



City of Hampton

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

Council Approved Minutes - Final City Council Special Session

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

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

Wednesday, May 3, 2017

1:00 PM

Council Chambers

Budget Work Session

CALL TO ORDER

Mayor Tuck convened the meeting at 1 p.m. with all members of the City Council present.

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

DONNIE R. TUCK PRESIDED

AGENDA

2. [17-0146](#) Budget Briefings (Continued) - Finance Committee's Recommendation on the Revenue Guideline for Real Estate Tax Rate Adjustment and Discussion by City Council

Attachments: [Presentation - Tax Policy Guidelines](#)
[Presentation - Budget Questions and Answers](#)

This item was taken first on the agenda.

REVENUE GUIDELINES FOR REAL ESTATE TAXES

City Manager Mary Bunting introduced Ms. Susan Harris, a member of the Hampton Finance Committee, who presented on the City's tax equalization policy.

Mayor Tuck asked for clarification of the tax equalization chart on Slide 6. Ms. Harris stated that \$1.30 would be needed to equalize the tax rate per the City's guideline.

Ms. Bunting stated that this \$1.30 is not a suggested increase. She stated that the City has the latitude to raise or lower the rate based on what is necessary for the City. She provided a previous example of the City taking on new school debt. The City wants to show the public that it is being a good steward, trying to take in a relatively consistent amount.

Ms. Bunting thanked the Citizen Finance Committee for its service.

FY18 RECOMMENDED BUDGET Q&A

Ms. Bunting introduced Mr. Brian DeProfio, Budget and Strategic Initiatives Director, who presented answers to budget questions Council had raised at a previous meeting.

Councilwoman Snead stated that she believes the funding for the Veterans Court should remain in the Non-Departmental Fund instead of transferring those funds to the Community Services Board (CSB). She has seen outside agencies cut programs that the City has provided funding for because their budgets tightened and other programs took priority. Keeping the funding in Non-Departmental allows the City to retain control. Mr. DeProfio stated that the Veterans Court funding could be broken out to a separate line item.

Mayor Tuck asked what breaking out that funding into a separate line item would mean. Ms. Bunting stated that CSB is running the program, not the City. When the City gives an outside agency contributions, they decide how to manage the funding. If the agency has to make choices, they could cut the program the City wanted funded to provide a different program. If the City keeps this funding in Non-Departmental and clarifies that it is going to the CSB on a line item, the City will write a check, and the CSB will get the funding for that specific program.

Vice Mayor Curtis noted that the Veterans Court funding is going towards expanding its scope. It was originally part of the Drug Court, and funding was restricted to those veterans with substance abuse problems. Now, those with mental health issues, which is a more pervasive problem, can also be assisted with this funding. Ms. Bunting acknowledged that the CSB had asked for double the amount the City will be providing, but the budget was stretched thin. As such, the City will be taking a phased approach, and next year the amount will be larger.

Mayor Tuck asked about the Hampton Clean City Commission (HCCC) funding, noting that there are contributions from the Solid Waste Management Fund and Stormwater Fund. There is not consistent language in the two funds. He believes there should be a delineation not currently present in the Solid Waste Management Fund.

When reviewing the proposed recreational vehicle (RV) tax, City Attorney Vanessa Valldejuli asked Mr. DeProfio to clarify the billing timeline. Mr. DeProfio stated that the tax is a calendar year tax, so would not be initiated until January 1, 2018, with the first bill to citizens due on June 5, 2018.

Councilman Gray asked about the recent Zoning Ordinance change recommendations relating to RVs. Mr. Terry O'Neill, Community Development Director, stated that staff will be giving a briefing on May 24th. There will be several options for Council to choose from, based on previous guidance from Council.

Vice Mayor Curtis asked if there was an assumption at this point that RVs of any size can be stored on citizens' properties. Mr. O'Neill stated that the current ordinance has a size limit, which is practically unenforceable. Staff cannot go onto a citizen's property unless invited, so being able to definitively measure the length of an RV is practically impossible on a consistent basis. The original proposal shared with Council in February removed the size limitations in favor of other ways of regulating RVs. Several different options will be provided to Council, and none of the options put a limitation on the size of the vehicle.

Councilwoman Schmidt asked if taxing RVs will provide size information to the City to use for regulation. Ms. Patricia Melochick, Senior Deputy City Attorney, stated Virginia Code 58.1-3100 would prohibit the Commissioner of the Revenue from allowing another department to have that information, as this would be considered public use.

Councilwoman Schmidt noted that the City had recently increased the littering penalty to a maximum of \$2,500. Although it is difficult to monitor, she does not believe it is being enforced as well as it could be. This would be an income that could be used. Ms. Bunting stated that Hampton Police Chief Terry Sult has agreed to issue a reminder to officers to ticket littering violations appropriately. However, just because the City has increased the maximum fine does not mean that the court is going to issue the fine. It has been the City's experience that, unless there are repetitive violations, the courts will not fine violators. She cautioned about relying on this fine as a source of revenue.

Councilwoman Schmidt noted that a citizen had raised a concern about equity

between boat owners and RV owners. She researched the matter of RV events in Hampton and found that a site in Fort Monroe has events, and even citizens will come to the campground and go out to eat. From September to May, people will keep their campers at the grounds and go to work. She believes this revenue could be captured, as those campers would be staying in Hampton over six months.

Councilwoman Schmidt stated that the citizen also felt it was appropriate for RV owners to be taxed at a rate of \$1 or less. The citizen owns an RV that is valued at \$1,000,000, but understands there is an expectation of a tax. However, boats are only paying a maximum of \$200, no matter the value.

Councilwoman Schmidt asked Mr. DeProfio about additional storage sites for RVs and boats. Mr. DeProfio stated that there are some storage facilities that claim to store vehicles, but staff has not been able to identify how much RV business they do. Councilwoman Schmidt stated that the citizen felt like the biggest problem was lack of proper RV storage in Hampton. If there is a facility in Hampton, citizens might take advantage of storing the RV there rather than putting it in their yards.

Mayor Tuck noted that if Council wanted to pursue a reduction in this proposed tax, there are several places to make up the funding. He mentioned specifically non-departmental spending where some line items could be adjusted. He also noted that there is \$51 million in the Undesignated Fund Balance. If there was an issue of a program being impacted, he believes Council would be favorable toward transferring the \$45,000 from the Undesignated Fund Balance.

Ms. Bunting stated that she would strongly urge not using one-time funding for reoccurring expenses. Mayor Tuck stated this would only be for one year or half a fiscal year. If the money is paid in June 5, 2018, on July 1, 2018 the City will start a new budget for FY2019. It would only be a one-time \$45,000 expense unless Council decided to keep the tax lower. This would allow the City to phase in the tax.

Ms. Bunting stated that by practice and tradition, Council adopts the budget on first reading. Next Wednesday, desired amendments would be made. It is helpful to staff if they know what Council desires to amend as soon as possible, as amendments can be very technical. She noted that there seems to be some RV tax concerns.

In reference to the City's contribution to Eastern Virginia Medical School (EVMS), Councilman Gray asked if the City was provided with information on how services were provided to the 26,000 patient visits from Hampton. He asked if there was an EVMS facility in the City, and stated that he believed that the closest facility was in Norfolk. Mr. DeProfio stated that there was not that level of detail provided in the report from EVMS. Ms. Bunting stated that she believes there is a location in

Newport News and patients from Hampton can be referred there.

BUDGET DISCUSSION

Councilman Gray stated that his preference on the RV tax is to set it at \$1.00 and leave it as such. He is not in favor of a phased-in approach. He is not supportive of making cuts to the suggested programs and believes the \$45,000 can be found somewhere else in the budget. Ms. Bunting noted that those programs were selected because those were new programs or funding to outside agencies, which had not been cut during the recession. She stated that she is not supportive of asking for additional cuts from departments, as their funding has already been cut by \$1 million to balance this year.

Ms. Bunting stated that the City always strives to come in under budget, however there will not be as large of a "cushion" this year. The numbers are refined and tightened every year.

Councilwoman Schmidt noted that she has had communication with the Peninsula Community Foundation, and they are willing to split the cost of the summer youth employment programs. Ms. Bunting stated that she has not yet had a meeting to see if this is a viable partnership. The City has been meeting with several entities to form partnerships to provide additional opportunities for youth employment. She would want to have a meeting before relying on that funding.

Councilwoman Snead stated that she believes the City should tax RVs at \$1.50. She does not believe it is unreasonable and the City would be in line with most other localities in this area. If the Council repeatedly reduces tax rate increases every time someone complains, the City will struggle in the future. There are only a few people impacted by this tax, and there are people in homes in Hampton that do not cost as much as RVs. She believes RVs are a luxury item and past Councils never should have reduced the rate in the first place.

Councilman Hobbs stated that he sees the tax as a luxury tax on something that not many people can afford. Everyone has their luxuries, and he noted that his is golfing with his family. Citizens are choosing to have the luxury of an RV.

Councilwoman Schmidt stated that it is no doubt a luxury, but there is an inequity between boats and RVs. The maximum fee a boat owner pays is \$200, while even an average RV would be taxed \$225. She feels \$1.00 is appropriate.

Ms. Bunting stated that the Commissioner of the Revenue had provided the following numbers: 70% of those impacted by the tax will pay less than \$200 per year, 15%

will pay less than \$400, 6% will pay less than \$600, 3% will pay less than \$800, 2% will pay less than \$1,000, 1% will pay less than \$1,200, 1% will pay less than \$1,400, and 2% will pay over \$1,400. She stated that it is true that some people with larger RVs will pay more than those with luxury boats. She noted that the first year of the tax will actually be half of the amount she stated, but this is what the \$1.50 will represent in the first full year after implementation.

Ms. Bunting stated that the City has settled on a difference in boats and RVs because there is documented evidence that the boat owners are having a large economic impact in the community. This same evidence does not exist with RVs. Some of the localities that tax RVs currently have no boat tax. It is not prevailing practice to treat RVs and boats the same.

Councilman Hobbs asked what the community polling numbers were on the RV tax. Ms. Robin McCormack, Communications Strategist, stated that 14% wanted no RV tax, 29% supported \$1.00, and 57% supported \$1.50 or more.

Vice Mayor Curtis, Councilwoman Snead, Councilman Hobbs and Councilman Moffett were all in agreement that it should be kept at a rate of \$1.50. Mayor Tuck stated that he would support the majority.

Susan Harris, member of the Council Finance Committee, presented information on the Revenue Guideline for Real Estate Tax Rate Adjustment. Following Ms. Harris' presentation, Brian DeProfio made a presentation addressing the question which have arisen concerning the FY-18 City Manager's Recommended Budget.

1. [17-0161](#) Briefing on the proposed Wibit Water Sports Park

Attachments: [Presentation](#)

Ms. Bunting shared the City's adopted mission statement: We are Hampton, a vibrant, waterfront community celebrating and embracing 400 years of history and innovation to create an even more dynamic future. Council and staff have been working to create a culture of water, making sure to increase the vibrancy and use of the City's waterways for all residents and visitors. She introduced Ms. Alison Alexander, Placemaking Planner, who presented on a Wibit Water Sports Park.

Mayor Tuck asked if there was a cost to individuals to use the park. Ms. Alexander stated that the recommended fee is \$5 per hour, based on other activities in the area. There are several options, such as a punch card or all-day pass, but the park will pay for itself. She also noted that the park has an estimated lifespan of four to eight years, depending on the quality of maintenance. Some of the profits can be

used to fund a new park when this one has run its course.

Ms. Alexander noted that the park can be removed and stored during a storm and during the offseason. She noted that a park in California paid for itself in one summer.

Vice Mayor Curtis asked how paid participants would be monitored. Ms. Alexander stated that there has been discussion of the lifeguards being used for all the various functions, to include issuing wristbands. Wibit has additional information on how to monitor this. Ms. Bunting stated that there would be a roped off area on the beach where participants would pay, as well as receive instructions and lifejackets. Ms. Alexander stated that there would be safety buoys around the park that would separate it from the rest of the water, and all participants would have lifejackets, so that is an additional way to monitor who is using it and who is not participating.

Councilwoman Schmidt noted that other locations shown were lakes. She asked about jellyfish and tidal action impacting the park. Ms. Alexander stated that there are a number of these parks in open water in Europe. The park would be anchored to the bottom with anchors that have approximately nine feet of flex. The actual location might have to be adjusted from the estimated location due to the wave break.

Councilwoman Schmidt stated that there are several companies that make these parks. She asked if the City was set on using Wibit. Ms. Alexander stated that staff has worked with an American distributor and viewed other products. These are very high quality and good for the open water.

Councilman Moffett stated that this is consistent with the Council's strategic priorities, and he is excited with the direction Buckroe Beach is taking. He asked how quickly it could be open. Ms. Alexander stated that if Council decides to move forward, it could be in place in as little as six weeks. She noted that the funding is already in place through the Council's strategic priority funding identified for water sports. Ms. Bunting stated staff would work as quickly as possible.

Ms. Bunting noted that these parks can also be used indoors, and the City might be able to use a smaller setup in existing pool facilities in the City.

Councilman Gray stated that he believes this is a great idea for Buckroe Beach.

Councilwoman Schmidt expressed a desire for a smaller package to see if it is successful.

Councilman Moffett asked what size is recommended by staff. Ms. Alexander stated

that staff recommends the large configuration. There were approximately 187,000 visitors in Buckroe Beach last year, so there could be a large draw to this water park. There is a possibility to phase in a smaller park if Council wants to test it over the summer. There is already funding set aside and it is well within the budget.

Ms. Bunting stated that if Council wanted to test a smaller setup, she would suggest at least a medium. A smaller park would not have near the revenue recovery and the City does not want it to be too small and disappoint people.

Councilman Moffett stated for the record that he supports the staff recommendation because it will get people to Buckroe Beach spending money. He asked about the difference in cost. Ms. Alexander stated that there is a \$40,000 difference, because anchors are not included, which is an additional \$4,000 to \$8,000. Ms. Bunting stated that there is sufficient demand for the larger size.

Councilwoman Snead stated that she is excited about this project. She asked how teenagers will be kept off the park after hours. Ms. Alexander stated that the location is fairly close to the fishing pier, which is open 24 hours and has cameras with nighttime security. Staff is working with the pier to use that security. Ms. Bunting stated that staff is also looking at additional monitoring from extra duty officers and possibly funding jet skis for the officers.

In response to Councilwoman Snead, Ms. Alexander explained briefly how staff would know when a participant's time was expired and stated that Wubit would train staff on how to run the park efficiently.

Vice Mayor Curtis, Councilman Gray, Councilman Hobbs, Councilman Moffett, and Councilwoman Snead supported the staff recommendation on size. Councilwoman Schmidt stated that she is reluctant, but can support the staff recommendation.

Ms. Alexander stated that staff used a business model provided by the company, but used a lower estimation of use to determine the return on investment.

Presented by Alison Alexander, Placemaking Planner.

ADJOURNMENT

The meeting adjourned at 2:35 p.m.

Donnie R. Tuck
Mayor

Katherine K. Glass, CMC
Clerk of Council

Date approved by Council _____