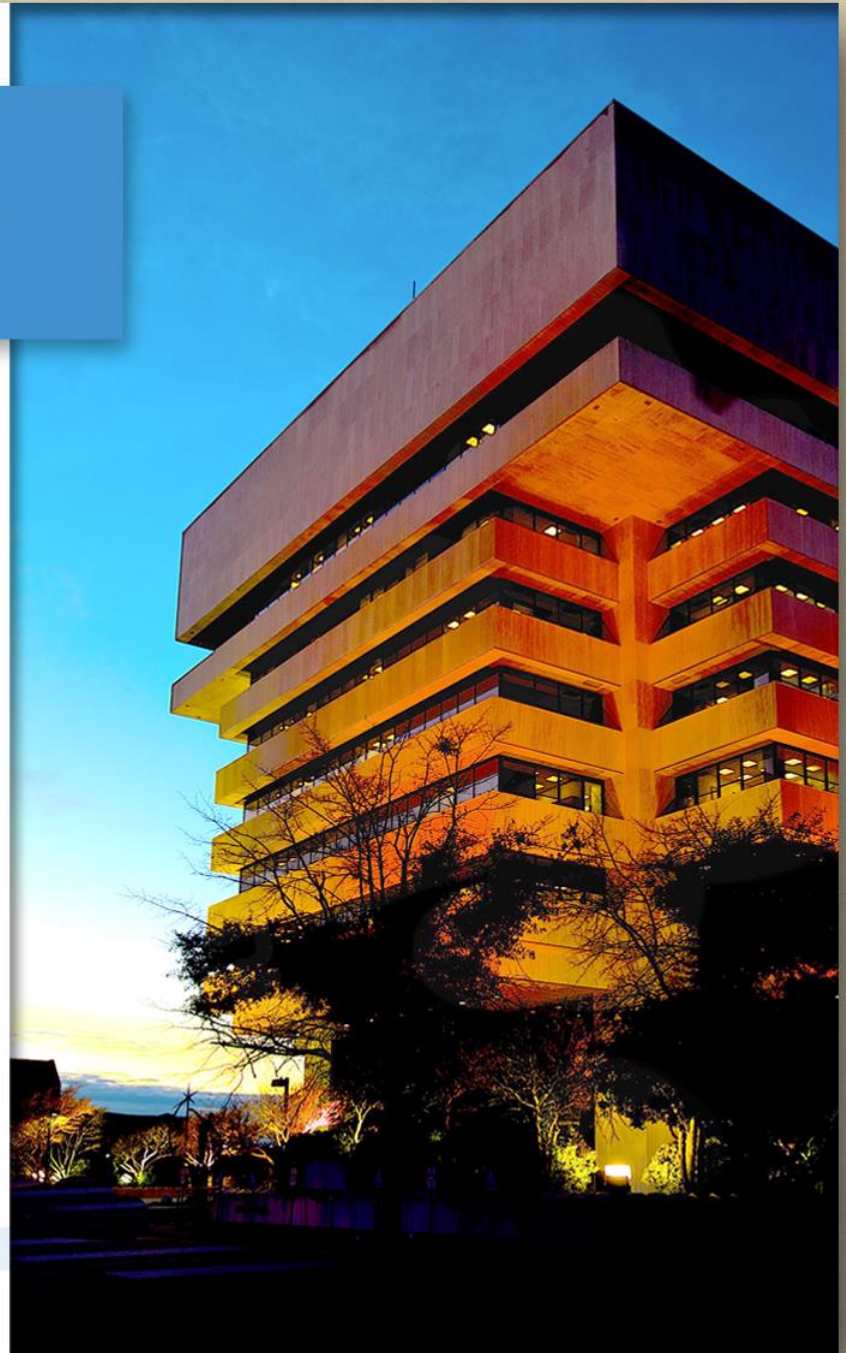


# HAMPTON VA

## **City Council Budget Work Session Priority Projects**

**Hampton City Council**

**February 24, 2021**



# Agenda

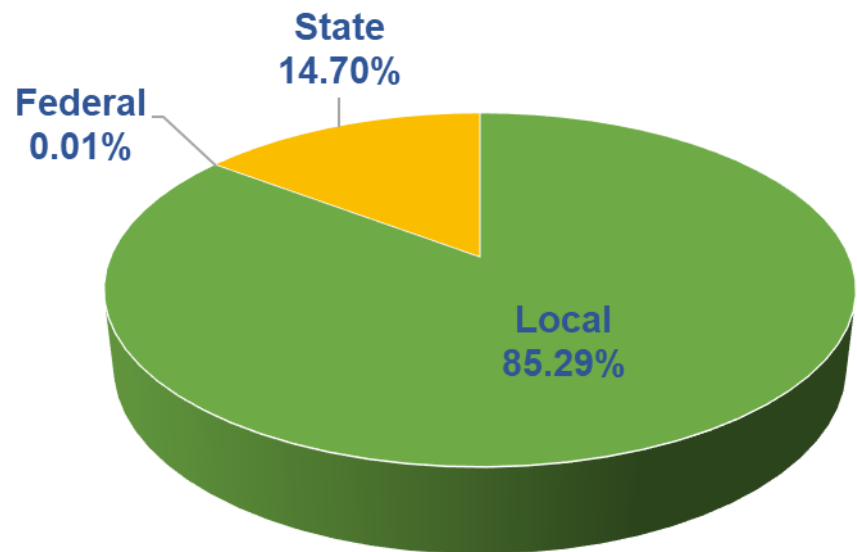
- Budget Overview
- Review Current Strategic Direction
- Overview of Strategic Opportunity Projects/Initiatives
- Rank Strategic Opportunity Projects/Initiatives

# General Budget Information

- Approval of the annual budget is one of the most important of City Council's 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

# Revenues

- Vast majority we generate locally
- State revenue
  - Only 1.7% is flexible
  - Rest is restricted in use and/or reimbursements for required functions
    - Examples: social services, jails, constitutional offices, etc.
- Federal revenue: 0.01%



# FY21 Year-End Revenues

FY21 Overall actual revenues are projected to be \$6.2 million less than budgeted

- General property taxes are expected to exceed its revenue budget - primarily driven by the positive performance of real estate taxes
- Other local taxes are projected to underperform the budget for the fiscal year – specifically Meals, Admission and Lodging Taxes
- Interest earnings from investments are expected to be significantly under the revenue estimate
- Fee based programs such as School Age Programs, EMS revenues, Parks, Recreation and Leisure Services revenues are also expected to underperform the budget



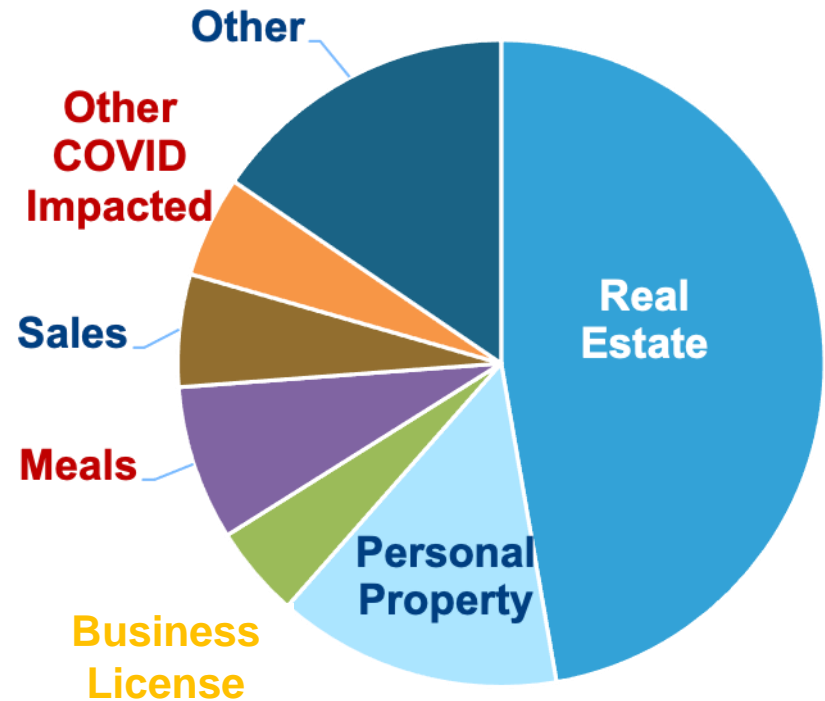
# Sources of Local Revenues

79% of the locally generated revenue comes from “Big 5”:

- Real estate taxes
- Personal property taxes
- Meals tax
- Sales tax
- Business license tax

12.8% of local revenues sources have been impacted by COVID

- Meals, Lodging, Admissions, PRLS Fees, Interest Income, etc.



# Local Revenues #1 Real Estate Tax

- Biggest single source of all Revenue (28%) and 47.3% of local revenue
- 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 Real Estate Value

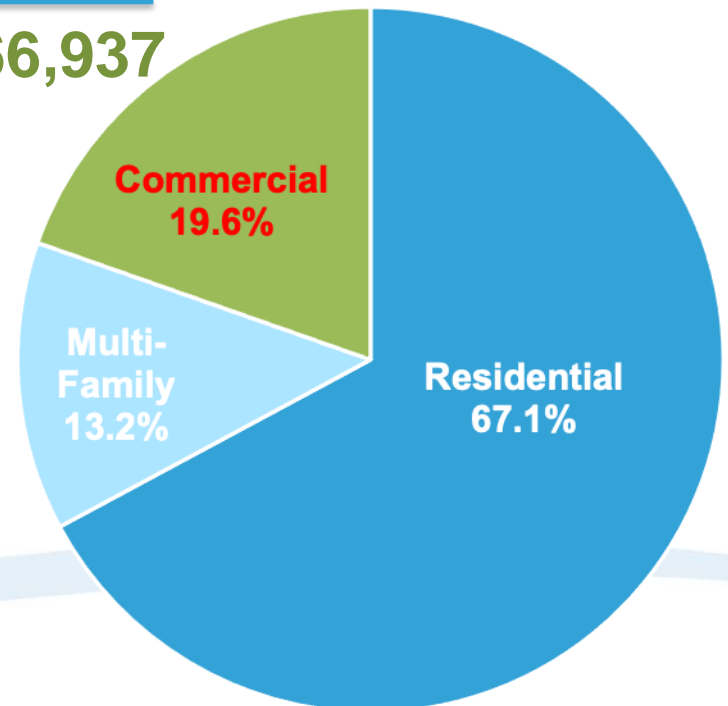
Residential (6.5%↑) \$7,961,453,287

Multi-Family (11.0%↑) \$1,569,035,850

Commercial (0.9%↓) \$2,326,477,800

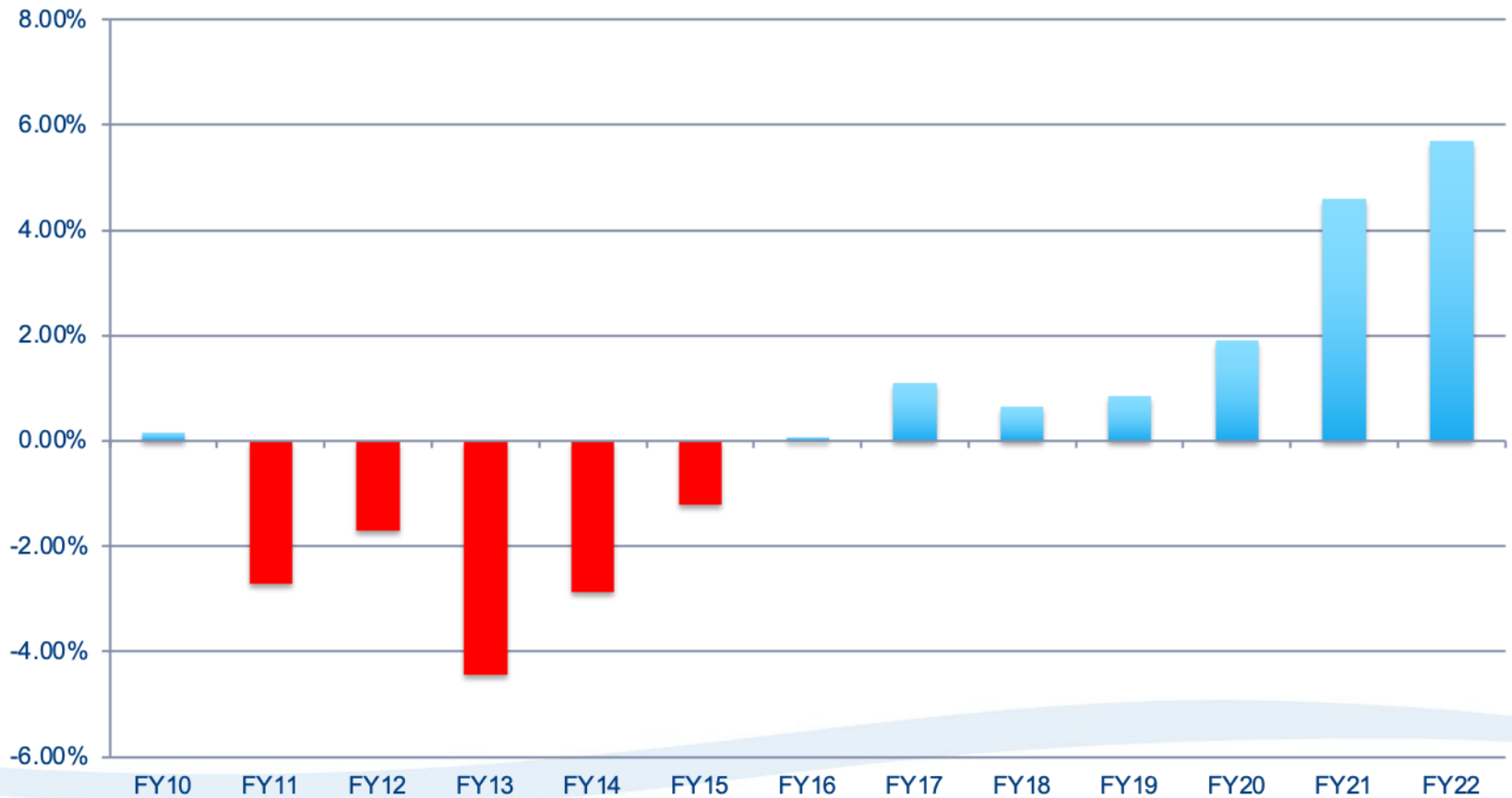
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Total Taxable (5.7%↑) \$11,856,966,937

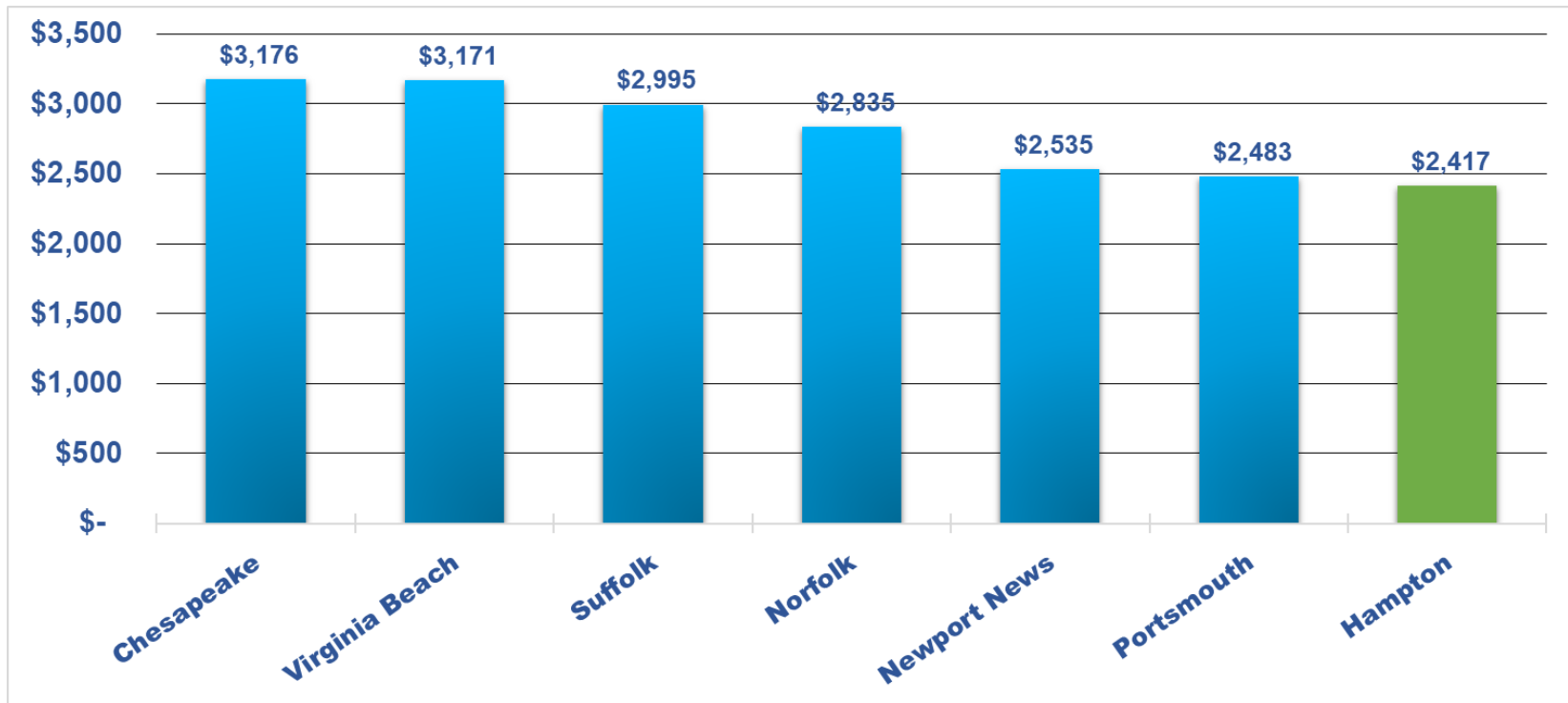




# Change in Taxable Value of Land



# Hampton Homeowners Pay Less Taxes



City tax rate applied to median home value from Zillow data as of January 31, 2021

# 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
- 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
- May need to consider the impacts of COVID-19 as part of our deliberations

# Local Revenues #2 Personal Property Taxes

- 14.2% 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

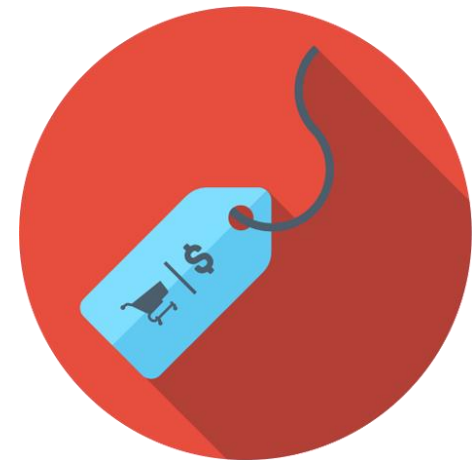
- 7.7% of local revenue
- Meals tax on top of sales tax for restaurant & prepared meals
- City investments in retail development boosts revenues
- 6% down in FY21 due to COVID





# Local Revenues #4 Sales Taxes

- 5.6% of local revenue
- 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

- 4.6% of total city revenue
- 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
- Uncertain how COVID is impacting this revenue



# Other COVID Impacted Revenues

## Lodging

- 1.5 % (\$4.7 million) of local revenues
- Fluctuates
  - 21% down since the pandemic
  - Increases when more people visit Hampton & when hotels can command higher room nights
  - Decreases when room night demand is down

# Other COVID Impacted Revenues

## Admissions Tax

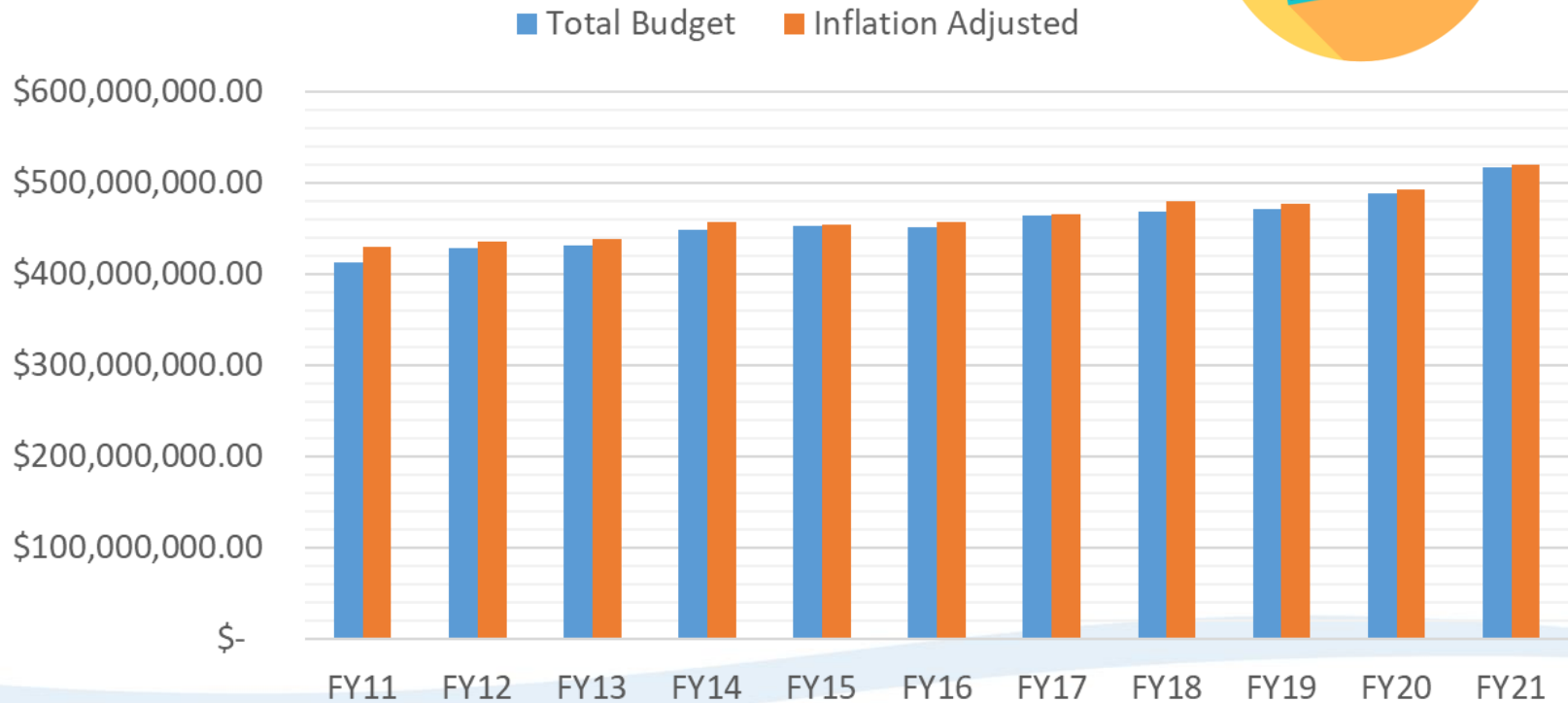
- 0.4% (\$1.36 million) of local revenues
- Fluctuates
  - 76% down since the pandemic
  - Primarily driven by the three movie theaters in the City
  - Increases when people go to the movies and entertainment venues more often
  - Decreases when people are spending less on entertainment that charges admissions

# Other COVID Impacted Revenues Interest Earnings, PRLS Fees, etc.

- 3% (\$9.3 million) of local revenues
- Fluctuates
  - 50% down since the pandemic
  - Changes from Federal Reserve changing the interest rates
  - Increases/(decreases) based on demand or availability of services (School Age Programs)

# Total Budget SINCE FY11

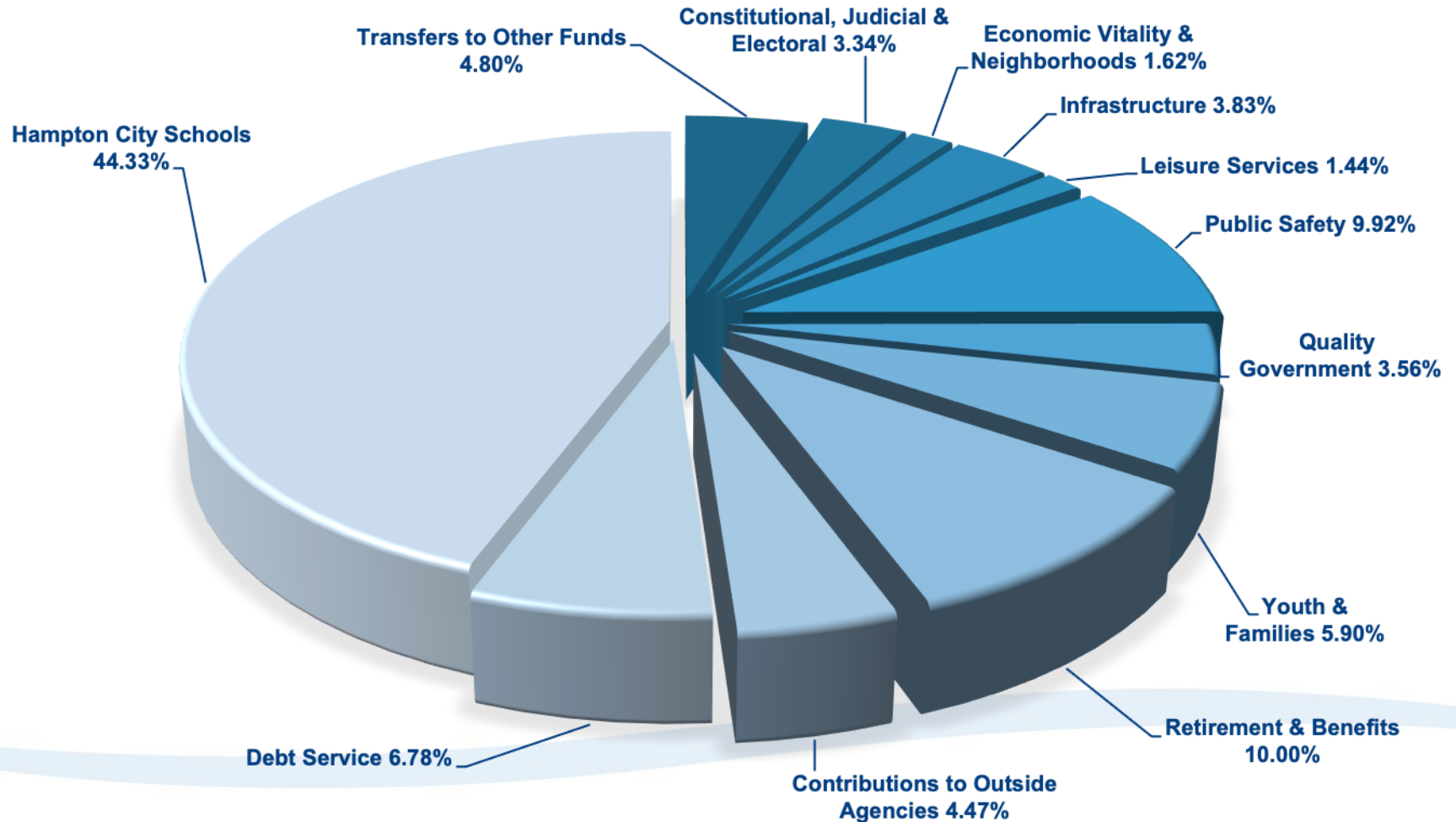
Total City Budget has grown less than inflation over the past decade:



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



# 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 44.33% 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 is used to calculate local contribution
  - 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.

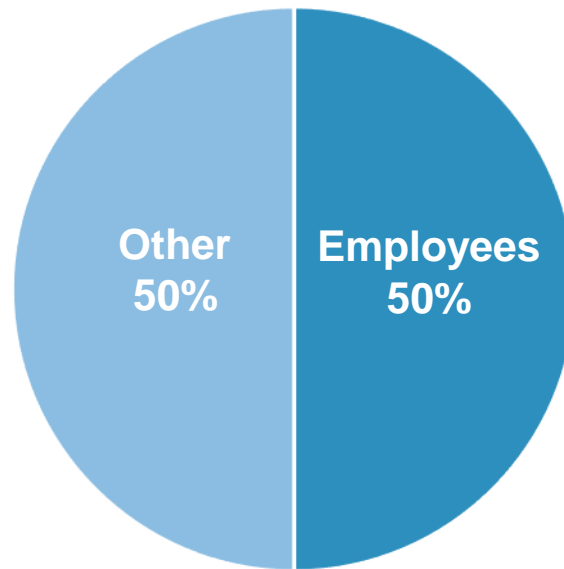
# School Funding

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

	FY18 Actual	FY19 Actual	FY20 Budget	FY21 Budget
Required local contribution per state law	\$37,233,502	\$35,860,190	\$35,613,382	\$42,557,180
Local contribution in excess of requirement	\$35,802,914	\$37,966,852	\$39,958,922	\$34,391,288

# City Employees

Personnel services encompass nearly half the budget ...



... so a 3% pay increase would require an approximate 1% increase in local city revenues (excluding schools revenues)

# Pandemic Related Expenditure Challenges

- Coliseum & American Theater
  - Historically self supporting
  - Event revenues not being collected due to ongoing closure
  - Projecting \$1.4 million cash deficit for FY21
    - Exhausting retained earnings in FY21
    - Applying for federal grant to offset eligible losses
    - Shifting staff to general fund departments until we can reopen
    - Significant capital repairs needed that will need to be funded by non-Coliseum revenues

# Pandemic Related Expenditure Challenges

- Convention Center
  - Event revenues not being collected due to ongoing closure
  - Dedicated 2% meals and 2% lodging taxes also down due to the pandemic
  - Projecting \$600,000 fund operating loss

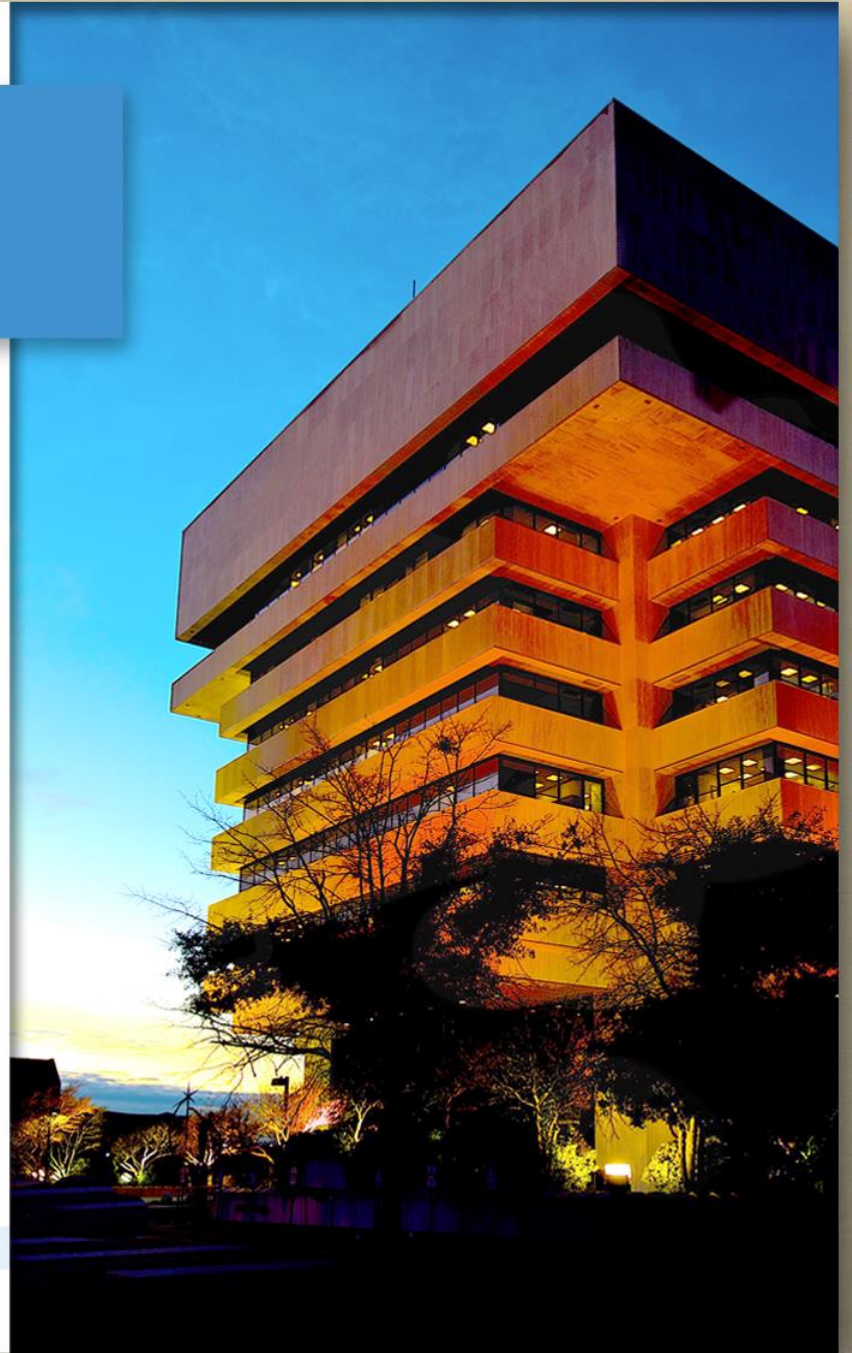


# Summary of Budget Overview

- Strong Real Estate Growth
  - Even this strong growth will not be sufficient by itself to offset revenue losses from the pandemic
  - Recovery and growth in other revenues will be needed
- FY21 Revenues Down \$6.2 million due to the pandemic
  - Will these revenues fully recover and, if so, how long will it take?
- Coliseum and Convention Center revenue challenges
  - Approx. \$2 million deficits projected FY 21 budget between the two venues due to the pandemic shutdowns
  - How long will it take these venues to recover?

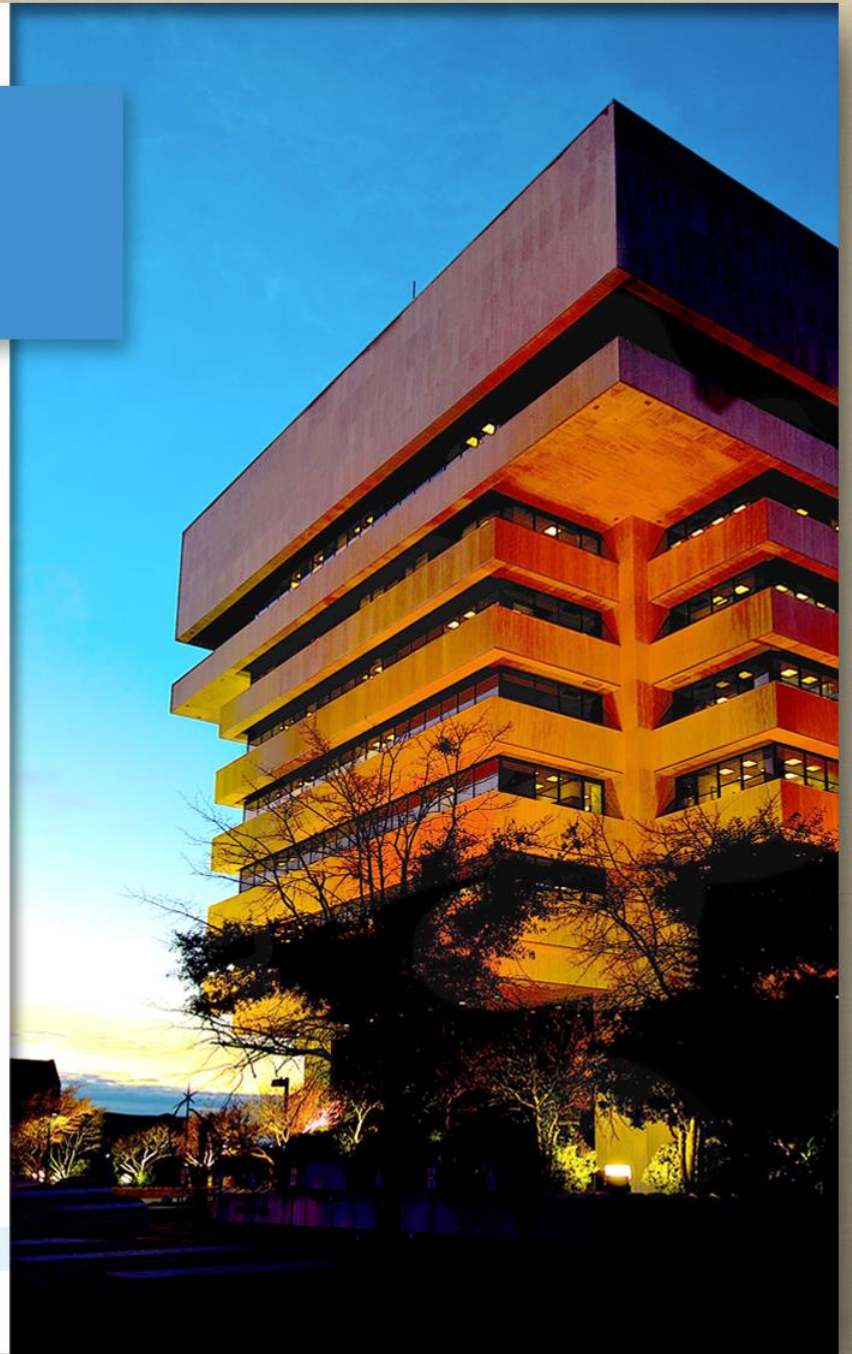
# HAMPTON VA

## Questions/Discussion



# HAMPTON VA

## Priority Ranking Process





# Vision

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



# Our Strategic Priorities

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

# Refining Our Strategic Priorities

- **Economic Growth** – generating the resources necessary to support the services the community desires and produce quality jobs for our citizens
- **Placemaking** – creating vibrant and authentic places that reflect and celebrate the unique culture, history, and character of our community
- **Living with Water** – addressing coastal resiliency, reoccurring flooding, waterways, and environmental sustainability while enhancing our tax base and quality of life



# Refining Our Strategic Priorities

- ***Educated & Engaged Citizenry*** – partnering with the school system, Hampton University, Thomas Nelson 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
- ***Safe & Clean Community*** – ensuring that all Hampton citizens and businesses are safe, healthy, and secure in their persons and property

# Refining Our Strategic Priorities

- *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
- *Family Resilience & Economic Empowerment* – addressing poverty in ways that support families and individuals

# Initial Project 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 which—while Council members may support – there is agreement to cease active staff work on at this time

# 2<sup>nd</sup> Step Project Ranking

**Top Tier 1 Priorities**

# B

## 1 – Staff Training

- Create a comprehensive training and professional development program, to include:
  - Supervisory/middle management skill development
  - Leadership skill development
  - Compliance training
  - Mentorship and succession planning program
  - Technical and professional skill development to facilitate employee career progression
- \$390,000 would support:
  - Expenses identified to provide in-house training; and
  - An average of \$200 in training funds to departments per full time position

# B

## 2 – Technology Investments/Modernization

- Enhance the efficiency and effectiveness of City resources by:
  - Creating an Enterprise approach to all IT systems/suites architecture
  - Providing cost effective, consistent, and responsive technology tools and business services to fulfill organizational goals
  - Maintaining up to date security protocols on all systems, users and vendors
- \$903,000 in one-time capital costs is needed to upgrade the City's real estate assessment systems that are antiquated and inefficient
  - Annual maintenance on existing systems would be used to cover annual maintenance on the new system

# C

## 1 – Compensation

- Provide competitive pay to retain and attract talent by:
  - Reviewing and updating pay scales
  - Providing competitive wage increases
  - Further increases to the minimum wage and/or Living Wage
  - Administering performance based pay or bonuses
  - Providing horizontal career progression for targeted positions
  - Addressing compression
- \$1,000,000 is equal to a 1% increase in employee pay
  - Specific compensation briefing planned for March Council meeting





## 2 – Commissioner of Revenue Staffing

- Account Clerk II for the business license department
- Processes reports and assists taxpayers with obtaining a business license
- Volume of new business licenses continues to consume staff resources
  - 114 business licenses issued in January 2021
- Will free up senior staff for more complex tasks such as desk audits
- Cost = \$39,068



## 3 – Hampton Roads Convention Center Maintenance

- Various repairs from wear and tear and age are needed to continue to maintain the Convention Center
  - Fire alarm upgrade
  - Repairs to exhibit hall floor
  - Parking lot
  - New partitions
- Project would also convert to LED lighting
- Cost = \$875,000



## 4 – Coliseum Scoreboard

- 50-year-old scoreboard is outdated and has become an impediment to attracting certain events to the Coliseum
- New LED scoreboard would enable the Coliseum to be competitive in attracting sporting and other events as well as sponsorship revenues
- Impacts of COVID shutdowns has caused the Coliseum to use retained earnings to meet operational costs
- Cost = \$2 million

# C

## 5 – Coliseum Repairs

- Deterioration of the Coliseum drainage system has caused water infiltration into the building and must be addressed
- Repairs to the roof and other structural elements are also needed
- Renovation of dressing rooms which have been damaged by water and need to be modernized according to event promoters
- Impacts of COVID shutdowns has caused the Coliseum to use retained earning to meet operational costs
- Cost = \$4.5 million

# B

## 3 – New Neighborhood Center Costs

- Provide needed support for the new Mary Jackson Neighborhood Center
- \$15,000 to support the utilities and other operating costs of the building



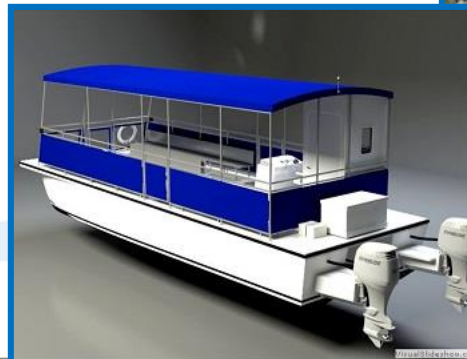
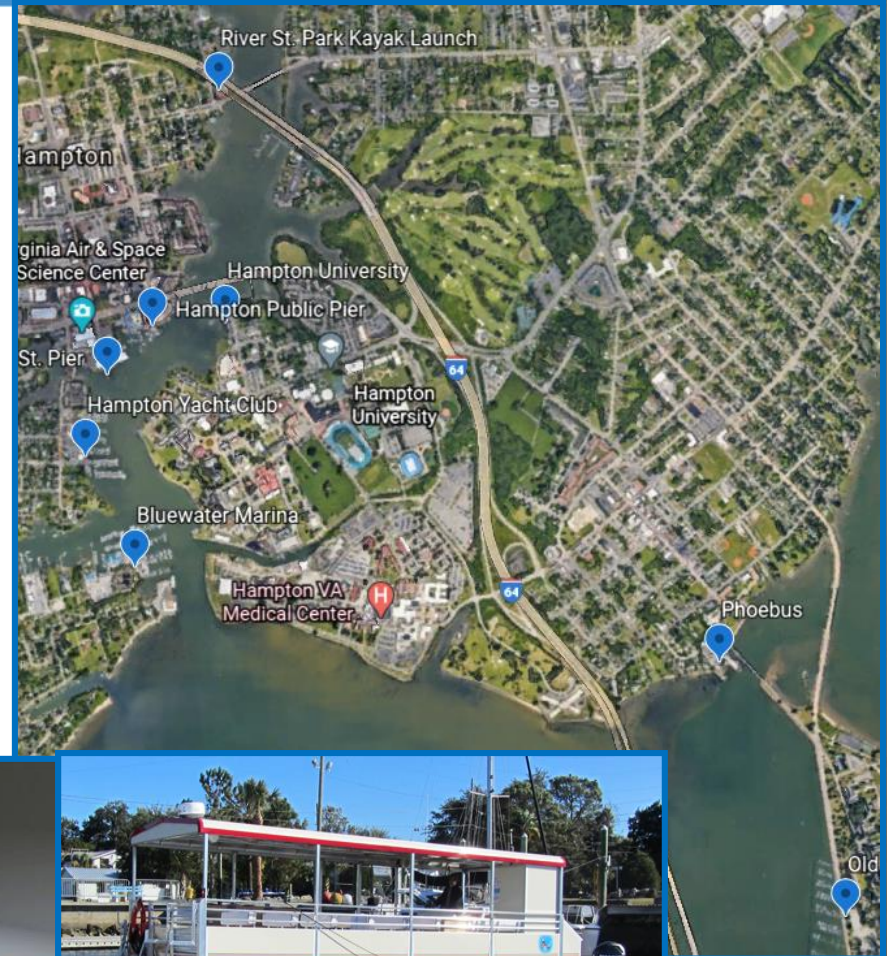


# C

## 6 - Water Taxi Operations

### Water Taxi

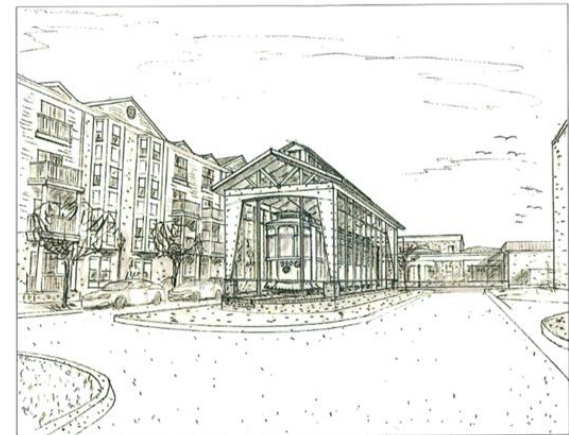
- Route: Hampton River, Fort Monroe, Phoebus
- Approximate Cost Aluminum Pontoon with Double Outboard Engines \$150,000
- Cost of Operation for 13-week season \$40,000



## C

## 7 - 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 \$1,003,442**
- Regulatory review of building design in progress in Community Development







# 8 - Buckroe Beach Nourishment

- City executed a cost share agreement with the US Army Corps of Engineers in 2004 for a federal flood reduction project at Buckroe Beach and placed approximately 320,000 cy of sand on the public portion of Buckroe Beach
- Per the agreement, the city agreed to operate, maintain, repair and rehabilitate the project
- Staff is currently in the process of obtaining permits from various regulatory agencies for this project to make sure we are ready when the funding becomes available
- Estimated cost for this project is \$7,000,000 in the FY2023 CIP



# B

## 4 – Enhanced Right-of-Way Maintenance

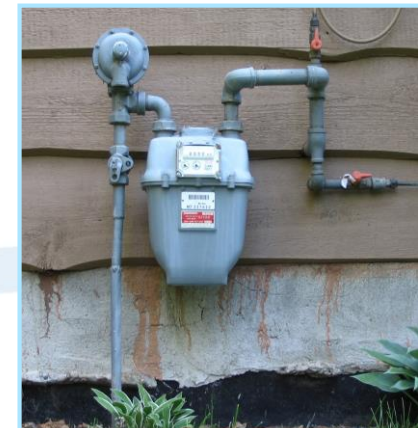
- **Enhanced Right-of-Way Maintenance**
  - Increase mowing frequency, increase areas maintained, include overhead tree maintenance, and expand litter control to improve the overall appearance of our City
- **\$600,000 in annual operating costs**



# B

## 5 – 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





# B

## 6 – Enhanced Street Resurfacing

- Mercury Boulevard from Fox Hill Road to Fort Monroe is estimated at \$10 million
- \$1,000,000 increase in annual street resurfacing capital budget would cover 25 residential streets per year



# B

## 7 – X-Ray Screening (Jails)

- New x-ray technology will increase safety by reducing prohibited items from entering jails
- \$164,250 is a one-time capital cost



## C

# 9 – Dredging Waterways

- Dredging program to maintain public channels, creeks, basins and outfalls (Maximum Depth 15 feet)
  - Public Works could conduct an annual dredging operation within our stormwater program
  - Investment in qualified staff and equipment
  - \$ 3,000,000 Investment & \$ 500,000 annual cost





## C

# 10 - Fleet Facilities Repair

- Fleet Operations Facility Repairs are needed to replace the existing roof, exhaust system and upgrade the security cameras that monitor our fuel systems
- \$455,000 in one-time capital costs
- Could be funded with increase in facilities maintenance





# C 11 - HRC North Pump Station

- Hampton Roads Center North Campus Wastewater System Upgrades

“Wastewater Pumping Station and Infrastructure”

- \$1,500,000 in one-time capital cost





# 12 – Facilities Maintenance Increase

- Funding would enable Public Works to provide additional maintenance for older City buildings
  - “ HVAC, Electrical, Plumbing, Lighting .....”
- \$731,655 in one-time costs





# 13 – Mercury Boulevard Renovation Phase 1

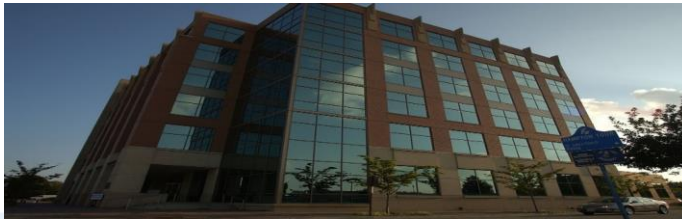
- Mercury Boulevard Renovations “Phase I” is from Fox Hill Road to Andrews Boulevard and is estimated at \$ 2.5 million to remove the concrete roadway and install an asphalt surface





# 14 - Ruppert Sargent Building Generator

- Ruppert Sargent Building Generator will provide back-up power for essential services
  - Treasures Office, Commissioner of Revenue, Consolidated Procurement, Hampton City Schools administration and others
- \$485,000 in one-time capital costs





# C

## 15 – Traffic Engineering/ Infrastructure Improvements

- Upgrading Hamptons Traffic Control network (186 Signalized Intersections) will increase safety and reduce traffic impacts
- 144 traffic cabinets need to be replaced within the next three years and the additional 42 need to be replaced in the next five years (\$28,000 each)
- Upgrading Hamptons Traffic Signals, Signs and Cameras will increase safety, reduce traffic impacts and live video can be utilized by our Hampton Police Department
- \$2,420,658 cost





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# 16 - South King Street Pier

- The public pier at the end of South King Street is no longer available for public use
- The pier had deteriorated so badly that the framing and decking were removed leaving only the piles in place
- The estimated cost of replacement of the pier is \$365,000



# B

## 8 – Public Safety Equipment

FY21: Provides Automatic Vehicle Locator (AVL) systems, expand the number of Mobile Data Terminals (MDT) and provide a recurring funding source to replace MDTs. Also funding is included for Shot Spotter

FY22: Mobile Citation - reduce the time officers spend issuing traffic summons while providing integration with Records Management System

- \$288,517 in up-front capital costs



Not actual depictions of the uniforms selected (illustrations only)

# B

## 9 – Phoebus Fire Station

Relocate and construct a new two-story, three double bay fire station to replace the 81 year old current station. The estimated funding would include a survey, design, construction, utilities, telephone/data, furniture, fixtures, and land acquisition.

**Costs:** \$8,445,075 (\$1 million in design funds are included in FY25 in the CIP)

**Results:** Provide a modern station that can accommodate modern equipment. Avoid the costly repairs to the existing outdated and aging structure.



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# 11 - Youth Summer Employment Expansion

Funding to increase participation in youth summer employment to 200. Would increase the number of youth and college interns that serve as employment coaches.

Increase from 82 to 125 was funded in the FY21 Budget, the remaining costs below are associated with increasing the program to the full 200 participants. The FY21 funds remain frozen.

**Costs:** \$225,000 Annual

**Results:** Increase the number of young people who are exposed to the world of work. Teaches elements of financial literacy and exposes young people to career fields.





# 17 - Increased Police Division Staffing

Increase Hampton Police Division Staff by five employees per year to support enhanced law enforcement efforts. This funding could support sworn officers or civilian positions. The funding includes the total cost to hire and equip the new staff (including vehicles).

**Costs:** \$650,000 Annual







# 18 - Commonwealth Attorney Staffing

The Commonwealth's Attorney seeks to add eight (8) new positions in FY22 in order to assist the department with the anticipated increase in workload. The positions are:

- One (1) Deputy Commonwealth's Attorney
- One (1) Assistant Commonwealth's Attorney III
- One (1) Assistant Commonwealth's Attorney II
- One (1) Assistant Commonwealth's Attorney I
- One (1) Paralegal
- One (1) Senior Administrative Assistant
- One (1) Legal Secretary and
- One (1) Investigator



**Costs:** \$512,678 Annual



# 19 – Home Elevation Program Staff

- Project Manager for home elevation projects. Do not currently have the expertise within the city to supervise the home elevation construction projects that are part of the flood mitigation grant
- **Cost: \$73,669**





## 20 – Co-Responder Model

- CSB recommends that we wait to implement the program until after the Virginia Beach pilot program



## 21 – HPD Shift Conversion

Convert HPD patrol officers from the current 12-hour shifts to a 10-hour shift. Funding will cover the increased staffing and equipment cost to maintain the current officer availability and response times for each patrol shift.

**Costs:** TBD (still refining costs estimates)

- Will be discussed further at March 24 Council Meeting





## 22 – 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:** \$214,211







# 23 – Fire & Rescue Division Equipment

The following projects are requested to update equipment at end of life expectancy and enhance training protocols:

- Blowhard PPV Fan Replacement
- Fire Suppression Appliances, Equipment, and Tools
- LION Advanced Training Props

**Costs:** \$204,422





# 24 – Remote Real Time Information Center

To outfit an existing vehicle for use as a Police Multi-Use/Remote Real Time Information Center (RTIC). Install all electrical, AC/Heating, ceiling, walling, flooring, counters, cabinets, chairs, TVs, emergency equipment, computer/camera equipment and exterior design. Cost is an estimate from the company building the city's MCC.

**Costs:** \$400,000



# B

## 10 – 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*



# B


## 12 – Model Block

- Use a variety of tools and programs to upgrade approximately 30 homes per selected neighborhood over a short 4-5 year period.
- Approximately \$2 million over 4-5 years in each selected neighborhood.
- Existing or already planned funds will cover all but the following:
  - Design Assistance Center - \$200,000/year for 4 years (City-wide service)
  - One additional staff position @\$50,100 annually



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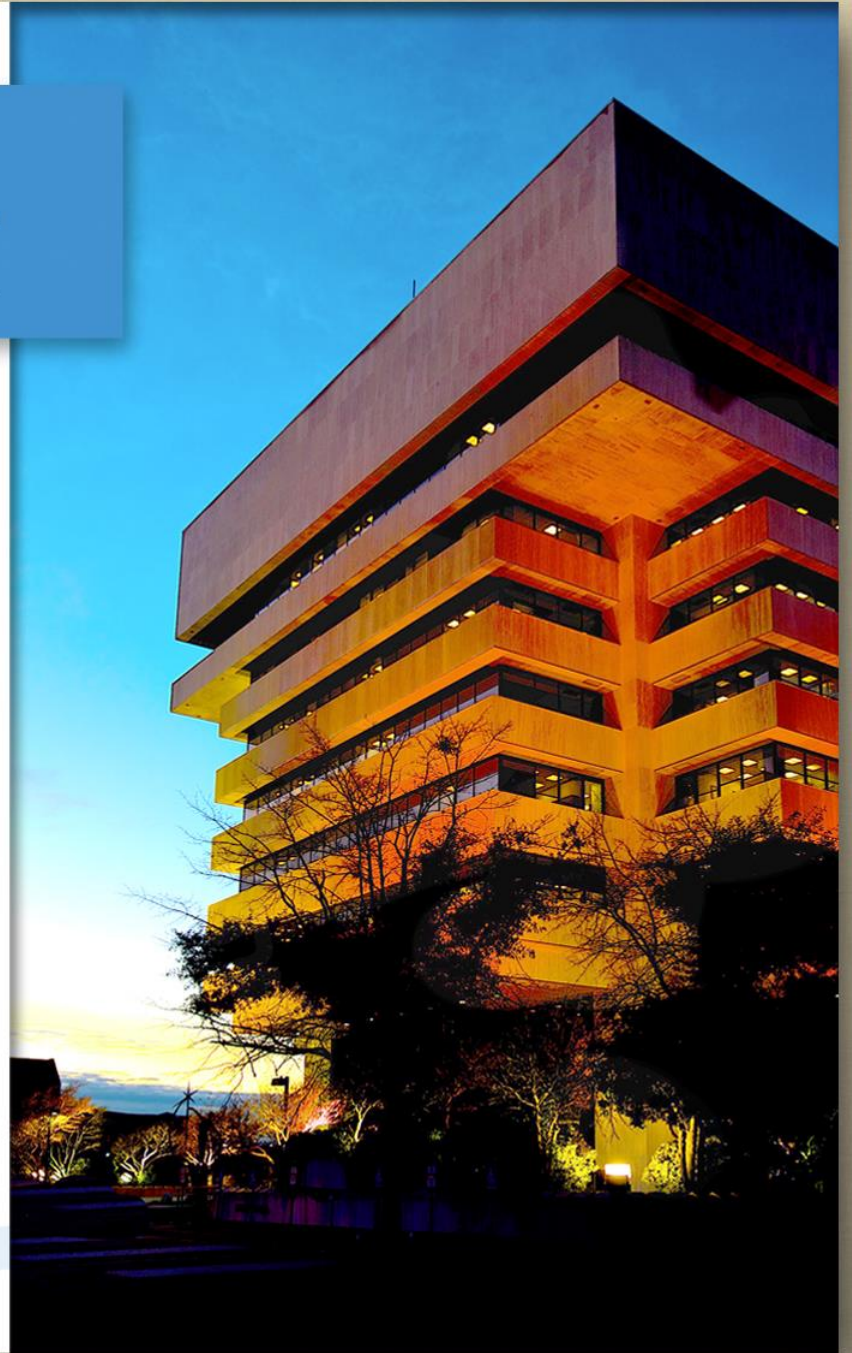
## 25 - Infill Housing Plan Book

- A strategy to improve the quality of new construction on infill lots across the City
  - Development of house plans that fit on various types of infill lots while meeting quality standards for design and construction
  - Guesstimate: \$250,000 for design services
- 



# HAMPTON VA

**Are we missing anything?**



# Vision

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

