



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 Steven L. Brown

Councilmember Hope L. Harper

Councilmember Billy Hobbs

Councilmember Martha Mugler

STAFF: Mary Bunting, City Manager

Cynthia E. Hudson, Interim City Attorney

Katherine K. Glass, MMC, Clerk of Council

Wednesday, April 24, 2024

1:00 PM

Council Chambers

CALL TO ORDER

Mayor Tuck called the meeting to order at 1 p.m. All members of the City Council were present. Mayor Tuck acknowledged those in attendance and shared that Trish Melochick, Senior Deputy City Attorney, was sitting on the dais today as Interim City Attorney Steve Bond is attending Judges' School this week.

Present 7 - Councilmember Chris L. Bowman, Councilmember Steven L. Brown, Vice Mayor Jimmy Gray, Councilmember Hope L. Harper, Councilmember Billy Hobbs, Councilmember Martha Mugler, and Mayor Donnie R. Tuck

DONNIE R. TUCK PRESIDED

AGENDA

1. 24-0236 Briefing on Hampton City Schools Budget

City Manager Mary Bunting explained, for the benefit of the public, that today's work session is all about the Fiscal Year (FY) 25 recommended budget. The School Board does its budget. They are an independently elected school board. We provide a fair amount of money to them and gladly do so because they do great work for our community and our students. By law, we have to incorporate their overall budget and our budget, but we can't dictate to them how they spend their money. Each year, they come to the Council so they can share with those residents who don't have kids in the school and our parents who are following the school system, the information about their school budget. She welcomed Dr. Raymond Haynes, School Superintendent, and his executive leadership team to share their budget. She

introduced Dr. Richard Mason, School Board Chair to begin the presentation.

Mayor Tuck acknowledged School Board members Ann Stephens Cherry and Jason Samuels who were present.

Dr. Mason shared the Virginia School Board Association (VSBA) reminds us that school boards have three responsibilities: to select and hire a superintendent, institute policy development, and approve and oversee a budget. He stated that they take these responsibilities in the highest regard. The budget being presented today represents strategic budgeting, which the division has and continues to utilize, as we must be good stewards of the taxpayer dollars. The board takes great pride in what they do for our kids every day within Hampton City Schools (HCS). Hampton City Schools' mission is to work in collaboration with our community to ensure academic excellence for every child, every day, whatever it takes. Aligned with this mission, the School Board provided the superintendent with our priorities during the development of this budget. The priorities for the FY25 budget include maximizing every child's learning; attracting, developing, and retaining exceptional staff; and creating safe nurturing environments. The budget being presented aligns with the school division's mission and priorities. Dr. Mason publicly thanked each member of the City Council for their collaboration, strong partnership, and the way they represent HCS and the City of Hampton with the business community and taxpayers every day. Because of their investment in our young people, the HCS Class of 2023 posted an on-time graduation rate of 96.37%, exceeding the state average and posting the highest on-time graduation rate in the region when compared to other divisions with over 1,000 students in the class of 2023. The class of 2023 dropout rate was .75%, which is not only significantly lower than the state average but also the lowest dropout rate in Virginia when compared to divisions with over 1,000 students in the class of 2023. The class of 2023 had 41 students graduate with their Associate's Degree a few weeks before walking the stage and receiving their high school diploma, resulting in over 100 students earning their associate's degree in the past three years. This saves the parents and/or students some of the debt they would normally pay for college.

Dr. Haynes recognized Assistant City Manager Brian DeProfio for the time he committed to their team during the budget process and his assistance throughout. In addition to attending their budget meetings, Mr. DeProfio was always just a phone call or email away whenever questions arose. He also recognized Dr. Mason and members of the board and the entire community for their continued leadership as well as their level of involvement throughout this year's budget process. The board's priorities as shared by Dr. Mason have been drivers for the team's decision making throughout the budget process. They are still awaiting a final budget from Richmond and eagerly anticipate the outcome of the vote that is scheduled to take place during

the special session on May 15. He said they're looking forward to sharing with Council some of what was discussed during the two-by-two budget meetings that Council and the School Board members participated in earlier this year. For example, one item that will be presented this afternoon is that the decision has been made to move away from contracted services for their custodial work. The School Board and school staff are excited about the return of these employees to Hampton City Schools and know the benefits that come along with having custodians who have a more vested interest in our schools and our community. Council will also hear about their continued and relentless efforts on recruitment and retention as they look to hire and retain exceptional staff through a competitive benefits package. He thanked City Manager Bunting and the entire City Council for their continued partnership and support of their vision and mission.

Dr. Haynes acknowledged Dr. John Caggiano, Deputy Superintendent and Chief of Staff. He welcomed Brittany Branch, Chief Financial Officer, to share the details of the FY25 Board Approved Budget.

Ms. Branch shared that the budget includes a 3% compensation increase for teachers and staff, no increase to employee health care premiums, and an increase to the minimum hourly wage for Hampton City Schools to \$14 an hour. New positions such as teachers and instructional assistants were approved in the budget along with additional staff that are needed to provide custodial services in-house.

She explained that the budget was done through a five-phase process that started in August 2023 and goes through June 2024 when the budget is closed out. They are currently in the third phase which is review and presentations and hope to have approval next month.

She provided a more detailed look at the School Board's priorities. Under "Maximizing Every Child's Learning," the School Board identified continued investment in the Academies of Hampton and student achievement. Under "Attract, Develop, and Retain Exceptional Staff," the School Board is continuing to look at competitive compensation, and recruitment and retention efforts. Under "Create Safe and Nurturing Environments," they are continuing to focus on safety measures within school buildings and school offices, and are looking at expanding the sports program.

The FY 25 overall budget is a little over \$350 million. The budget is divided into seven different funds. The school operating fund is the largest and contains all of the financial resources that are not required to be accounted for in a special revenue fund or enterprise fund. The first of five special revenue funds is Food and Nutrition Services which has a projected budget of \$17 million. The Reimbursable Projects

Fund has a projected budget of \$42 million. This is the fund where all of the federal grants such as Title One and federal pandemic dollars are accounted for. The Rental Income Fund's projected budget is almost \$150,000 next school year. The Student Activity Fund's projected budget is almost \$1 million. The projected budget for the Athletic Fund is just over \$974,000 which is an increase of \$190,000 for next school year that is directly related to addressing the school board's priority of expanding the sports program. The only enterprise fund is the HCS Instructional Resource Toolkit which has a projected budget of just over \$507,000.

The City Council investment is accounted for in the School Operating Fund - Fund 50. The total budget for next school year for Fund 50 of the School Operating Fund is just over \$289 million which is a \$2 million increase over and above the current 2024 budget. The main revenue source is state revenue which is a little over 55% of the budget. State sales tax is often lumped into that so between the two the revenue accounts for about 64% of the revenue sources for Fund 50. State revenue and state sales tax are based on the governor's introduced budget that was released back in the December - January timeframe. The two main drivers of state revenue are the Local Composite Index (LCI). This is how the state calculates how much the City of Hampton can contribute to the Standards of Quality (SOQ) education standards. For the next school year, the LCI is calculated to be 25.79%. The second main driver for state funding is the March 31 Average Daily Membership (ADM) projection which is estimated to be 18,814 next school year. This is not simply enrollment but the number of students enrolled between the first day of school through the last day of school in March. It also looks at daily attendance. The total projected state revenue is \$186.9 million.

The local support or local contribution is funding provided using a funding formula where the City shares 61.83% of residential taxes and is estimated to be \$95 million.

The federal revenue within Fund 50 is estimated to be \$789,000 and supports two programs, the Federal Impact Aid and the Junior Reserve Officer Training Corps (JROTC). Miscellaneous revenue included in Fund 50 is estimated at \$6.3 million, with the largest revenue source being about \$2.6 million that is generated from the pharmacy.

The revenue received through Fund 50 is required to be allocated into major expenditure classifications. The largest classification is instruction which accounts for about 70% of the revenue received. Other classifications include administration, attendance and health, transportation, operations and maintenance, non-instructional operations, technology, and debt and fund transfers.

In response to Mayor Tuck, Mr. Branch explained that the decrease in technology is

due to the contingency budget that was put in place. As they were building the 2024 budget, they wanted to make sure that they put in money to address any unknown circumstances that could come about or any shortfalls in revenue. That is often categorized in the technology classification but does not represent a decrease in the technology program.

The budget includes a 3% compensation increase and Ms. Branch noted that 80% of their budget goes to salaries and benefits. The compensation increase will cost about \$5.7 million. If the 3% is approved for the next school year, that would mean that the general wages within HCS would have increased by 32%.

In response to Mayor Tuck, Ms. Branch said the school system does deal with compression each year and prioritizes it in the budget when looking at competitive compensation.

Ms. Branch shared some of the other compensation and fringe benefits which include maintaining 30 steps on the teacher scale; increasing the supplements for select employee groups such as stipends for the sport coordinators and track and cheer at middle schools; increasing the minimum wage to \$14.00 per hour; and an increase in employer healthcare costs.

There are approximately 222 new positions, most of which are related to bringing the custodial services back in-house.

When developing the budget, they look at what needs to be added but they also look at what can be repurposed within the budget and what they can improve. Within the proposed budget there are about \$17.8 million in reductions and savings. She noted that \$11.1 million of that is directly related to state programs. They feel it is better to account for those dollars within the Fund 60 Reimbursable Projects Fund because those funds can be utilized, per the state, over multiple years. The remaining \$6 million is true budget reductions that were identified to repurpose for additional or new spending for 2025.

Ms. Branch highlighted other components of the school operating fund. The Pharmacy and Wellness Center costs about \$4 million to operate. There is \$1.2 million invested in the non-payroll portion of the Academies of Hampton program. Debt service payments account for \$2.9 million. The investment in the Virginia Preschool Initiative is \$4.5 million which covers 618 slots allocated by the state. Custodial supplies account for \$700,000 to cover reoccurring annual expenses due to the return of the in-house custodial services. There is also a \$2 million contingency for any unforeseen circumstances that may arise.

Mayor Tuck shared that he was at the School Board meeting last week and saw the presentations by the parents and children of the language learning program at Langley. He knows a gentleman who was fortunate enough to enroll his twins that he brought from the Dominican Republic in the program and the program has been superb in helping his children learn English. Mayor Tuck asked what the cost would be to extend the program to third grade, which is what a lot of folks were asking about, and what the cost would be to begin it at other schools. Dr. Mason stated that there would be no additional cost to expand the Dual Language Immersion Program at Langley. The challenge in opening the program up to other schools is the ability to get certified teachers to participate.

Dr. Haynes thanked Mayor Tuck for joining the meeting at Langley Elementary School last week.

The next steps are to assess the impact on state funding based on the General Assembly (GA) special session in May and to submit the revised FY 25 budget to the School Board and Council for consideration and approval if necessary.

In response to Councilman Hobbs, Ms. Branch stated that she does not have the information on how the instructional staff salaries in Hampton rank compared to this region of Virginia but will get the information to Council. She explained that they look at it in five-year increments so in some cases they can be toward the top and in others they may be towards the middle.

Vice Mayor Gray referenced the Virginia Education Association meeting last week at the convention center where Dr. Haynes shared how much they are seeing in classroom grades and improved behavior as a result of the investment they've made in the middle school sports program. He asked if there is any cost for uniforms and other things for families that participate in middle school sports. Dr. Mason said there is a cost associated with that but the school system provides most of that for them.

In response to Councilman Brown, middle school track and field is the next sport they are looking at starting and football is something they are looking at somewhere in the near future. Richard Fortune, Director of Athletics has been in conversation with some of the other localities about how to get that started.

The school system won't know how much the state has allotted them until their budget is done but Councilman Brown asked, in a perfect world, would they consider looking at how they mitigate some of the compression they are seeing and adding more money to athletics, technology, and some other initiatives Dr. Mason stated that their priorities would be the competitive compensation, the steps in the teacher

scale, and then they would consult with the leadership team on the best use of the remaining funds.

Councilman Bowman commended Dr. Haynes, Dr. Mason, and the school board on the 3% compensation for their staff, not increasing the health care premiums, increasing the minimum wage to \$14, bringing housekeeping back, and middle school sports.

Councilwoman Mugler applauded them for returning to in-house custodial services. Having been a member of the School Board at the time it was outsourced, it was a very, very painful decision to have to make. The budget was in quite a different place than it is today. There were years when housing values were low, we weren't getting money from the state, and there were enormous deficits. She is happy to see that we're in a place where that can be brought back in.

Dr. Mason confirmed for Councilwoman Mugler that the HCS Instructional Resource Toolkit is part of their curriculum.

Councilwoman Mugler stated that it is important for the public to know that Hampton City Schools has an outstanding curriculum for other divisions to look at and they purchase Hampton City Schools curriculum for their use in their school divisions. Dr. Caggiano, Dr. Haynes, Dr. Smith, and their teams led that work and it's just a huge testament to the work that our folks are doing in Hampton City Schools. She said she is excited to see middle school sports starting. It's something that has been talked about for a long time. Football is the most expensive to bring in so that will take a little more time but she hopes that they are also looking to implement some of the other sports that young people are interested in like basketball, volleyball, and baseball. Middle school is an important age group to address and it will mean so much to our young people and will keep them engaged in their schools and activities.

In response to Councilwoman Harper, Ms. Branch explained that the money for cell towers under miscellaneous revenue comes mostly from telecom companies that are paying the school system on a monthly or annual basis for their towers to sit on school property. Some contracts extend out as far as 20 years and they constantly receive calls about extending lease terms.

In response to Councilwoman Harper, Ms. Branch explained that the planning for middle school sports starts once the school board gives approval so they can make sure everything is in place when the next school year starts.

Councilwoman Harper stated that as a proud product of HCS and a Kecoughtan

graduate, she is very proud. She is excited about the return of the custodial staff.

At Mayor Tuck's request, Dr. Mason listed the sports that are currently in place: volleyball, soccer, and basketball. He explained that there were some complaints from parents because they had to move the basketball games away from the schools to the Sportsplex because attendance was so large it became a fire hazard and fire code violation. Parents were saying there's no longer a home court advantage.

Mayor Tuck shared that in 2016 there was an issue in that campaign about the number of schools we had that were not accredited. We've seen such progress in our school system. Some individuals were enrolled in private schools whose parents have taken them out and put them in public schools. It is good that the curriculum is so popular that other schools want it. When Governor McAuliffe was our Governor, he would come and point out that our schools were models for the state. Last year the Secretary of Education came and said our schools are models for the nation. That's high praise. Both he and the City Manager boast about our schools in regional conversations. He believes the current board as well as future boards will understand the need to continue to invest in something that's working so well.

2. [24-0235](#) Briefing on Elizabeth Lakes Estates Request for a Service District Tax Increase

Attachments: [ELECA Letter](#)

[Presentation](#)

Ms. Bunting provided overall context for the public. She explained that, similar to the business improvement districts, the Coliseum Improvement District, and the Downtown Hampton Development Partnership, there is an opportunity through a state service district code to allow businesses or neighborhood civic organizations like Elizabeth Lake Estates to ask Council to do a specialized tax increase so that those funds can be used for the betterment in of the business district or neighborhood. This was done in the early 2000s and it has been some time since it has been increased. The board contacted Mr. DeProfio and asked for their request for a tax increase to be incorporated into the budget proposal. There will be a formal public hearing tonight but there have been a lot of questions and a lot of emails coming in about this so staff thought it would be appropriate for Council to hear directly from the board about their request and the process that they've used to get to this point. She noted to the public that this is not something the Council or City Manager just goes and does. This comes to Council via a request from the neighborhood. When this was first put in place for Elizabeth Lake Estates there were over 65% of the property owners who requested it. The City works in partnership with the relevant parties to put it in place and then to consider an increase when necessary. Ms. Bunting introduced Donald Neubert, President of Elizabeth Lake

Estates Civic Association to make the presentation.

Mr. Neubert thanked Mr. DeProfio for arranging for them to speak to Council during this work session. Mr. Neubert introduced Sandy May, Vice President, and Pam Pringle, Secretary. Ms. May has been a resident of Elizabeth Lake Estates for 20 years and also runs the pool.

The service district was established as a City ordinance in 2001 by the City Council after an effort by the association to transfer from what they were obtaining was ground fees starting in around 1972, with the original houses of Elizabeth Lake. They then transitioned to a service district. The service district provides a centralized system for addressing common concerns within the area as well as, per the ordinance, providing a positive image for Hampton as a model community in a desirable place to live. They protect the waterfront to maintain its viability, improve the security of the neighborhood and its residents, and protect and increase property values.

Elizabeth Lake Estates has 316 homes with about five acres of common area that the Civic Association is responsible for maintaining. The majority of it is by the pool but all the cul-de-sacs are common areas. They are required to maintain those areas as well as the areas inside and outside the fence line or the serpentine wall that goes around Elizabeth Lake.

The service district tax put in place in 2001 of \$.06 per \$100 of assessed value of a home has not been raised or brought up for an increase until now. Elizabeth Lake Estates is not a Home Owners Association (HOA), it's a covenant community, so there are covenants that go by the land for each home and that sets the policies and the covenants for each household including architectural covenants and other policies.

The Elizabeth Lake Estates budget from July 2023 until July 2024 is \$57,000 which comes from the service district and is collected semi-annually by the City as part of the property taxes. He displayed a chart showing the expenses for this year which are projected to be \$68,000. Ground maintenance is what has been driving the budget. They have reduced a lot of the items and just do the five acres of grass cutting and some tree maintenance and bushes but haven't been able to do a lot more to enhance the community.

There are other budget items including providing the results of an annual audit to the City which has been done since 2010.

The pool operation is funded by membership only. The service district tax money

cannot be applied to pool operations but it can be applied to the maintenance of the pool. About \$5,000 is budgeted each year for emergency maintenance like a pump, plumbing, or electrical. Those costs have increased to more than \$5,000 over the last couple of years. They have been able to get some grants for pool covers and other things needed to keep the pool operational but there is annual maintenance that they need to provide funds for.

Mr. Neubert displayed a graph showing the income, budgets, and expenses from 2007 through 2024. It was relatively stable until about 2017 to 2019 and then as the appraised values of the homes went up, they were able to obtain more money because it's based on appraised value. The budget remained pretty stable until 2020. It was then that the electoral board first started thinking that a service district tax increase was needed but post-COVID was not a good time to go out and try to reach the members and participate in resident meetings. The graph shows that the budget is not keeping up with expenses, so the purpose of the service district tax increase is to continue the normal maintenance of the five acres and do some maintenance that they haven't been able to do. Mr. Neubert provided costs for some of those items.

He also listed some of the potential future improvements which include walking trails with benches, a children's playground, a pier, a kayak ramp, and a dog park with waste stations. Sidewalks, light repairs, and waterway retention work also need to be done in the common area. Pool infrastructure is included because the pool does need some additional maintenance items. Over the last five years, they have depleted their reserves. They have about \$10,000 left that is expected to be depleted this year. In the future, they will have to reduce some of the kinds of service they are doing, particularly with grounds maintenance, which they don't want to do because it would impact the beauty of Elizabeth Lake.

The service district tax increase conversation really began at the 2021 annual resident meeting. The topic has been published in the newsletter that is sent to all residents every two months. On April 11th, a special resident meeting was held where they received both positive and negative feedback. A two-page service district tax increase information sheet was recently sent to all homes and they will continue to provide information via various means.

Mr. Neubert shared that Mr. DeProfio recommended that they obtain signatures from residents to try to obtain a majority of signatures from residents. That will require 160 signatures. They have actively started doing that in the hope that they can educate the residents who don't understand or know about the service system tax, or have questions on why we need to get some adequate funding.

They have received feedback from residents that if they are going to ask for a tax

increase, they ask for enough so that they won't need to come back in a couple of years to ask for another increase. The board thinks that by increasing the tax rate to \$.10 per \$100 of assessed value will allow them to go for quite a while before asking for another increase.

Councilwoman Harper asked what made it become a service district in 2001. Mr. Neubert said he has a stack of historical paperwork. He believes the state of Virginia had a service district and someone was knowledgeable enough about it that they looked for alternate ways to collect fees from residents where they were having difficulty. The idea was presented to Council. Ms. Bunting clarified for Councilwoman Harper that Elizabeth Lake is the only neighborhood that has a service district. The other service districts are in business districts.

In response to Councilwoman Mugler, Ms. May stated that the lifeguards are paid and are very hard to come by. The returning lifeguards will be making \$14 per hour because that is what they felt they needed to pay to keep and grow the lifeguards. They are paid from the membership funds. Everyone else who helps and works with the pool are volunteers.

Councilman Bowman asked, of the 316 homes, if they have an average cost for the year. Mr. Neubert explained that the current budget divided by 316 homes is about \$220 per year. With the tax increase, it will increase by about \$10 to \$15 per month depending on what the appraised value of the home is.

In response to Councilman Bowman, Mr. Neubert stated that the contract for ground maintenance is paid in 12 payments of about \$3,200 per month. The contractor will sometimes come out later in the year or earlier depending on the weather.

In response to Councilman Brown, Mr. Neubert stated that they believe the newsletter has been delivered to 100% of the residents. The annual resident meeting in November was not attended by 100% of the residents. They recently delivered to 100% of the homes the two-page document describing a lot of the questions that people brought up from the special meeting.

Mr. Neubert said that, per their bylaws, they are required to have an annual meeting but that they try to have one at least twice per year. On average they have 30 to 40 people in attendance.

In reference to the 160 signatures, Mr. Neubert stated that homeowners are members of Elizabeth Lake Estates so the signatures would be from individual homeowners. There are about 40 residents that are rentals. If they are not able to reach the homeowner, those would not count.

Councilman Brown asked if they had considered increasing the tax incrementally from \$.06 to \$.10 for reasons of loss of income, retirement, and fixed incomes. Mr. Neubert said they have considered that because they do have residents on fixed incomes and inflation and other taxes are a concern. He stated that their thought was that if they are going to go to this effort and ask for an increase, they want it to be sufficient so they don't have to ask for another increase in three or four years. Councilman Brown stated that he doesn't see rates being reduced because the cost of maintenance continues to go up.

In response to Councilman Hobbs, Mr. Neubert stated that the board is reporting that for every two or three people who are opposed to the increase, there are 10 who are in favor of it.

Ms. Pringle shared that Mr. Neubert did a presentation at their November annual members meeting and stated at that time that something would need to be done to increase the service district tax. That was followed by a full-page ad in the January newsletter outlining the difference between the \$.06 rate and the proposed \$.10 rate. It also explained that there has never been an increase since it was instituted in 2001. The March newsletter contained another full-page ad, an announcement about the April meeting, and an explanation about why the increase is needed. When the annual meeting came, only two people had called to ask questions about it but there was a small group at the meeting who said they knew about the service tax and were upset about it. She said they did a lot of talking and then started going out and talking to residents. Ms. Pringle stated that up until that point, they felt that the majority of residents were in favor. Mr. Neubert notified residents in January that the board was going to form a service tax team to prepare the documentation to present to Council, and invited members to join that team. The only person who did was the spouse of one of the board members. They didn't get any sense that there was objection to the increase until it erupted at the April meeting. They are now working on getting signatures to show that the vast majority support the proposal.

In response to Councilman Brown, Mr. Neubert stated that since it is a service district tax increase, he thinks that a taxpayer who doesn't pay would be handled by the City.

Mayor Tuck stated that it is a City matter. It is on the real estate bill and for those who don't pay on time, there is a 10% penalty. A lien could be placed on the property and at some point if the taxes are not paid regularly, it could result in the property going up for auction. Going back to 2001 when the tax was implemented, there was initially a voluntary payment but not everyone was paying the fee. In order to maintain that community, they came to the City and asked for the service district

tax. Rather than it being a voluntary decision whether someone pays, it is automatically added to the bill annually.

Mayor Tuck confirmed with Mr. Neubert that the pool is open to the public for membership. He asked Ms. Bunting if the pool receives what some other pools receive in money from the City to provide certain days that it is open to the public for those who don't have memberships.

Ms. Bunting shared that they qualified for the programs offered by the City. She explained that there have been two different types of grant programs over the years. The longest and still running is an operational pool grant. This is the one Mayor Tuck is referring to. Pools that receive the grant agree to give a certain number of free days to Hampton residents regardless of where they live so they can use the pool without becoming a member. The other grant is a one-time infrastructure grant. Elizabeth Lake's pool was eligible for both grants.

Mayor Tuck asked if the stipend from the City covers the pool maintenance fee. Ms. Bunting stated that she believes it was \$5,000 but would have to defer to Elizabeth Lake as she doesn't know what their expenses are. Ms. May confirmed that the grant is \$5,000. They receive \$4,000 up front and then they have to provide information for matching for the remainder. She said the grant has been very supportive.

Ms. May stated that what they have received from the City for the infrastructure grant has been very generous and has put them in a very good position but they still have needs that were on that list that they couldn't fund. That is what has been included in the budget knowing that they will have things to plan for in the next 3-5 years.

Ms. Bunting clarified for Council that the \$5,000 grant goes directly to the pool association. She believes that the \$5,000 expense on their budget for the pool is due to capital needs beyond what the City has funded.

Ms. May confirmed Ms. Bunting's statement and added that the \$5,000 received from the City for the free days goes towards operational expenses to cover salaries, chlorine, and other things the board can't cover.

Mayor Tuck stated that having been advised by Ms. Melochick to be careful what questions he asked, he wished to explain his discomfort. In the minutes of 2001 and even summer 2002, the concern was that voluntary contributions weren't being made by everyone and some residents were enjoying the benefit of living in Elizabeth Lake but not contributing to its upkeep. This resulted in higher expenses than what was being brought in. At the time it was stated that if the City implemented this tax,

individuals who were already voluntarily paying would be paying less because more people would be contributing. In the discussions by members of Council, they talked about if the City didn't approve that tax, the City would be obligated to maintain the public areas. So that was a reason because the City didn't necessarily have the manpower or want to pay for taking care of those things. He is looking at costs for things the City would have to do if Elizabeth Lake didn't have this district tax. One thing that stands out is grounds maintenance. He stated that he is not sure how the City would be responsible for your printing costs, liability insurance, computer and internet expenses, electric utilities, postage, and legal fees.

Ms. Melochick explained that, in some of the later minutes and in the deed that she reviewed this morning, the reverter for the common areas goes back to the developer and its successors. There is no path where the City would, by any document that was developed by the developer or through the community, come back to the City. It would have to be something the City willingly takes on.

Mayor Tuck expressed his appreciation for the information because the discussions at that time were that if we did not do it, the City would have to do these things. Council has received emails from both those who are opposed to the increase and those who are in favor of the increase. He remembered reading in emails that residents have asked for the budget figures and they have not been provided. There are allegations that the board has not been open and transparent. He understands costs go up but doesn't believe all of the expenses they are asking the City to cover would be covered for anyone else. In addition, by approving the budget, residents will have to pay a higher fee because of the board's fees, not because of maintenance for common areas and the pool. He was advised yesterday by the City Attorney that the service district tax doesn't allow for taxes to be assessed on a flat rate.

Mr. Neubert stated that he understands the Mayor's concerns and that they have received that type of feedback from the residents. He added that a lot of the expenses are to manage the service district. For instance, the annual budget audit is a requirement of the service district and the fee for that is for a Certified Public Accountant (CPA) to do an exhaustive budget review. The general liability insurance is because the service district requires access for the community to the five acres of common area and they must have insurance to do that. The newsletter, business license, and lights for entrances are all part of the service district.

Mayor Tuck asked if the residents understood this because many of the emails indicate that people are opposed because they have not been able to get the budget information.

Mr. Neubert stated that they have received a lot of requests for the budget information and they are trying to be as transparent as possible. They have never been asked to provide this before and residents were satisfied with what was published and presented at the resident meetings.

Vice Mayor Gray commented that it seems like they are not ready for Council to move forward with it because the residents have a lot of questions they need answered. It sounds like from the emails he's read and Mr. Neubert's explanation, that some people were not aware of the additional tax they are paying until now. He stated that before coming forward with the request for a service district tax increase, he would expect them to survey all of the residents and be able to present to Council a majority of the residents agree.

Mr. Neubert stated that they would like to get more than 160 residents in favor and at Mr. DeProfio's recommendation they are going to reach out to 100% of the residents to see if they are willing to sign saying they are in favor.

In response to Vice Mayor Gray, he explained that they had about \$40,000 in surplus that they were able to maintain but in the last four years they have had to use about \$5,000 to \$10,000 each year. After this budget year, they will no longer have a surplus.

Vice Mayor Gray asked the City Manager and City Attorney, given that they seem to be prepared to and want to go back and make sure they get more residents on board if it's possible to do this mid-year as opposed to now. He's not sure there is enough time between now and the Council approving the budget to get more support and a majority of people in agreement.

Ms. Bunting stated that it could be done but there would need to be another public hearing as required by law. The City cannot modify the total revenue estimates for local revenue so her suggestion would be to adopt the budget with the higher potential revenue. It is a pass-through to Elizabeth Lake as an appropriation so the City does not benefit from it. If the higher revenue is not approved and Council were to approve the tax increase at a later date, the City would not be able to appropriate the money for them. The other thing about timing is that because it's on the real estate tax, we need to be sensitive to billing cycles so everything would need to be done in time for the tax bills to go out with the correct rate. In speaking with the Finance Director, and the City Attorney's office, the recommendation would be that Council approve the current rate and keep the revenue and appropriation estimates the way they are. Then we would break the appropriation estimate into two parts. They would be guaranteed \$.06 in one part and the remaining amount would be put in a contingency reserve.

Councilman Hobbs shared that the only pass-through tax he is familiar with is the business improvement districts. He believes they were required to get 70% of the businesses in Coliseum Central to approve the tax before coming to Council for approval. Ms. Bunting stated that Council had asked for 65% at that time and they got 67%. Councilman Hobbs stated that he loves the neighborhood and believes they need the money.

In response to Councilwoman Mugler, Ms. May said they believe they can get the support they need by May 8th. They have a team assembled and are starting tomorrow. She believes Council is hearing from the vocal minority. They are not sure if they can make 65% approval and are heading for 50%.

Mayor Tuck asked Council what their level of comfort is in the percentage of individuals who say yes. He feels it should be Council who sets the level and it will be up to them to meet that level.

In response to Vice Mayor Gray, Ms. May confirmed they are planning to survey all 316 households door-to-door and their goal is to have it completed by May 8th. She added that there are about 30 people who own rental properties in the neighborhood and they have email addresses so they will reach out to those also since the renters aren't able to sign.

In response to Vice Mayor Gray, Mayor Tuck stated that he doesn't remember the exact number but knows that in 2001 Council wanted to see more than 51% approval. Ms. Melochick confirmed that it was 65%.

Councilman Brown stated that he would support 60% and higher. He referenced Ms. May's statement that Council is hearing from the vocal minority and stated that they need to hear from the vocal majority. He is undecided about which way he is going right now but wants to see the community stay intact and the things mentioned get done.

In response to Councilman Brown, Ms. May explained that the \$12,000 for the roof is for a flat roof at the pool that hasn't been replaced in about 15 years and is leaking.

Ms. Bunting shared that the Treasurer responded to her that to do the taxes for the December 5th bills, she would need the information by August 1st to be able to put in the programming changes, get the bills done, and give people the time required to get their bills and make the payments.

Councilman Hobbs stated that from his experience if they are not able to get 60-65%, it's going to be a tough sell.

Councilman Bowman suggested a frequently asked question page where homeowners' questions and answers might help with the understanding.

Ms. Pringle responded that they have posted in several places over a period of time the reasons why they are looking for the increase. She believes a large number of residents already know and accept the reasons and didn't see a reason to contact the board. She added that it is now their job to go out to those people and ask for signatures because City Council would like confirmation that they have the support that is needed.

Mayor Tuck summed up the thoughts of Council that they would like confirmation that the super majority of residents accept the increase, understand the value it brings, and are not opposed to it. He appreciates the board members answering Council's questions. He stated that at this point Council will approve the budget with a recommendation that we hold it until they receive the 65% approval.

Mayor Tuck called a recess from 2:39 p.m. until 2:50 p.m.

3. 24-0238 Budget Discussion: City Manager's Recommended Fiscal Year 2025 Budget

Ms. Bunting explained that the remaining time in the open session has no presentation but is an opportunity for Council to ask any questions or provide any comments or potential amendments they might want. She added that Council is not voting on the budget tonight. The first vote is next Wednesday and by tradition, it is approved as submitted just to give more time. Police Chief Jimmie Wideman was in attendance to answer any questions from Council.

Councilwoman Mugler stated that what we have currently is tentative based on what is going to come out of Richmond in the Governor's budget. She asked if Ms. Bunting has a list of things for Council to consider should we receive more funding than expected.

Ms. Bunting stated that she would be glad to provide the list to Council. She explained that the way that would be approached is that they would look at the priority lists that were previously ranked and the public feedback about those rankings and go down the list for opportunities. It will depend on how much money it would be and any restrictions such as the House Bill 599 money which goes to

police, or more Virginia Department of Transportation (VDOT) which would go into street and highway maintenance.

Councilman Brown shared that he was asked this morning by an agency he would not name if it was too late to request a contribution to their agency for \$5,000 to \$10,000 on an annual basis to support the work they do in the Hampton community. He asked Ms. Bunting if it was too late in the process to entertain the request.

Ms. Bunting explained that any agency or individual citizen can come to a public hearing and make whatever requests they want to make of Council. She said the City has a very thorough process for outside agencies that is intended that the City get the request so that they can be vetted and looked at them in comparison to the other needs of the budget. A last-minute request to come in at the end bypasses that whole process. She stated that as an administrator, the answer is that she doesn't think it would be fair to the other outside agencies for the City to consider a new request that comes in outside of that process. That said, Council always has the opportunity to consider what they would want to consider but she cautions against creating that process. When people think they can bypass the process, whether intentionally or unintentionally, they may not pay as much attention to City deadlines causing a loss of integrity about how outside agencies are evaluated in terms of the limited funding available for them. Her preference is absolutely not, but anybody can come to a public hearing and make any requests they want.

Mayor Tuck stated that in 2021 the General Assembly passed several different laws, some of which restricted the activities of police as far as stops and things like that. One of those was related to vehicular noise and it created a big mess. In the latter part of 2022, maybe early 2023, Council put in an ordinance related to vehicle noise. The Chief at that time said they could manage this without decibel meters. If they heard a vehicle for more than two blocks, that would be cause to stop that vehicle for the noise. He is aware that one of their policies is to try to get compliance with a warning and asked if Chief Wideman had statistics on that. He asked how challenging it is to enforce that with the other things that seem to keep piling on the police force. He asked if it would be less subjective if they had decibel meters.

Chief Wideman stated that they are effectively enforcing it without decibel meters. There was a decline in enforcement of noise violations during the COVID period. For example, there were nine enforcement actions in 2021, six in 2022, and 15 in 2023 when enforcement began again. For this year there are already five and they are on track to exceed last year's numbers. As an operational consideration, having properly done enforcement is somewhat subjective but typically the instances where it catches your attention are clearly a violation. Having the meters would require that the calibration be maintained. It would need to be readily accessible to the officer so

unless the officer is doing stationary traffic enforcement for that purpose he may not have the meter. The officer may have the meter on the seat next to him but he may be quicker to respond to his senses seeing and observing the violation than taking action. Chief Wideman stated that they have been successful with the prosecution rate because the officers can testify what makes that vehicle in violation by using landmarks, distance, and references for the judge so they can decide that the distance meets the requirements of the statute as well as being obvious to the officer or anyone else under the same set of circumstances that that level of noise violates City ordinance.

Vice Mayor Gray shared that he asked Dr. Haynes about the cost of middle school students participating in sports because his comments at an event they attended last week stuck with him. The formula for school success for young people is the ABCs, attendance, behavior, and classwork. Dr. Haynes said they're already seeing improvements in the students' attendance, behavior, and classwork from those who are participating in middle school sports. Vice Mayor Gray stated that the costs associated with participating are too much for some to afford. If what they are doing with middle school sports is contributing to what the City is trying to accomplish with reducing gun violence and bad associations for kids, he thinks the City should think about how they can support it so kids who can't afford it can play. The City has a very robust recreation program with basketball, and football, and a lot of the coaches and programs that contribute to that. He has heard from the coach that they sometimes can't get gym time. They have an hour a week of practice times and sometimes get bumped from that. The coaches find themselves having to pay out of pocket to pay for gym time elsewhere so their teams can practice. He knows from experience that coaches tell kids that if they don't bring their money they can't play. He has paid for several kids to play on teams so their parents don't have to worry about that. While he doesn't know what the method is to identify those most in need, he referenced the No Child Left Behind thought process that we don't leave kids behind who can't afford to pay for the uniform or registration costs when they need these kinds of constructive activities.

Ms. Bunting stated that she would follow up with Dr. Haynes. He said the majority of those costs are covered by the schools but there are some costs incurred when students play or compete. She will try to find out what those costs are. She will also see if they have an estimate of the percentage of kids who may not be able to or are struggling to participate because of the financial costs, and what it might look like to tackle that.

Ms. Bunting shared that at one time Parks and Recreation did almost all of the sports and over time a lot of great partnerships have stepped up but they tend to be more on the club sports level versus the traditional Parks and Recreation. The Parks and

Recreation is a lot cheaper to run and a lot more accessible. They are all good programs but club-level sports are a much more expensive thing. We would need to build something that would differentiate and what level of support would be appropriate. She stated that she would like time to get together with the legal department to think through how to do that. It may be through a foundation rather than directly but they will try to figure out how to do it. She stated that they strongly believe there's a lot of research to suggest that getting kids involved in sports and other afterschool activities, particularly at the middle school level, has been very helpful in preventing negative behaviors.

Mayor Tuck observed that generally with middle school sports there are a limited number of participants and that excludes everyone else that might want to participate. He has experience with intramurals which brings out a lot of people but the disadvantage would be making sure they had a ride home. They ended up having an afterschool bus that ran certain routes. He suggested that youth are at school for the day and if you start activities afterwards you can get two intramural games which would capture perhaps 40 more people than strictly having athletic teams. That would also allow for other clubs like French club, Spanish club, chess club, or any others to also have meetings, and with afterschool transportation, it could make a difference in the ability for many to participate.

Ms. Bunting said she knows there is an activity bus for high school students who stay late for sports and clubs but is not sure if the middle school has them or not. That might be something the City can help bridge the funding for. Club sports have challenged a lot of the traditional Parks and Rec programs throughout the region. She noted that the new Deputy Director for Recreational Sports just started and looks forward to seeing some of their ideas.

She shared that the budget does include a special Council contingency set aside by Council years ago. That, along with any unrestricted revenues from the state and end-of-the-year savings, could be put together in any combination to cover what Council is describing.

Councilwoman Mugler commented that there is a \$20 athletic fee for students at the high school level. She is unsure whether it applies to middle school students but that particular fee has been in place for at least a decade. If the students are not able to pay that fee, the school division does have a method to supplement that child. She would support whatever other things Council can do for the community.

REGIONAL ISSUES

There were no regional issues to report on.

NEW BUSINESS

There were no items of new business.

CLOSED SESSION

4. [24-0161](#) Closed session pursuant to Virginia Code Sections 2.2-3711.A (.1) (.3) and (.8) to discuss appointments as listed on the agenda; to discuss or consider the acquisition of real property for a public purpose, or the disposition of publicly held real property in the areas of Buckroe and Downtown Hampton, 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 Chesapeake Bay regulations and Service District taxes which require the provision of legal advice by such counsel.

At 3:11 p.m., a motion was made by Councilmember Martha Mugler and seconded by Councilmember Billy Hobbs, that this Closed Session - Motion be approved. The motion carried by the following vote:

Aye: 7 - Councilmember Bowman, Councilmember Brown, Vice Mayor Gray, Councilmember Harper, Councilmember Hobbs, Councilmember Mugler and Mayor Tuck

5. [24-0144](#) Consideration of an Appointment to the Hampton VA 250 Committee

6. [24-0229](#) Consideration of Appointments to the Virginia Municipal League 2024 Policy Committees

Attachments: [VML Policy Committee Process](#)
[Nominations Form](#)

CERTIFICATION

7. [24-0237](#) 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 Brown, Vice Mayor Gray, Councilmember Harper, Councilmember Hobbs, Councilmember Mugler and Mayor Tuck

ADJOURNMENT

The meeting adjourned at 5:26 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 _____