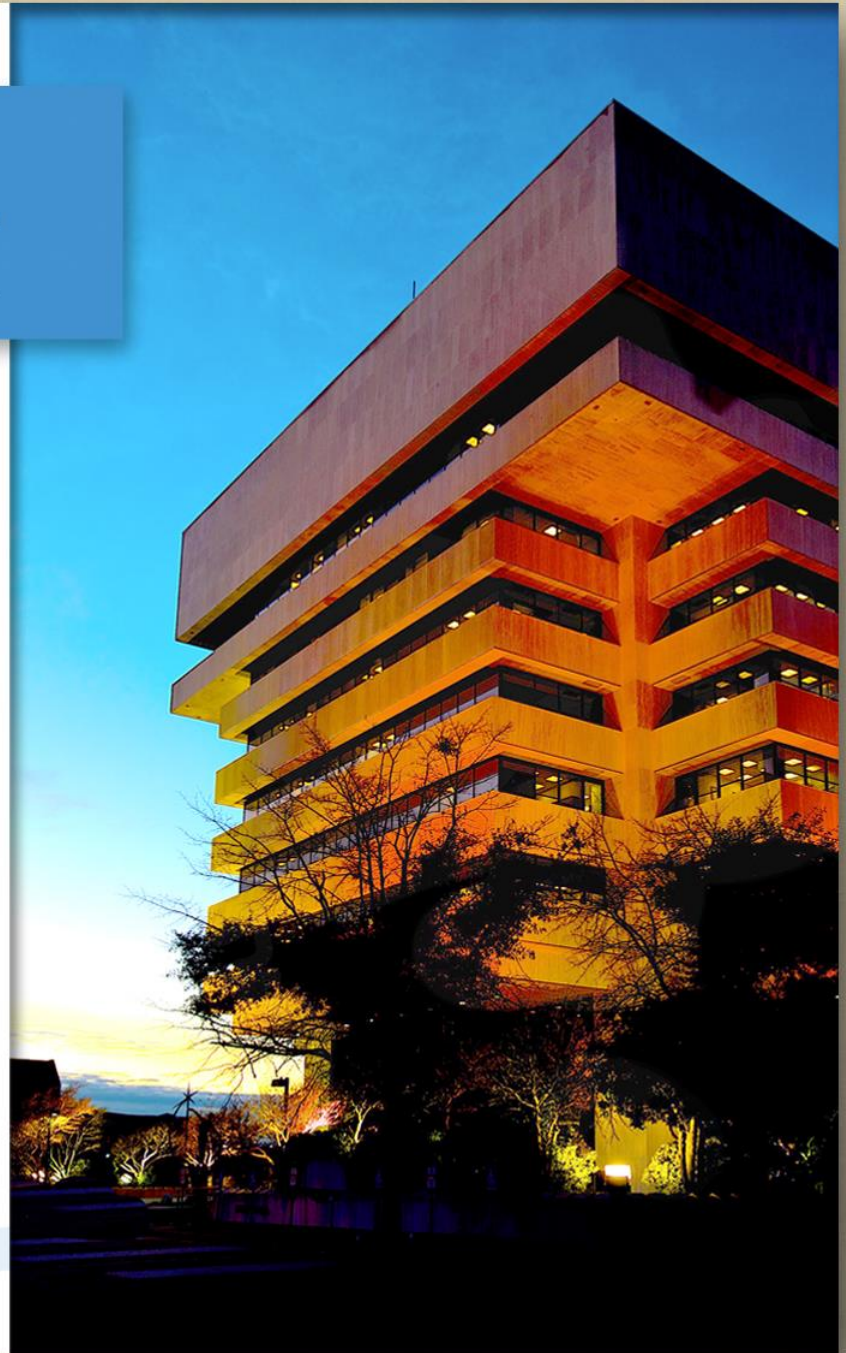
➤ Remove the tax on groceries?

HAMPTON VA

Refined Priority Ranking

Rank First Round Tier 1 Projects

- Compensation
- Staffing
- Projects



Vision

We are Hampton, a vibrant waterfront community celebrating and embracing 400 years of history and innovation to create an even more dynamic future.

