



# City of Hampton

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

## Council Approved Minutes - Final City Council Work Session

*Mayor Donnie R. Tuck*  
*Vice Mayor Jimmy Gray*  
*Councilmember Chris L. Bowman*  
*Councilmember Eleanor Weston Brown*  
*Councilmember Steven L. Brown*  
*Councilmember Billy Hobbs*  
*Councilmember Chris Snead*

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

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Wednesday, March 24, 2021

10:00 AM

Community  
Development  
Conference Room, 5th  
Floor, City Hall

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### CALL TO ORDER

Mayor Tuck called the meeting to order at 10 a.m. All members of the City Council were present except for Councilman Hobbs.

**Present** 6 - Councilmember Chris L. Bowman, Councilmember Eleanor Weston Brown, Councilmember Steven L. Brown, Vice Mayor Jimmy Gray, Councilmember Chris Snead, and Mayor Donnie R. Tuck

**Excused** 1 - Councilmember Billy Hobbs

### DONNIE R. TUCK PRESIDED

### AGENDA

1. [21-0117](#) Briefing on 757 Recovery and Resilience Action Framework

**Attachments:** [Presentation - Updated](#)  
[757 Recovery and Resilience Action Framework](#)  
[Presentation - as published](#)

City Manager Mary Bunting introduced the item and welcomed Douglas Smith, President and CEO for the Hampton Roads Alliance, formerly known as the Hampton Roads Economic Development Alliance (HREDA). She reminded everyone that she and Mayor Tuck serve on the Board of Directors for the Alliance and have witnessed the work and efficacy of Mr. Smith and his team. She then called upon

Smith to speak about the work the Alliance has done to consider how the region will recover economically from the impact of COVID-19 and how the demands for our region will continue to be met in order to grow its workforce.

Mr. Smith greeted everyone; thanked Ms. Bunting for the introduction; and noted that while the Alliance has taken on a leadership role in developing the framework for the 757 Recovery and Resilience Action Plan, many organizations and business leaders have been involved in putting this plan together. He then listed the topics for the discussion as: What our region is up against; the leadership plan; launching of the 757 Recovery and Resilience Action Framework; organization of the NextGen leaders; the Alliance's website ([www.Framework.HamptonRoadsAllilance.com](http://www.Framework.HamptonRoadsAllilance.com)); 757 champions are signing up; and the timeline for what is ahead.

Mr. Smith began the presentation by sharing several charts which showed that Hampton Roads is behind in population, employment growth and per capita income and Gross Domestic Product (GDP) when compared to other areas in the country. He also emphasized that our region is slow to recover, therefore, it will be necessary to reimagine what recovery will look like and reconsider old ways of doing things in order to see change.

The next several slides of the presentation provided data about the bold leadership plan and what business leaders think should take place in order to see results. In summary, business leaders believe that regional collaboration needs to improve and is critical for recovery from COVID-19. They also associate the term "regional collaboration" with the 17 local governments and believe that creating a shared vision and a list of top priorities are the best ways to advance collaboration and accelerate recovery.

Mr. Smith listed the timeline of events and those involved in the process which lead to the launch of the action framework in March of 2021. He also shared images on the website which represent the plan; the overall goal of the framework which is to build a better economy for the people of the 757; and the committees established to provide input and feedback.

Mr. Smith spoke about the five key aspects of the action framework. They are: (1) The action framework is based on a values-driven vision for the Hampton Roads economy in 2030. The vision is that the 757 area is one: economic empowerment and growth for all. (2) The action framework advances five strategic focus areas: build regional unity, grow new jobs, grow talent, build business resiliency, and advance regional infrastructure. (3) The action framework includes 30 specific program areas. (4) The action framework's coalition partners have designated areas of responsibility and accountability to measurable goals and (5) The action

framework is hype-focused on results.

Mr. Smith reminded everyone that the Alliance is focused on delivering demonstrated progress and results on the immediate programs by October 5, 2021. He also reviewed a chart which demonstrated the strategic areas anticipated to be accomplished immediately (in 2021), near-term (in 2022) and long-term (in 2023 and beyond).

Mr. Smith summarized what some of the action framework builders have said about the process and read a few statements from some partners that were involved in the project. He also spoke about some tasks at hand including one task to run a regional branding campaign called "Did You Know". The purpose of this campaign is to familiarize people outside of our region with our area.

The next few slides of the presentation provided information about the website, [www.Framework.HamptonRoadsAllilance.com](http://www.Framework.HamptonRoadsAllilance.com), where information can be found about the framework and the full plan; how to sign up to be a 757 champion; and the timeline for the next steps in the process.

Mr. Smith concluded the presentation and assured everyone that the Alliance believes that this plan can be successful emphasizing that 757 is one region of economic empowerment and growth for all. He then then opened the floor for questions and comments.

Councilman Brown commended Mr. Smith on the presentation and commented that he is excited about the Alliance being proactive and prepared for the good things to come. He said that he is particularly excited about the tracking component of the plan because if entities follow through with their commitments, the tracking mechanism will show the progress. Councilman Brown also asked Mr. Smith if there are any intentions for school districts or school superintendents to be involved in the process as school districts are also economic drivers.

Mr. Smith said that aspect has not been included as of yet due to the timeline, however, in a year or so, once the success builds and grows, other organizations will realize the credibility of this program and will want their programs involved.

Councilwoman Snead commended Mr. Smith and the Alliance on this comprehensive approach and the marketing component which in her opinion will bring much success. She also said that she is pleased with the modifications made to the branding and explained that initially, it appeared that Virginia Beach was the dominating City; however, this plan shows an overall approach and that all areas in the 757 are one community.

Councilman Bowman asked whether churches or clergy have been involved in the process as that is another large group which could impact and support the process.

Mr. Smith replied stating that the primary audience has been the business leaders in the community as this approach shows citizens that our business leadership has a plan. This is also why the Alliance has gone public with media launches. He added that churches have not yet been incorporated in the plan, however, there is potential for them to be incorporated in the future.

Councilwoman Brown commented that she was pleased with the distinctive plan as Hampton is focused on driving results and having accountabilities. She applauded the dashboard component and asked Mr. Smith to speak about how transportation, the smart grid, and technology may help with some of these regional issues.

With regard to transportation, Mr. Smith stated that the Alliance is watching for the next infrastructure legislation to come through because it may present a generational opportunity as the leadership in the region has impressively prioritized those projects over the last ten years. He continued saying that equity will be an important component and there will be pushes for transit, however, this plan has not focused specifically on transportation because of the 18 month horizon. He noted that the plan is not perfect; however, the Alliance is open to good ideas.

Vice Mayor Gray applauded Mr. Smith and others who work inside city government and understand that accomplishing real regionalism cannot depend solely on government; instead, it requires the involvement of other organizations. He also referenced the merging of two workforce boards (the Peninsula Chamber and the Hampton Roads Chamber on the south side), and said eventually the regional organization, the Peninsula Workforce Board, will become the Hampton Roads Workforce Council which is already branded under that name. He questioned how things will work with a workforce board on the peninsula and on the south side if this is about doing things regionally.

Mr. Smith commented that the goal is for the organizations to work closely together whether they merge or not. It is also important to keep in mind that Williamsburg will also play a role in the process.

Councilwoman Brown shared a story of a recent outing with friends, some of whom live locally and others who reside in the Richmond and Lynchburg areas of Virginia. During the gathering, a friend who resides locally made a funny comment to which one of the other friends replied "You never know what is going to come out of the mouth of the 757". Councilwoman Brown said this indicates that the 757 is catching

on and people from other areas know about the 757 name.

Mr. Smith added that the younger crowd has also embraced the 757 and there is a chance that the region would have been torn apart had the name been changed.

Mayor Tuck commended Mr. Smith on the effort. He also spoke about how the region has come together over the last five years, as opposed to previously when some localities disagreed on the Hampton Roads Bridge Tunnel (HRBT) expansion because the expansion was considered to be only beneficial to some localities. He also compared our region to other regions with localities that are separated by water and said that he believes the completion of the HRBT expansion will result in social and economic interaction between localities in the 757 area. He congratulated Mr. Smith and his team on their efforts to bring all of the localities together as one region, and said that he is excited about the positive prospects of the plan.

Mr. Smith thanked everyone for their efforts and offered to return at a later date to provide additional information specifically about the Alliance.

Ms. Bunting thanked Mr. Smith for the presentation and for making Hampton the first locality to have an in-person meeting on the topic.

Councilman Hobbs arrived at 11 a.m.

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

2. [21-0112](#) Budget Briefings: (A) Revenue Estimates and (B) Employee Compensation

**Attachments:** [Presentation - Revenue Estimates](#)  
[Presentation - Employee Compensation](#)

Ms. Bunting introduced the item and then introduced Director of Finance, Karl Daughtrey, to speak about the preliminary revenue projections for FY22.

Mr. Daughtrey greeted the members of Council and staff and then made a few opening remarks. He reminded everyone that preparing revenue projections is a collaborative effort of many City departments, some of which include the Commissioner of the Revenue and the Treasurer. He also announced that Hampton was able to grow revenues for FY22 despite the impact of the COVID-19 pandemic.

Mr. Daughtrey reviewed the first slide of the presentation which provided a summary of the changes for FY22 general fund revenues including recurring revenues and one-time revenues. The slide also provided the percentage of funds available for general appropriations and other specific purposes such as the school funding formula. Mr. Daughtrey also listed the major revenue drivers and then listed general property tax, sales tax and recordation tax as the main drivers for this year while consumer driven revenues impacted by the pandemic include lodging taxes, meals tax, admissions tax and fee-based programs.

The next few slides of the presentation provided projections related to the various types of general property taxes including real estate taxes and personal property taxes. Mr. Daughtrey paused to emphasize that no change is expected in the collection rate for Hampton. This is due to the tremendous job that the Treasurer has done in maintaining a high collection rate for real estate and personal property taxes.

Mr. Daughtrey continued speaking about general property taxes and provided the FY22 expected percentage change in taxable real estate assessments for various localities in our region.

For the record, Ms. Bunting explained that the city of Newport News is not listed on the slide with the other localities because Newport News had not released their assessment information by the time Mr. Daughtrey prepared the presentation. She added that Newport News' information will be updated once confirmation of their assessment total has been received.

Councilwoman Brown referred to the slide which included the value of each penny. She said that this information helps Council understand how Hampton compares to other localities in the region as to the tax base; it highlights how important it is that Hampton grows that tax base; it shows that having more real estate values to tax from (new developments) helps raise the tax base; and it confirms that cities with a large tax base have a lot of high value real estate and are able to generate more on each penny. She concluded her comments saying that this shows that Hampton has room to grow and our strategy for high value housing and other efforts in this area is important.

Councilwoman Snead reminded everyone that Hampton has a high older housing stock and since it is not feasible to tear down all of the older houses, it will be important to focus on improving the older housing stock as a strategy to increase property values.

Ms. Bunting added that this is the reason Hampton's tax rate is higher than in other cities. She assured everyone that all economic development strategies are intentionally designed to grow the revenue base; however, the residential strategies relate to this measure.

Vice Mayor Gray agreed with Councilwoman Brown and Councilwoman Snead and added that the Council priority related to investments in neighborhoods may not have received enough attention previously because at that time, Council did not have the information being presented today. He suggested that this may be something to take into consideration while discussions are underway about improving neighborhoods and raising values. He also emphasized that Hampton has to raise values of existing properties because it does not have vacant land to build higher valued homes; and, therefore, is required to invest in things such as curb appeal, home repairs and improvements in an attempt to bring up the values in those neighborhoods.

Councilwoman Brown agreed with Councilwoman Snead and Vice Mayor Gray and added that the work being done on blighted properties and the amount in the budget for programs such as the housing blitz helps in this effort. She referenced citizens who are on waiting lists for assistance with home repairs and said that these discussions help bring Council into focus on what can be done and how critical programs (such as the model block program) are for redeveloping Hampton. She added that Hampton is a beautiful place to live, work and play, however, because it was developed early on, its housing is getting older and it is now time to invigorate our part of the 757.

Mr. Daughtrey continued speaking about personal property taxes. He shared the next few slides of the presentation which listed some of the factors which impacted this tax category for the periods FY21 and FY22.

Mr. Daughtrey reviewed the next few slides of the presentation related to other local taxes. The five largest other local taxes include: meal tax, sales and use tax, business license tax, communications sales tax, and utility tax (electric and gas). These taxes represent approximately 78% of the total other local taxes projection.

Mayor Tuck commented that previously, tax forms included a line for self-reporting on internet sales and said that it does not seem reasonable that people would self-report; therefore, the state collecting taxes on internet sales for residents of Virginia is a positive thing.

Mr. Daughtrey added that changes in internet sales taxes are being seen regionally and statewide.

Vice Mayor Gray asked Mr. Daughtrey to speak about the impact that online sales has had on retail storefront sales.

Mr. Daughtrey shared that the Virginia Department of Taxation prepares a quarterly sales tax report for every community in Virginia. This report showed that there has been a large reduction in retail and restaurant sales, and a large increase in grocery and big box home improvement store sales when the first two quarters of this fiscal year were compared to the first two quarters in the previous year. He continued stating that the Commissioner of the Revenue has indicated that online sales make up approximately 10%, and noted that while he did not have specific data, Vice Mayor Gray is correct in that the brick and mortar stores have been significantly impacted by online sales. The revenue report also shows that retail has definitely been impacted.

Mr. Daughtrey continued providing information about the five largest other local taxes. He also spoke about the positive economic impact of stimulus payments and residents saving funds during the pandemic, however, these are not long-term effects. He also briefly spoke about the impact that live streaming has had on communication sales tax and cable services.

Mayor Tuck said that studies have shown that communities are being impacted by the increase in live streaming and asked if anyone has taken this concern to the General Assembly as a legislative priority.

Ms. Bunting stated localities and other groups raise the issue every year; however, for various reasons, the General Assembly is not motivated to resolve it.

Councilwoman Brown suggested that this be a point of focus in the legislative effort next year. She also suggested investigating whether there is potential for a judicial solution to the problem where streaming services could potentially be taxed or courts could establish that taxes should be collected on streaming service fees.

Additional discussion took place among staff and the members of Council regarding the causes for the City losing revenue; what percentage of the tax rate is being eaten by these things; and preparing a list of what is affecting the tax rate to be presented to the General Assembly.

Mr. Daughtrey continued providing information about other local taxes including pari-mutual license tax, admission tax and lodging tax.

In response to Councilwoman Brown, Mr. Daughtrey stated that taxes generated



from activities at the Convention Center, golf courses and the Coliseum are refunded to those activities/budgets.

With regard to the aquatics center, Ms. Bunting said that we have not pre-dedicated the admissions tax revenue and it will be a general fund budgeted item; therefore, there is no need to handle it in the same manner as the Coliseum fund. The only admissions tax revenue would come to the general fund which is where the operating expense would be. She noted that normally, there would not be admissions tax revenue for most of the daily activity at the aquatics center.

Additional discussion took place among the members of Council and staff regarding admissions tax on additional recreation programs in the City.

Mr. Daughtrey continued presenting information about lodging tax.

Councilwoman Brown asked whether pre-pandemic versus post pandemic figures have been calculated with regard to hotel and lodging taxes and what post pandemic numbers may look like with the additional hotels that have come online.

Mr. Daughtrey said that he did not have those exact figures; however, a 3-4% growth was expected pre-pandemic and this would equate to an increase.

Discussion took place among the members of Council and staff about pre-pandemic versus post-pandemic performances of various hotels in Hampton.

Mr. Daughtrey reviewed the next few slides of the presentation related to license, permits and privileged fees; fines and forfeitures (traffic penalties and court fines collections); and revenues from use of money and property.

Councilwoman Brown asked if the City is statutorily limited in the types of investments it can make and whether it is investing in everything it possibly can.

Mr. Daughtrey reminded everyone that we fund all schools cash flow until they receive state and federal revenues; we also fund all of the City revenues which requires a certain amount of cash flow. He explained that we determine how much cash flow is needed and then invest in long-term assets. He noted that we work with an investment advisor to maximize those returns.

Councilwoman Brown applauded staff for capitalizing on bond payments as this results in less interest being paid.

Mr. Daughtrey continued with the presentation and spoke about charges for

services. These charges are related to fee-based programs such as Emergency Medical Service (EMS) transport fees, fees for the School Age Program and fees for Parks, Recreation and Leisure Services (PRLS).

Councilwoman Brown asked if the City receives reimbursement for the Narcan program as there has been an increase in this expense.

City Attorney Cheran Ivery noted that she would research that information and provide it to Council.

Mr. Daughtrey continued speaking about the School Age Program. Ms. Bunting also made comments about revenues and expenses related to the School Age Program.

Mr. Daughtrey reviewed the remaining slides of the presentation regarding miscellaneous revenues related to Hampton City Schools; state and federal revenues; transfers; and fund balance.

Ms. Bunting provided the following explanation for the benefit of those who were not on Council when the \$2 million transfer from the schools occurred. When the two new schools were built, part of the arrangement was to re-benchmark the standards and quality. The City had been funding positions that the state hadn't been funding. When the state started funding some of those positions, a lot of localities chose to take that money back. That subsequently caused the state to change rules about how that happens in the future. Rather than taking the money back, we continue to give them the local funding contribution but they agree to pay some of the debt service for their capital budgets. That \$2 million has been coming over every year and has been accounted for in the same place from the schools towards those new school buildings. The \$1.2 million would be that new amount.

Mr. Daughtrey recapped the preliminary projections for FY22 and then concluded the presentation.

Ms. Bunting made closing remarks about the funding available for Council to allocate and then reminded everyone that compensation was the highest priority reflected from the budget work.

Councilwoman Snead asked whether the City would pick up the cost for the increase in health insurance.

Ms. Bunting announced that health insurance premiums would not increase this year.

Mr. Daughtrey reminded everyone that staff constantly seeks opportunities to reduce costs and not pass additional costs to employees. He explained that there will be a 3% decrease in health insurance costs; however, employee premiums will remain level as a result of switching insurance companies. Additional savings were also made via the renegotiation of the City's contract with Optima-Rx to receive more rebates.

Discussion took place between Vice Mayor Gray and Ms. Bunting about how staff arrived at the \$4.2 million amount in the presentation for general appropriations. Ms. Bunting also reminded everyone that the purpose of this session is to receive Council's feedback prior to staff preparing the Manager's recommended budget.

Following a brief recess, Mayor Tuck reminded everyone that the mics are live.

Ms. Bunting introduced Human Resources Director Nicole Clark to present on the FY22 compensation considerations.

Ms. Clark listed the topics for discussion as: compensation philosophy; FY22 salary considerations; public safety and civilian employees; and career progression strategies and tools.

Ms. Clark reviewed the first two slides of the presentation which listed the components of compensation philosophy as structure, policy and resources; provided the definition of compensation philosophy according to payscale.com; and provided samples of compensation philosophies from various organizations.

Ms. Clark read Hampton's compensation philosophy as shown on the next slide of the presentation. She also spoke about Hampton's compensation structure and how pay range salary minimums are determined.

Ms. Clark provided an example of entry point salary differences for a position and how individuals with varying levels of experience, education and qualifications could be hired at varying salary rates according to their specific qualifications. She noted that current policy allows for department heads to hire up to 10% above the minimum of the range if the employee has additional qualifications or has qualifications that exceed the minimum expectations. Anything above 10% must be approved by the City Manager.

Ms. Clark spoke about how midpoint pay range salaries and maximum pay range salaries are determined. She also provided several examples of how an employee would progress through the ranges and how a general wage increase would be

applied. She noted that sometimes employees confuse this process with compression, and therefore, she would speak more about compression later in the presentation.

In response to Councilwoman Brown, Ms. Clark explained that the general wage increase is determined by reviewing what other localities in the region are doing and attempting to remain competitive with those findings.

In response to Councilwoman Brown, Ms. Clark said that inflation has been a factor in past years, however, because inflation has been so small, the increase would be miniscule and the desire is to reward our employees with more than a 1 or 2% increase.

In response to Councilwoman Brown, Ms. Bunting made remarks about the recession, cost of living, and merit-based and performance-based raises as they have related to general wage increases over the past few years. She noted that Ms. Clark would provide additional information on this topic later in the presentation.

Ms. Clark continued with the presentation and shared information related to compensation policy; compensation considerations (flexible and fiscally sustainable); salary considerations and the tax base; competitive wage increases; merit pay; and competitive wage and merit bonuses.

Councilman Brown asked how often Hampton conducts market studies to compare positions to those in the region and if adjustments are made if it is found that our positions are not in alignment with positions in other localities in the region.

Ms. Clark reminded everyone that staff constantly monitors positions in the region and that some changes were implemented following a pay study in 2015-2016. She added that an adjustment is made when it is determined that a position is below the new determined minimum. She also clarified that individual positions are reviewed based on the ability to hire; whether the position is difficult to fill; and the needs of the department.

Ms. Clark continued speaking about merit pay, and competitive wage and merit bonuses.

Councilman Bowman asked if employees are given an opportunity to self-evaluate prior to meeting with their supervisors.

Ms. Clark stated that some departments use that tool and incorporating it into the performance evaluation is being considered; however, it is not required under

current practice.

Councilman Bowman said staff may want to consider changing that as this has been an effective tool used by the state for years. Ms. Clark agreed that this tool can be very effective.

Ms. Clark began speaking about some of the challenges associated with compression.

Ms. Bunting emphasized that sometimes, employees compare salaries without considering that less senior employees may have higher salaries because they have had consistent higher performance ratings and performance ratings cannot be shared with other employees. She clarified that oftentimes employees confuse this type of scenario with compression, when it in fact is not compression. She also shared that some localities have moved from merit-based pay to merit bonuses because merit bonuses require the appropriate documentation explaining the recommendation for a bonus. This is what Hampton is proposing.

Ms. Clark continued speaking about merit pay, and competitive wage and merit bonuses and then reviewed the next several slides of the presentation about salary considerations for FY22.

In response to Councilman Brown, Ms. Clark defined a living wage as the amount earned that is required for a full-time employee to support a family of four. She clarified that the living wage varies by locality and said that additional information about living wage will be provided in an upcoming slide.

Ms. Bunting noted that the living wage will differ in different areas of the country, for example, it will be more in Northern Virginia or California than it is in Hampton, Virginia.

In response to Councilwoman Snead, Ms. Clark clarified that the minimum wage amount is the minimum wage for all positions.

Ms. Clark continued speaking about what is being considered for the FY22 budget. She announced that there is \$4.2 million recurring compensation projected available funding.

Discussion took place among staff and the members of Council about the FY22 salary consideration topics including the minimum wage increase; living wage implementation and range adjustments; an example of the impact of the living wage range adjustment (custodian position); and competitive general wage increase.

The next several slides of the presentation that Ms. Clark reviewed provided information about compression and examples of what is and is not true compression.

Discussion took place among staff and the members of Council. Topics of discussion included: examples of compression; the various ways of determining City employee salary increases; the merit philosophy for salary increases; the economic sustainability of consecutive 5% increases for 5 years for some positions; rewarding high performing employees whose job performance is above what they are being paid at a base level; the potential to reward high performing employees using a bonus structure; employee City pay plans; general wage increases based on the market; the percentage of fringe benefits paid by the City; total compensation packages (salary, paid leave, and healthcare benefits) and how Hampton compares to other localities in these areas; the use of competitive total compensation packages as a strategy to retain employees; a pay for performance system where salary increases are based on employee performance; the fact that employees appreciate benefits, but most employees care more about how much money they take home to support their families; and the need for total compensation statements to be provided to employees.

For the record, Councilwoman Brown clarified that she advocates not only for staff increases, but also for merit increases; however, in her opinion, the five on five on five on five formula is not economically sustainable.

Ms. Bunting paused to address the narrative in the community about employees not receiving raises. She clarified that this narrative is not true and that employees receive increases in some fashion, just not merit.

The next several slides of the presentation that Ms. Clark reviewed provided information about compression adjustments for employees and pay scale updates including pay scale updates for public safety positions.

In response to Councilwoman Brown, Ms. Clark explained that employees who earn more than \$100,000 are typically Department Heads or Deputy Directors and are usually the only ones in those positions. For example, there is only one City Attorney and one Human Resources Director, and there are no other individuals in those categories to potentially create compression issues, and, therefore, these individuals are ineligible for the compression adjustment.

Ms. Clark and Ms. Bunting continued speaking about compression adjustments; pay scale updates; the impact of range adjustments to various public safety positions; and how salaries for Hampton's public safety positions compare to those in other

localities in the region.

Discussion took place among staff and the members of Council about salaries and rankings for some of the public safety positions listed in the slide presentation.

Following a brief break, Ms. Clark shared information about unified pay scales; the impact of range adjustments on some positions in the City; and how Hampton salaries for those positions compare to salaries for those positions in other localities in the region.

Discussion took place among staff and the members of Council about salaries and salary adjustments for some of the positions listed in the slide presentation.

Ms. Clark continued speaking about salary range adjustments and whether these adjustments will result in a salary change for all employees. She clarified that these adjustments will not result in a salary change for all employees and then shared an example of an employee whose current salary is below the new minimum required salary for the position (due to the adjustment) and that employee would receive an increase to bring them to the new salary minimum; whereas, another employee whose current salary meets or is above the new minimum would not receive an increase.

Ms. Clark spoke about performance-based bonuses and the benefits of performance-based salary adjustments. She also provided a recap of her presentation; shared staff's recommendation and cost summary for compensation adjustments; and then opened the floor for questions.

Ms. Bunting added that the \$300,000 one-time performance bonus funds shown on the cost summary slide would ideally come from recurring funds; however, fund balance will most likely be used the first year and there will be consideration for making it a part of the base salary in the future.

Ms. Bunting said that the proposal presented today builds on the existing philosophy with some modifications. She reminded everyone of Council's desire to continue the discussion on Hampton's philosophy and then opened the floor for discussion.

Mayor Tuck commented that, according to Mr. Daugherty's presentation, there is only approximately \$2.6 million to use for this effort.

Ms. Bunting reminded everyone about the additional \$2 million in the base budget which will be transferred over for this purpose.

Councilman Bowman asked if it is Council's desire to burn the entire \$4.2 million for this recommendation.

Ms. Bunting noted that the purpose of the exercise is to receive input from Council prior to the release of the Manager's recommended budget. She continued saying that her assessment priority is to pay Hampton's workforce fairly, given that the market will provide a 3% increase and that the pay range and compression adjustments are designed to help adjust Hampton's minimums which have fallen behind the market. She reminded everyone that Council has the option of using the money differently; however, staff will need direction on how to spend those funds. She noted that Hampton has become boxed in by its competitors (in terms of compensation).

Councilman Bowman asked if it is feasible to phase in other forms of compensation or do incremental increases.

Ms. Bunting replied yes and said there are several choices from which to select; however, range adjustments would need to take place prior to compression adjustments, and minimum wage adjustments are required to be made by January 1.

Councilwoman Brown commented that Council has been reminded of how hard Hampton's workforce works and how thinly manned departments are. She said that the range adjustments would bring Hampton to a competitive level and asked how much more compensation funding would be required for Hampton's workforce to no longer be considered thinly manned.

Ms. Bunting said if more funds were available, she would either (1) move employees as much as the range is being moved. This would require a 5% increase rather than a 3% increase, or (2) Add more positions. She explained that this is her preference because it would relieve employees of extra work and stress; however, she would like to provide a 5% wage increase in an attempt to keep City employees in line with what the schools are doing as our City and school districts have worked hard to maintain parity and a good relationship between the two organizations. She expressed concern that if the general wage increase is the only thing moved, employees may complain that their relative place in the range falls back. In summary, Ms. Bunting said the more immediate way to handle this would be to implement a 5% wage investment; however, longer term, more sustainable relief would come with new positions.

Councilwoman Brown replied stating that perhaps an objective should be to determine how to build the tax base to build the optimal work force. She suggested that staff go before the General Assembly to request compensation from the state in



an attempt to have optimal pay for employees. She also emphasized the importance of Council being made aware of this information so that it can recognize that we are living within the budget and doing what is necessary to change this for the future; getting employees to the pay level where they should be; and getting faster delivery of services for the citizens.

Councilwoman Brown asked how the one-time performance bonus pool of \$300,000 was determined and how the use of those funds will be determined.

Ms. Clark said Human Resources is working with our High Performance Manager, Nancy Olivo, and other staff on that task. In addition, a group has been organized to determine a recommendation on how the money will be distributed. The idea is that it will be distributed by department at the discretion of the department according to the proportionate number of employees it has.

Ms. Bunting clarified that this determination is subject to review by the Human Resources Department to ensure that the administration of a bonus program is done through a lens of equity.

Councilwoman Brown suggested that there may be a need for more than \$300,000 for the one-time bonus considering the overall annual payroll of the City.

Ms. Bunting noted that more than \$300,000 could be taken from fund balance; however, the thought is to begin small the first year and add more in years to come after proving success of the program.

In response to Councilwoman Brown, Ms. Bunting clarified that fund balance will be added at the end of this year; over \$1 million surplus will go to fund balance and can be used for one-time things; however, the \$1 million being referred to here, is the recurring \$1 million in the base budget. In summary, there is not \$2 million in recurring revenue; instead, there is \$1 million of one type of funds and \$1 million of recurring money that is already accounted for.

Vice Mayor Gray applauded staff for their work to adjust salary ranges and deal with positions that have fallen below the market range. He referenced the portion of the pay philosophy which shows that positions will remain at average or middle of the range pay and said that two or three years from now, Hampton may fall behind again as other localities in the region continue to raise wages which may hinder Hampton's goal of being the employer of choice and meeting the career needs of its employees.

Vice Mayor Gray also expressed concern about employees in smaller departments

who may not have the ability to move up in the ranks, and, therefore, may choose to accept opportunities elsewhere. He reiterated that now is the time to revisit the pay philosophy and determine how many positions are needed to alleviate thinly manned departments. He referenced the portion of the compensation statement which emphasizes providing career choices, good pay and benefits; however, in his opinion, Hampton has not kept up with that and has potential to be the employer of choice if the pay philosophy is changed and we work toward building a better compensation and staffing plan. He also mentioned that those with lower salaries will pay a higher percentage of their salary in order to live in nice neighborhoods which may mean that the City should commit more of its revenue to deal with salary issues. He emphasized that each year at budget time, discussions are centered on being thinly manned; however, the problem has not been resolved. He noted that thinly manned departments also results in citizens not receiving prompt service and closed his comments by reminding everyone that Hampton does not have to be the highest in the region, but the goal should be to be higher than where our current philosophy says we need to be, which is average of the region.

Ms. Bunting clarified that Hampton has not underpaid its employees when compared to other localities in the region; instead, it has focused on current employee pay which made it difficult to hire new employees because it fell behind in minimum ranges. She added that if the desire is for Hampton to be above average, Hampton will need to give increases higher than the region. For example, if the region gives 3%, Hampton will need to give 4%.

Vice Mayor Gray referenced the increased number of employees who leave after working for the City for only five years or less.

Ms. Clark referenced an article about the number of employees who leave places of employment due to managers, work environment and culture, but not typically due to pay. She noted that today's workforce does not stay in one position and retire 20 or 30 years later; instead, they have several jobs over a period of time.

Councilman Brown agreed with Vice Mayor Gray about the need to determine new revenue streams in order to reach the goal of being the employer of choice and one of the best paid cities in the region. He said that it will be an ongoing mission to keep employees at a compensation level they believe they deserve. He said that he would have a difficult time eliminating any aspect of the philosophy as it all intertwines and makes sense. He concluded his comments saying that he is most concerned about what will happen when Hampton reaches the highest level of compensation and other localities go even higher, and determining the best way to retain good employees and reduce turnover.

Councilwoman Snead said that she believes this is the best compensation package the City has had in years because it addresses everything. She agreed with Councilwoman Brown about advocating for additional funds for one-time performance bonuses. She also reminded everyone that Hampton is challenged with being one of the cities with the least employees per capita, and therefore in a future budget, it may be a good idea to consider organizing a re-engineering team to review processes in the City and determine ways to consolidate and shift resources. She noted that the performance bonuses and a cost of living increase shows employees that they are cared for and that their performance is appreciated.

Councilman Hobbs said pay scales at the establishment where he works range from \$12 to \$51 per hour. He emphasized the importance of making changes in the City in order to get to where we want to be, particularly when the market and labor pool is consistently changing. He also said the most common reasons employees have left his place of business were treatment and recognition; however, some have left for \$1 per hour difference in salary. He said he believes we are making a move in the right direction; have a good benefits package; and have good employees who deserve to be rewarded. He noted that he likes the idea of the market adjustment and wants to have good employees that are paid a fair wage.

Councilman Bowman commented that he has been involved in many employee surveys over the years and has never seen compensation and salaries rated first; instead, it is usually rated third or fourth. He continued saying that benefit packages, supervision, respect and constructive timely feedback usually rank higher. He reiterated that salaries are important; however, salary and compensation is rarely number one on surveys.

Councilwoman Brown commented that she is grateful for this forum; agreed with Councilwoman Snead about the need to re-engineer resources; emphasized the importance of capitalizing on the younger generation's approach to work and the need to provide them with the opportunity to thrive and contribute; commented that people often say that it isn't about the money, but it's always about the money; agreed that the quality of life makes day to day experiences at their jobs better; and said that she is excited about the high performing effort and the idea to encourage innovation, new ideas and talent as a means to retain people. She closed by saying that it is important to seek optimal employment for our employees and ways to fund optimal employment. She said she looks forward to discussing this in the future.

Mayor Tuck reminded everyone that we cannot work through all of this today.

Vice Mayor Gray commented that he understands that employees do not always rate compensation very high on surveys; however, it has been his experience in talking to employees that they are always concerned about how much money goes in the bank and how much will be there for retirement. He continued saying if we keep the current philosophy of the average in the region and being thinly staffed, in a few years, the same discussions will take place about Hampton falling behind. He reiterated that while it will cost money, part of the goal should be determining ways to avoid falling behind and adopting a philosophy which will keep Hampton ahead or at a higher level.

Ms. Bunting agreed with the Mayor in that this work cannot be completed today; therefore, another session will be scheduled to discuss this further. She reminded everyone that one way to accomplish the goal Vice Mayor Gray suggested is to provide increases 1% higher than the region recommendation; however, this is very difficult to accomplish during a recession or when coming out of a pandemic. She reiterated that there will be additional conversations in the future on this topic.

All of the members of Council commended Ms. Clark on a great presentation.

Mayor Tuck said that the City Manager's comments summed up his thoughts. He added that, at best, we can try to reduce the tax rate and bring in additional staff in critical areas to improve customer satisfaction; however, that will not fix the manning situation.

Mayor Tuck also spoke about the criticism the City receives on social media for using additional funds to pad employees' salaries. He suggested that what has been presented today be taken into consideration; reminded everyone about the economic advantages that surrounding localities in the region have, whereas, Hampton is dependent on real estate and commercial until it has a manufacturing base; and said that Hampton is disadvantaged because it has no local income tax (even when the City is made to be appealing for people to work here, those individuals spend money in other places). Mayor Tuck reiterated that this issue will not be resolved today; however, we can strive to be higher than other localities in some areas and consider the reduction in the tax rate to help with compensation problems in hopes that employees will not consider working for other localities due to compensation or dollars.

Ms. Bunting made closing remarks about the tax rate reduction and the potential for recovery in some local taxes following the pandemic. She assured Council that staff will keep them posted on the possibility of tax rate reductions.

Councilwoman Snead commented that she has not received negative feedback from the community; instead, she has received positive feedback about the increase in assessment values which proves that there is also some positive feedback in the community. She also said that she does not want the community to be under the impression that we are not compensating our employees and providing needed services in the City.

Council took recesses from 11:40 a.m. until 11:55 a.m. and again from 1:42 p.m. until 1:52 p.m.

### REGIONAL ISSUES

There were no regional issues.

### NEW BUSINESS

There was no new business.

### CLOSED SESSION

3. [21-0113](#) Closed session pursuant to Virginia Code Sections 2.2-3711.A. (.1), (.3), (.6), (.7) and (.8) to discuss appointments as outlined on the agenda; to discuss the disposition of real property for a public purpose in Phoebus and the LaSalle Corridor, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the City; to discuss or consider the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the City would be adversely affected; to consult with legal counsel employed by the City regarding panhandling; and to consult with legal counsel pertaining to actual litigation involving a pending matter in Hampton Circuit Court where such consultation or briefing in an open meeting would adversely affect the negotiating or litigating posture of the City.

A motion was made by Councilmember Billy Hobbs and seconded by Vice Mayor Jimmy Gray, that this Closed Session - Motion be approved. The motion carried by the following vote:

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

- 4. [21-0047](#) Consideration of Appointments to the Coliseum Advisory Committee
- 5. [21-0099](#) Consideration of Appointments to the Social Services Local Advisory Board
- 6. [21-0100](#) Consideration of Appointments to the Neighborhood Commission
- 7. [21-0101](#) Consideration of an Appointment to the Wetlands Board
- 8. [21-0103](#) Consideration of an Appointment to the Hampton Clean City Commission
- 9. [21-0107](#) Consideration of an Appointment to the Peninsula Agency on Aging
- 10. [21-0108](#) Consideration of Appointments to the Hampton Senior Citizens Advisory Committee
- 11. [21-0116](#) Consideration of an Appointment to the Parks & Recreation Advisory Board
- 12. [21-0120](#) Consideration of Appointments to the Hampton Redevelopment and Housing Authority

**CERTIFICATION**

- 13. [21-0114](#) Resolution Certifying Closed Session  
A motion was made by Councilmember Billy Hobbs and seconded by Councilmember Chris Bowman, that this Closed Session - Certification be approved. The motion carried by the following vote:

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

**ADJOURNMENT**

The meeting adjourned at 5:41 p.m.

**Contact Info:**

**Clerk of Council, 757-727-6315, [council@hampton.gov](mailto:council@hampton.gov)**

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Donnie R. Tuck  
Mayor

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Katherine K. Glass, CMC  
Clerk of Council

Date approved by Council \_\_\_\_\_