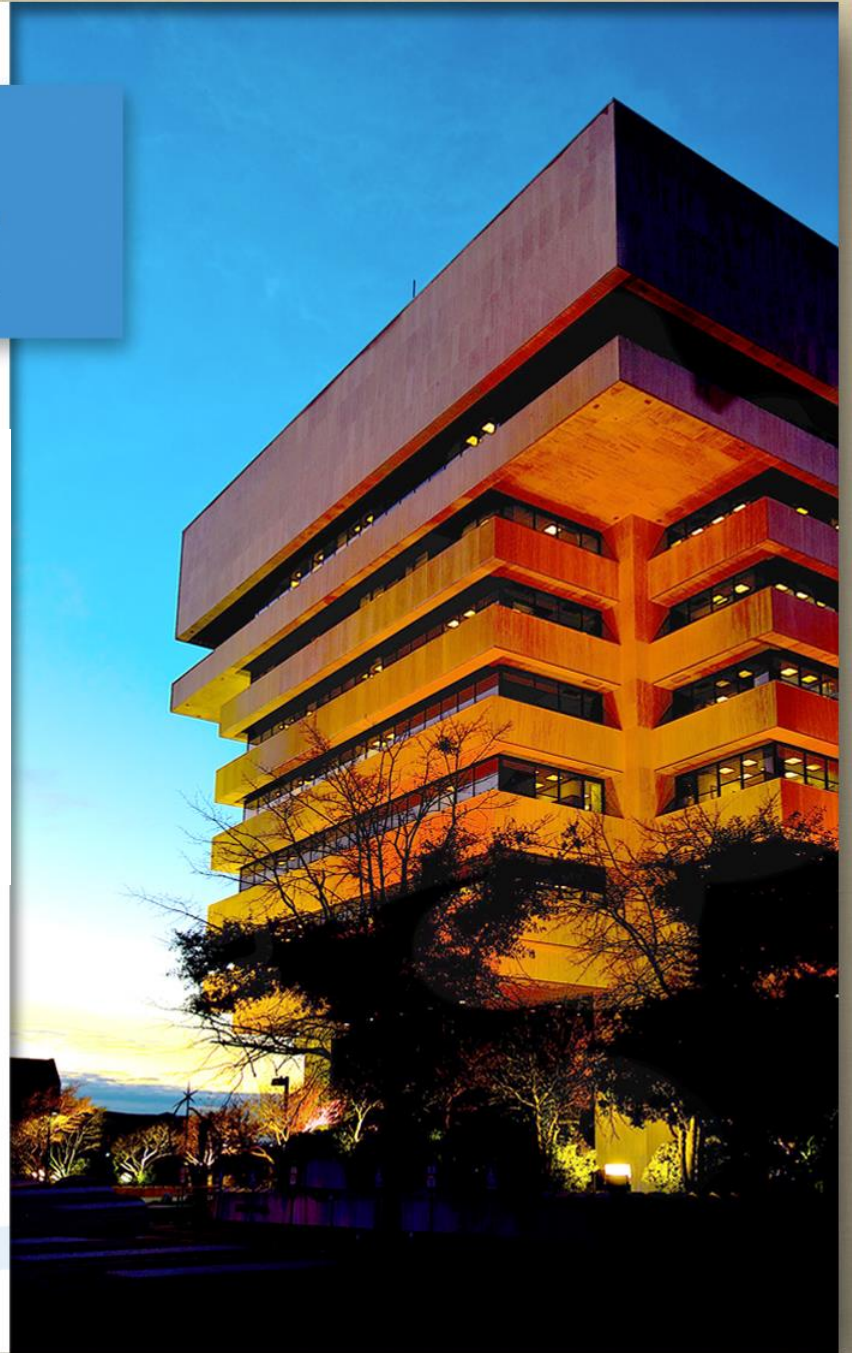


# HAMPTON VA

## **City Council FY24 Budget Work Session Priority Projects**

**Hampton City Council**

**March 8th, 2023**



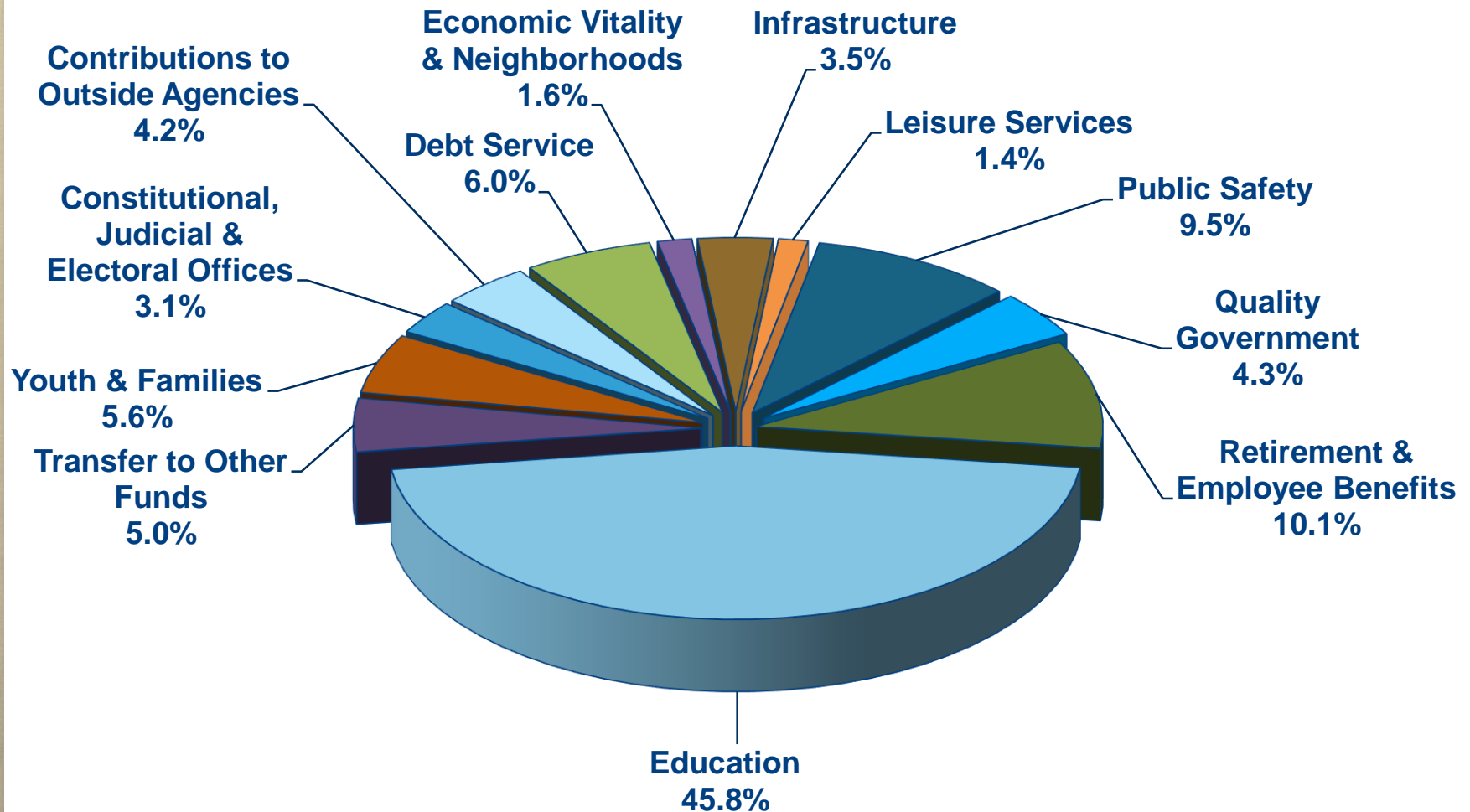
# Agenda

- Background/Budget Overview
- Overview of Property Taxes
- Tax Relief Options Ranking
- Key Budget Driver Focused Ranking
  - Compensation
  - Benefits
- Refined Priority Ranking
  - Staffing
  - Operating
  - Capital

# General Budget Information

- Approval of the annual budget is one of City Council's most important jobs
- The budget lays the groundwork for all city services and programs offered as determined by City Council and by the community through the Strategic Plan, Community Plan, and Master Plans

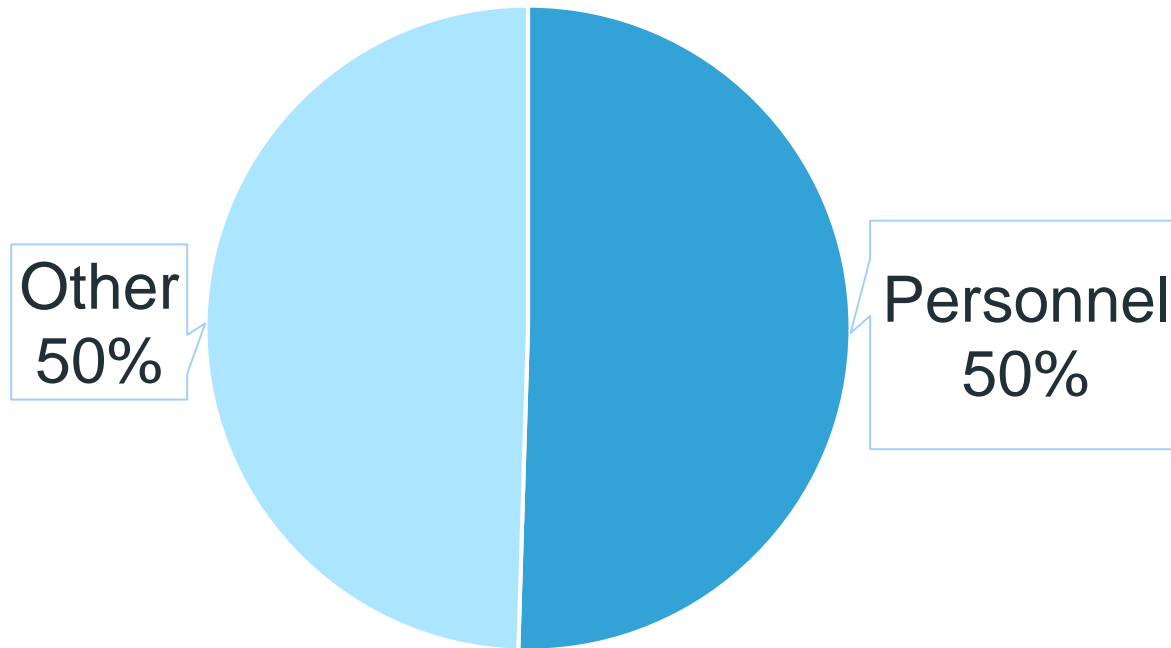
# Allocation of General Fund Dollars for Core Services



Percentages may not total 100% due to rounding

# City Employees

Personnel services encompass nearly half the budget...

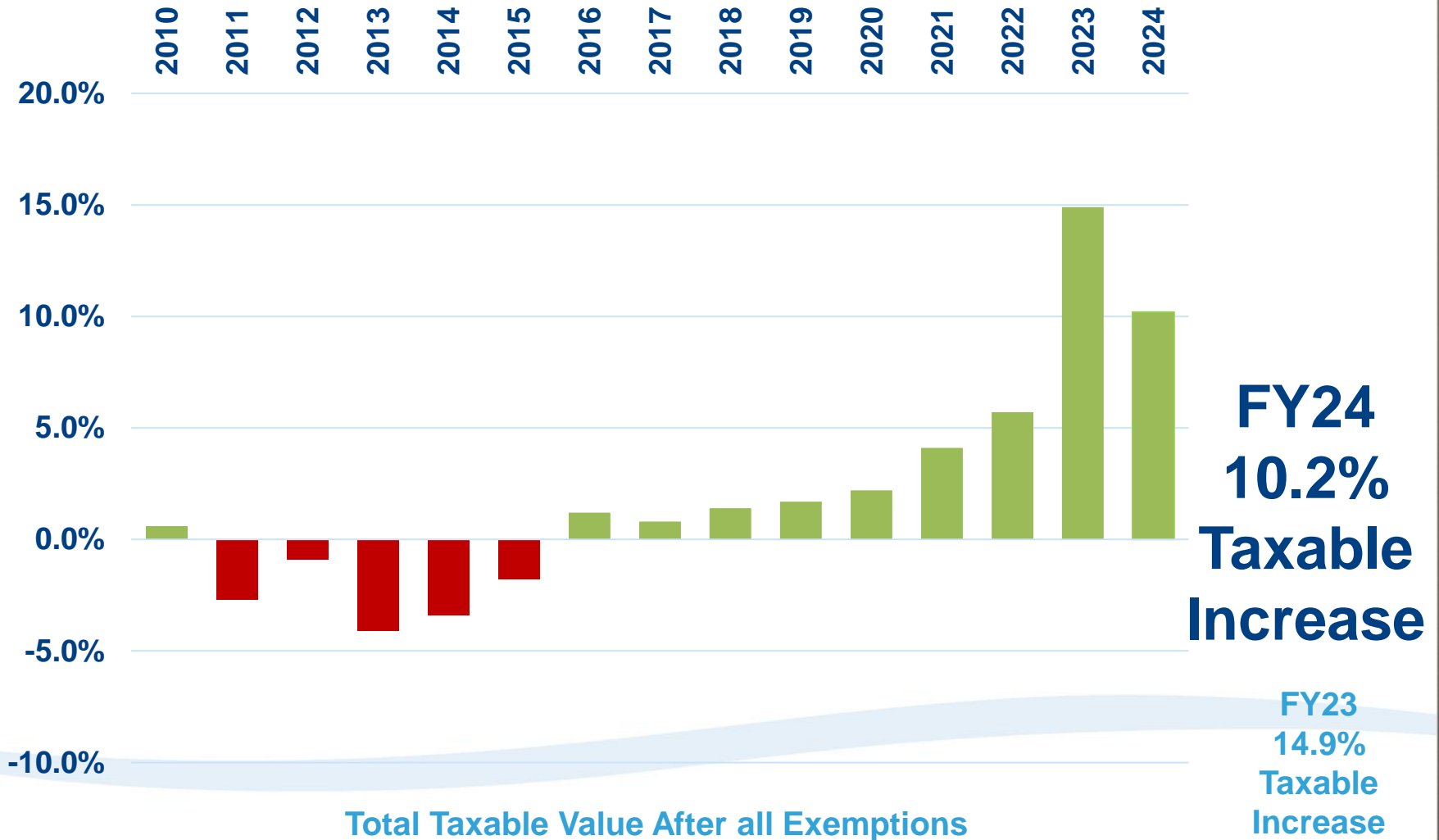


# Decade of Stagnant Revenues

- 11-year recovery from financial crisis: 2010-2020
  - Great Recession
  - Sequestration
- Limited revenues used to address many of City Council's top priorities
- Revenues began increasing right before the pandemic and have continued to grow
- Working to address areas where we need to reinvest since the great recession



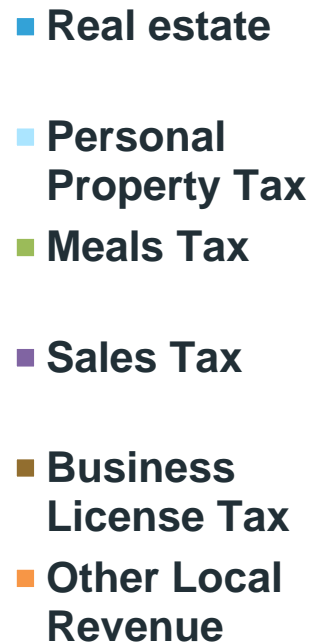
# Land Book Retrospective - Taxable Value Percent Change



# Sources of Local Revenues

82% of the locally generated revenue comes from:

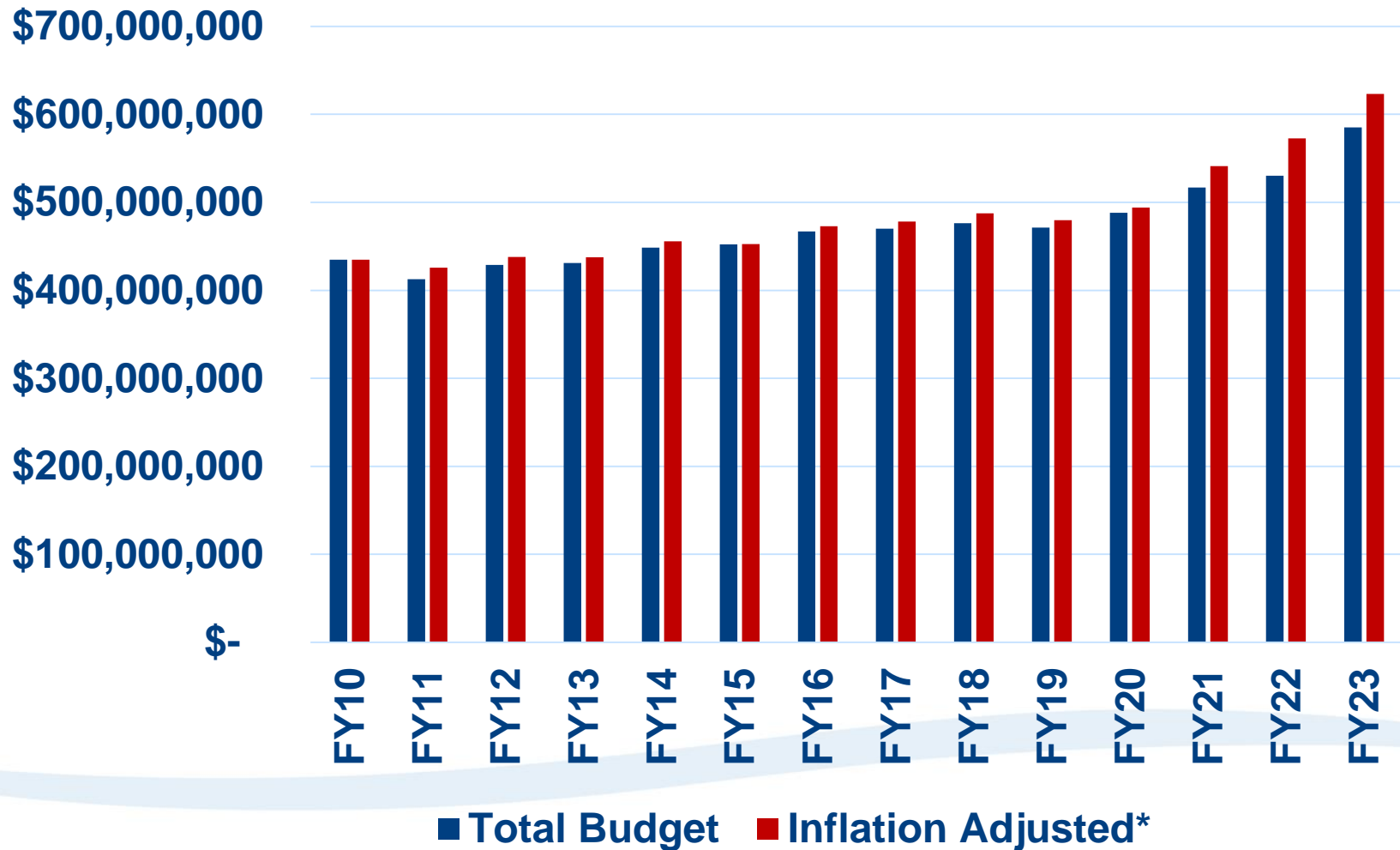
- 1) Real estate taxes **49.44%**
- 2) Personal property taxes **15.19%**
- 3) Meals tax **7.64%**
- 4) Sales tax **4.98%**
- 5) Business license tax **4.4%**
- 6) Other Local Revenue **18.35%**





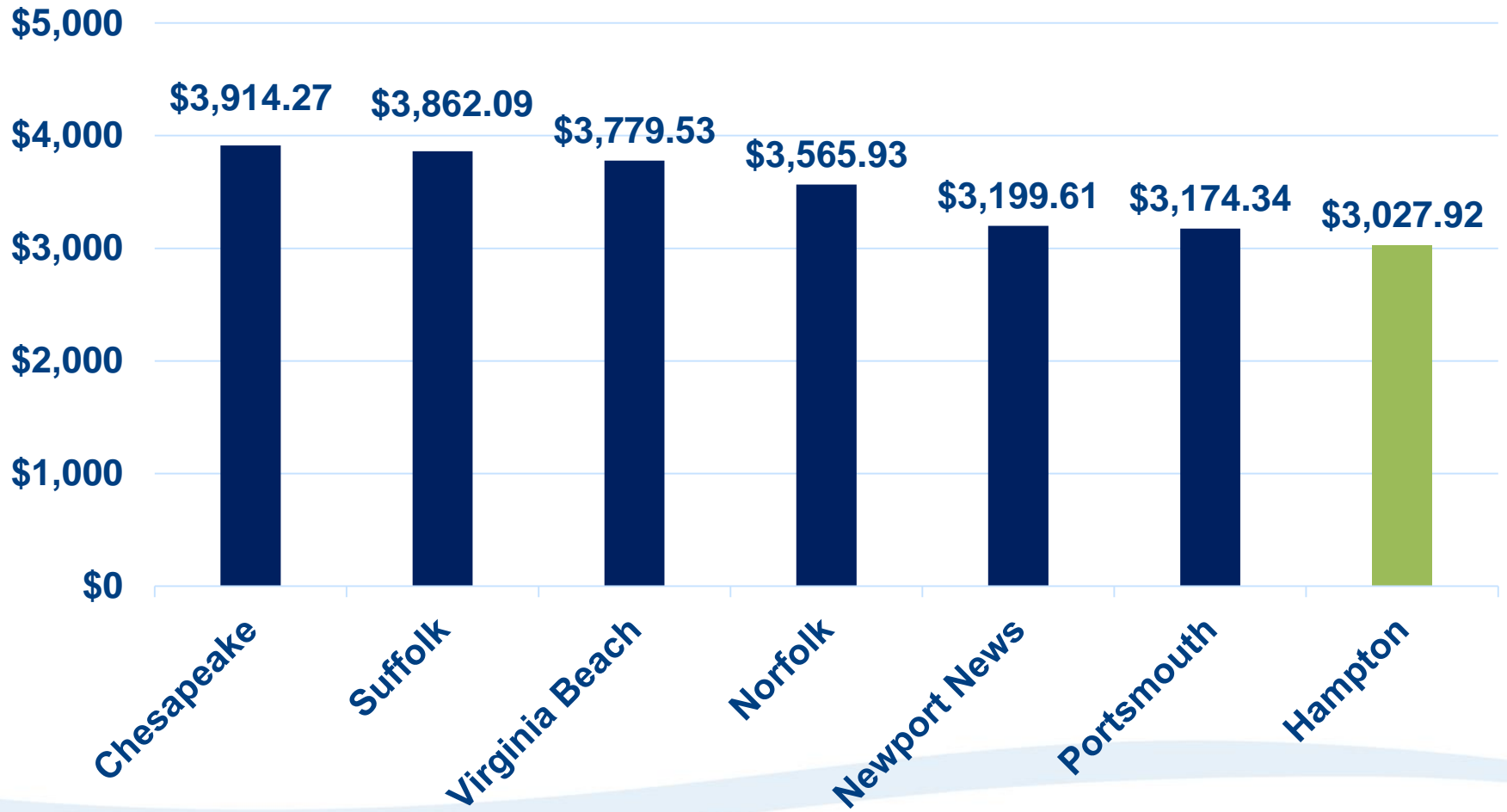
# Total Budget and Inflationary Impact

## SINCE FY10



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

# Hampton Homeowners Pay Less Taxes



FY23 City tax rate applied to median home value from Zillow data December 31, 2022

# Financial Resiliency

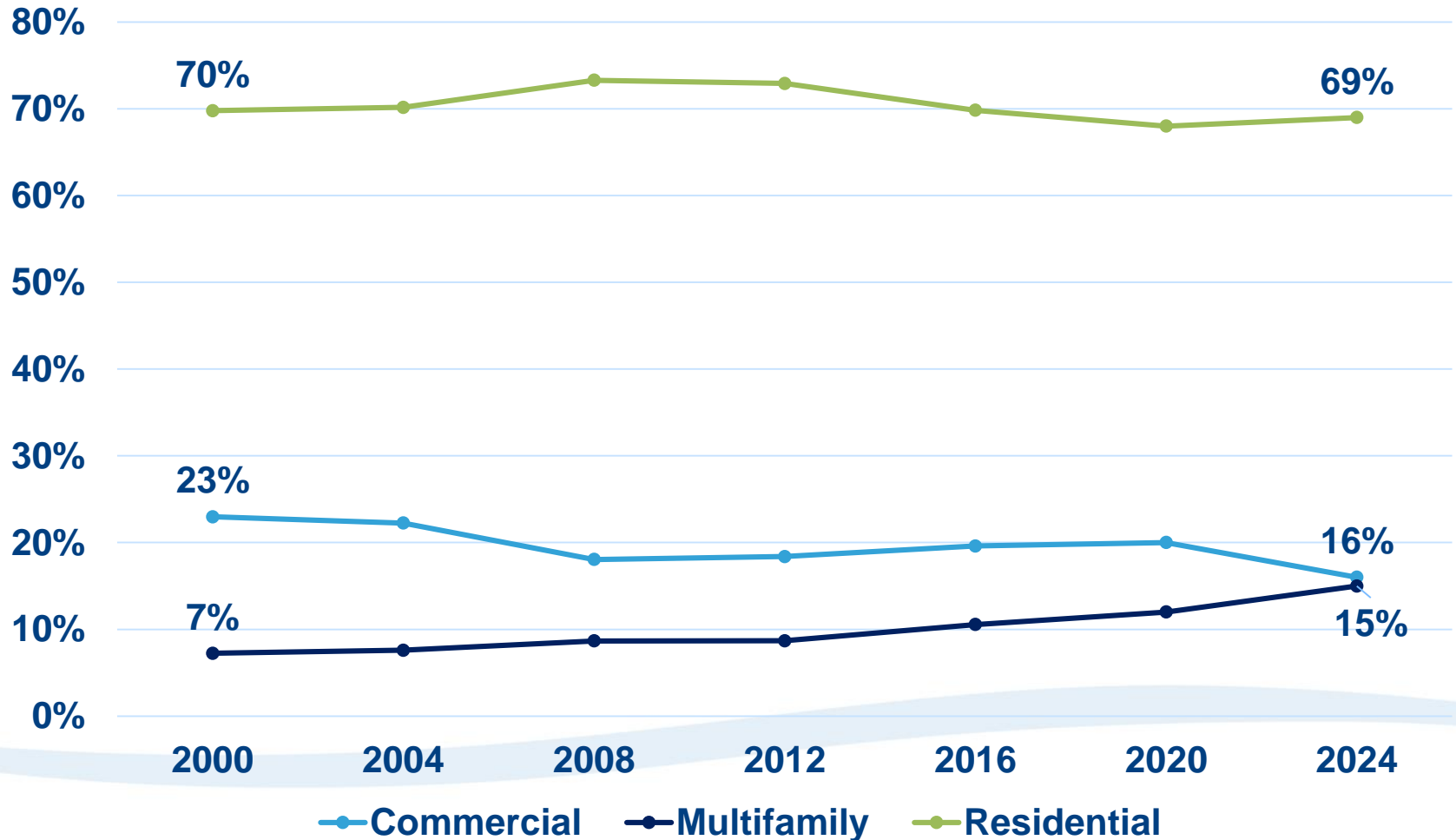
- Addressed Council priorities while maintaining financial resiliency
- Financial Resiliency Commitment & Culture
  - Conservative Budgeting & Management Practices
    - Conservative Budgeting
    - Monitoring Financial Performance
    - Adjusting as Needed & Continually Improving Operations
    - Adhering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

# FY24 Budget Challenges


- Retaining & Attracting Employees
  - Global decline in workforce
  - Inflation fueled wage growth
- Staffing Levels
- Infrastructure Maintenance
  - Some progress made in funding for infrastructure maintenance since the great recession, more needed
- Inflation
- Evolving tax base that is increasingly dependent on residential and multifamily
  - Shift to online retail
  - Commercial environment changing

# Total Market ASSESSED Value Comparison (Taxable)

## Total Market Assessed Value Comparison (Taxable)



# Revenue Growth Slowing in FY24

- General property taxes are growing aggressively
  - Other local taxes are experiencing healthy growth
  - Interest earnings from investments are strong
  - Real estate property values growing strong but will decelerate
  - Personal Property values are beginning to trend down from their peaks
- 



# 1<sup>st</sup> Round Ranking Results Overview

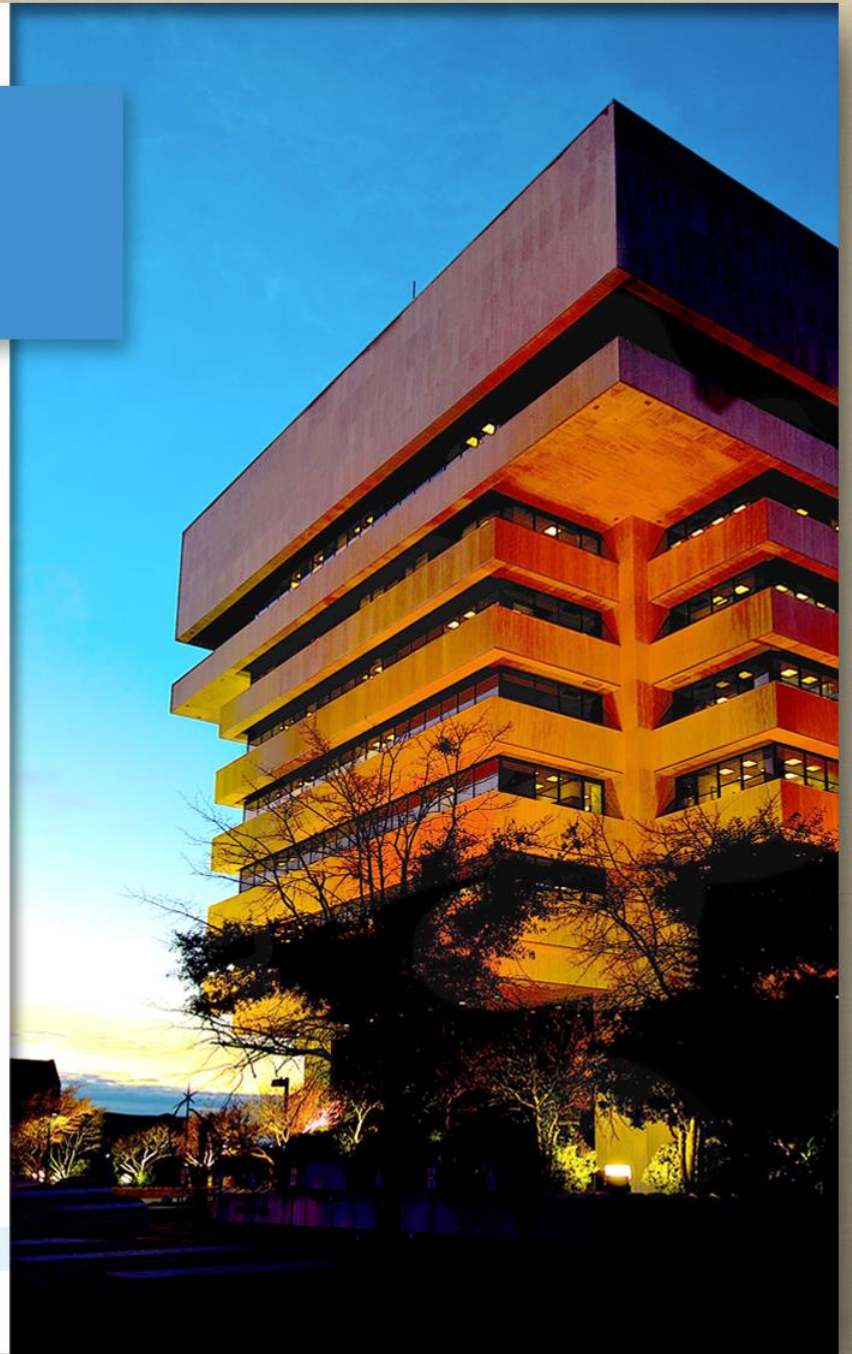
- Operating Budget
  - Green = \$17,269,615+
  - Yellow = \$1,492,582
- Capital Budget
  - Green = \$62,064,532
  - Yellow = \$105,842,560
  - Red = \$1,200,000

# Summary of Budget Overview

- Continue to maintain financial resiliency
- Significant investments in many strategic priority areas
- Strong growth in revenues expected in FY24
- Many needs have been identified
- Key FY24 Challenges
  - Retaining & Attracting Employees
  - Staffing Levels
  - Infrastructure Maintenance
  - Inflation
  - Evolving tax base

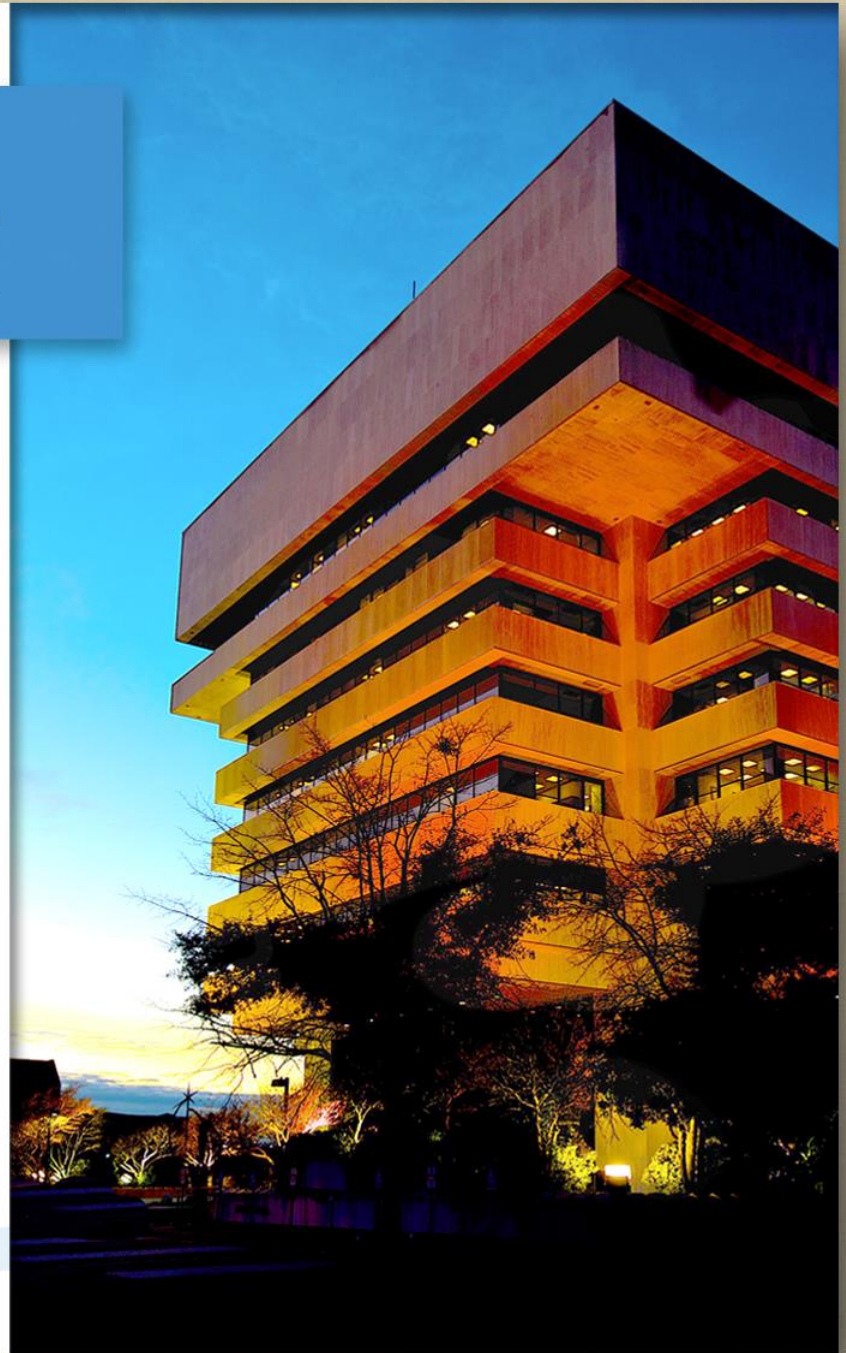
# HAMPTON VA

## Questions/Discussion



# HAMPTON VA

## Overview of Property Taxes





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



Hampton City Council  
March 8th, 2023

Presented by  
Ross A. Mugler, Commissioner of the Revenue

# Real Estate Tax Reduction Programs

## ELDERLY OR DISABLED REAL ESTATE TAX RELIEF

(Local Option)

- Freeze
- Deferral
- Exemption (Grandfathered)



## DISABLED VETERAN REAL ESTATE TAX EXEMPTION

(State Mandated)



# Local Option Program Requirements

- In order to qualify for Hampton's Real Estate Tax Relief Program:
  - Applicant must own the real property and use as sole residence
  - Owner is sixty-five (65) and older OR permanent and totally disabled
  - Maximum household income not more than \$62,000
  - Net Worth (excluding home) cannot exceed \$200,000
  - Up to ten (10) acres of land where house is situated
  - Exclusion up to \$7,000 of income for other individual(s) who live on the premises

# Tax Relief Available To Hampton Homeowners For New Applicants

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

# Exemption (Grandfathered)

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

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

# FY21, FY22 & FY23 Real Estate Tax Relief: Local Option

Program	FY21 Tax Revenue Impact	FY22 Tax Revenue Impact	FY23 Tax Revenue Impact
<b>25% - 100% Exemption</b>	\$905,333 677 parcels	\$915,755 446 parcels	\$583,184 373 parcels
<b>Freeze</b>	\$34,143 398 parcels	\$75,440 313 parcels	\$125,993 368 parcels
<b>Deferral</b>	\$293,555 168 parcels	\$294,791 155 parcels	\$302,777 143 parcels
<b>Total</b>	\$1,233,031 1,243 parcels	\$1,285,986 914 parcels	\$1,011,954 884 parcels

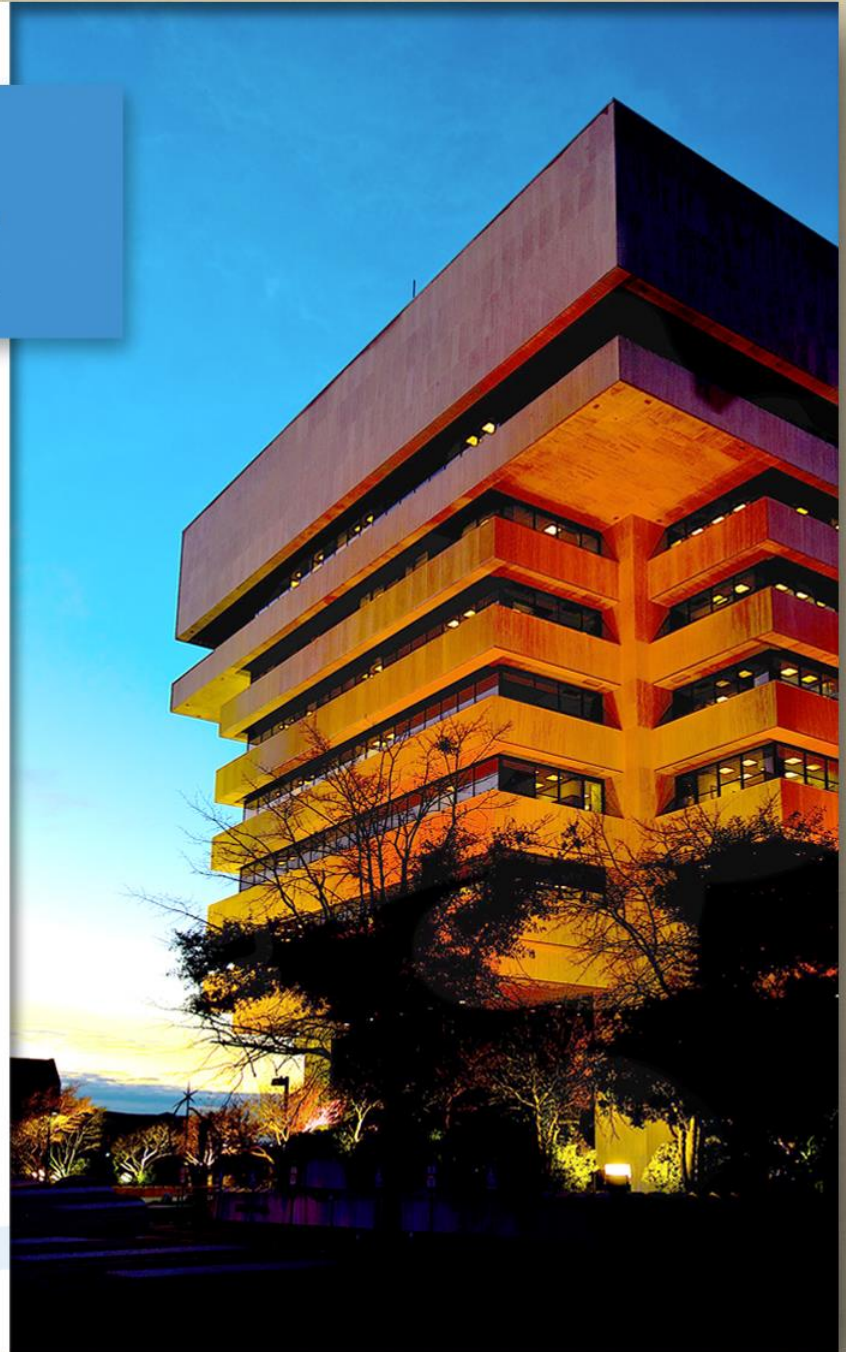
# FY12 Through FY22 Residential Tax Revenue Impact Disabled Veteran Real Estate Tax Exemption Total 12 Year Revenue Loss \$26,004,481

Fiscal Year	DV Annual Real Estate Tax Impact	Number of Parcels	% Hampton Residential Tax
FY12	\$695,672	323	.73%
FY13	\$ 778,105	390	.85%
FY14	\$1,049,090	453	1.01%
FY15	\$1,251,329	556	1.19%
FY16	\$ 1,395,324	616	1.35%
FY17	\$ 1,531,720	665	1.48%
FY18	\$ 1,786,596	769	1.69%
FY19	\$ 2,239,290	1,159	2.43%
FY20	\$2,383,099	950	2.54%
FY21	\$3,308,325	1,322	3.42%
FY22	\$ 4,356,491	1,609	4.21%
FY23	\$ 5,229,439	1,614	4.34%



# HAMPTON VA

## City of Hampton 2022 Personal Property Tax Assessment





# City of Hampton 2023 Personal Property Tax Assessment



Hampton City Council  
March 8, 2023

Presented by Ross A. Mugler, Commissioner of  
the Revenue

# Personal Property Valuation

- Vehicles are assessed using the National Automobile Dealers Association (NADA) pricing guide or by a percentage of cost price.
- The City assess vehicles at 100% of clean loan as required by Section 58.1-3503(A)(3).
- This valuation guide is used by every locality in the Commonwealth of Virginia.
- Section 58.1-3503(B) allows an assessment ratio to be used with the concurrence of the local governing body. In 2022, an assessment ratio of 75% was approved.

# Personal Property Valuation Contd.

Although supply chain issues still persist and 2023 values are still elevated; we are starting to see depreciation from the unprecedented 2022 valuations. It is expected that values will continue to stabilize and normal depreciation will return by year end. Listed below are the 2021-2023 assessments for the auto / truck showing current depreciation:

		growth %
2021 Auto/Truck Assessment	\$ 811,755,320	
2022 Auto/Truck Assessment	\$1,174,252,175	+45%
2023 Auto/Truck Assessment	\$1,046,425,464	-11%

\* The assessments listed above are based on the preliminary numbers done in February of each year and do not include the assessment ratio.

# Moving Forward in 2023

In deciding how to move forward in 2023, three case scenarios are provided:

1. No assessment ratio for 2023 compared to 2022 assessment ratio of 75%. Generates 19% growth.
2. 2023 assessment ratio of 95% compared to 2022 assessment ratio of 75%. Generates 13% growth.
3. 2023 assessment ratio of 90% compared to 2022 assessment ratio of 75%. Generates 8% growth.

# No Assessment Ratio for 2023 Compared to 2022 with 75% Ratio

## Tax

2023 Auto/Truck Rough 2/11/23	\$46,234,681	
2022 Auto/Truck Rough 2/12/22	<u>-38,982,655</u>	
Growth	7,252,026	19%

## Assessment

2023 Auto/Truck Rough 2/11/23	\$1,046,425,464	
2022 Auto/Truck Rough 2/12/22	<u>- 883,847,457</u>	
Growth	162,578,007	19%

# 95% Assessment Ratio for 2023 Compared to 2022 with 75% Ratio

## Tax

2023 Auto/Truck Rough 2/25/23	\$44,216,323	
2022 Auto/Truck Rough 2/12/22	<u>-38,982,655</u>	
Growth	5,233,668	13%

## Assessment

2023 Auto/Truck Rough 2/25/23	\$1,000,796,094	
2022 Auto/Truck Rough 2/11/22	<u>- 883,847,457</u>	
Growth	116,948,637	13%



# 90% Assessment Ratio for 2023 Compared to 2022 with 75% Ratio

## Tax

2023 Auto/Truck Rough 2/25/23	\$42,015,943	
2022 Auto/Truck Rough 2/12/22	<u>-38,982,655</u>	
Growth	3,033,288	8%

## Assessment

2023 Auto/Truck Rough 2/25/23	\$950,959,873	
2022 Auto/Truck Rough 2/12/22	<u>- 883,847,457</u>	
Growth	67,112,416	8%

# Personal Property Assessment Summary

Tax Year	Property Class	Assessed Value	Tax
2021	Regular Auto/Truck Book <sup>1</sup>	\$834,389,738	\$37,923,755
2022	Regular Auto/Truck (\$1,174,252,175 – 100%) <sup>2</sup>	\$883,847,457 (75%AR)	\$38,982,655
2023	Regular Auto/Truck (\$1,046,425,464 – 100%) <sup>3</sup>	\$1,000,796,094 (95%AR)	\$44,216,323
2023	Regular Auto/Truck (\$1,046,425,464 – 100%) <sup>3</sup>	\$950,959,873 (90%AR)	\$42,015,943

1. Based on final book for 2021
2. Based on preliminary numbers 2-12-22
3. Based on preliminary numbers 2-25-23

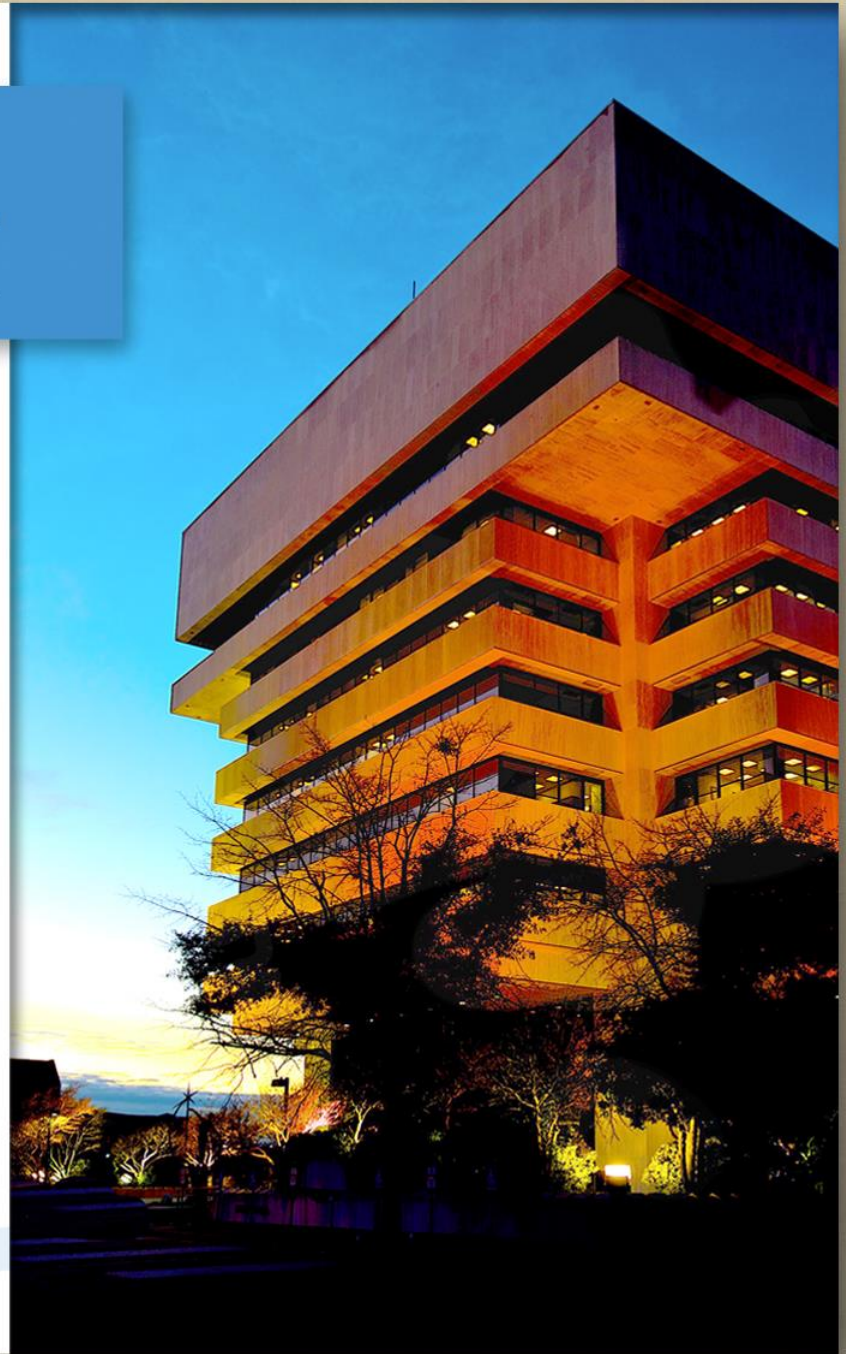
# Next Steps

- The assessment ratio is applied against all vehicles in an equitable manner as required by the Code of Virginia.
- If an assessment ratio is used, City Council is not in a position of reducing the tax rate to later increase the rate when values stabilize.
- The personal property book has to be presented to the City Treasurer by April 1<sup>st</sup>. Decisions regarding the assessment ratio will need to be approved on the March 22<sup>nd</sup> council meeting.

Questions?

HAMPTON VA

# Real Estate Tax Stabilization



# Real Estate Tax Rate Stabilization Policy

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

# Real Estate Tax Rate Stabilization Policy

(Cont'd)

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



# Tax Equalization

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

# Tax Equalization (Cont'd)

Fiscal Year	Increase/(Decline) In Real Estate Tax Revenue	Actual Tax Rate*	Equalized Tax Rate*
2014	(3,001,349)	\$1.24	\$1.27
2015	(1,327,579)	\$1.24	\$1.30
2016	578,339	\$1.24	\$1.30
2017	1,569,560	\$1.24	\$1.30
2018	1,416,775	\$1.24	\$1.30
2019	2,208,293	\$1.24	\$1.30
2020	2,418,641	\$1.24	\$1.30
2021	5,907,396	\$1.24	\$1.30
2022	7,576,490	\$1.24	\$1.27
2023	23,041,523	\$1.18	\$1.19
2024	13,981,531	TBD	\$1.18

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

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

Tax Rate	FY24 Estimated Revenues	FY23 Estimated Revenues	Revenue Increase over FY23	Reduction in Estimated Revenues
\$1.18	173,365,276	159,383,745	13,981,531	
\$1.17	171,894,244	159,383,745	12,510,499	(1,471,032)
\$1.16	170,423,212	159,383,745	11,039,467	(2,942,064)
\$1.15	168,952,181	159,383,745	9,568,436	(4,413,095)
\$1.14	167,481,149	159,383,745	8,097,404	(5,884,127)
\$1.13	166,010,117	159,383,745	6,626,372	(7,355,159)
\$1.12	164,539,085	159,383,745	5,155,340	(8,826,191)

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

Tax Rate	Estimated Revenues	Reduction in Estimated Revenues
\$1.18	4,890,781	
\$1.17	4,849,128	(41,653)
\$1.16	4,807,476	(83,305)
\$1.15	4,765,823	(124,958)
\$1.14	4,724,170	(166,611)
\$1.13	4,682,517	(208,264)
\$1.12	4,640,865	(249,916)

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

Tax Rate	Estimated RE Revenues	Base Year	Estimated Incremental RE Tax Revenues	Reduction in Incremental RE Tax Revenues
\$1.18	3,190,629	831,924	2,358,705	
\$1.17	3,163,590	831,924	2,331,666	(27,039)
\$1.16	3,136,551	831,924	2,304,627	(54,078)
\$1.15	3,109,511	831,924	2,277,587	(81,118)
\$1.14	3,082,472	831,924	2,250,548	(108,157)
\$1.13	3,055,433	831,924	2,223,509	(135,196)
\$1.12	3,028,394	831,924	2,196,470	(162,235)

# Net Increase in Real Estate Revenues Allocated to City and Schools

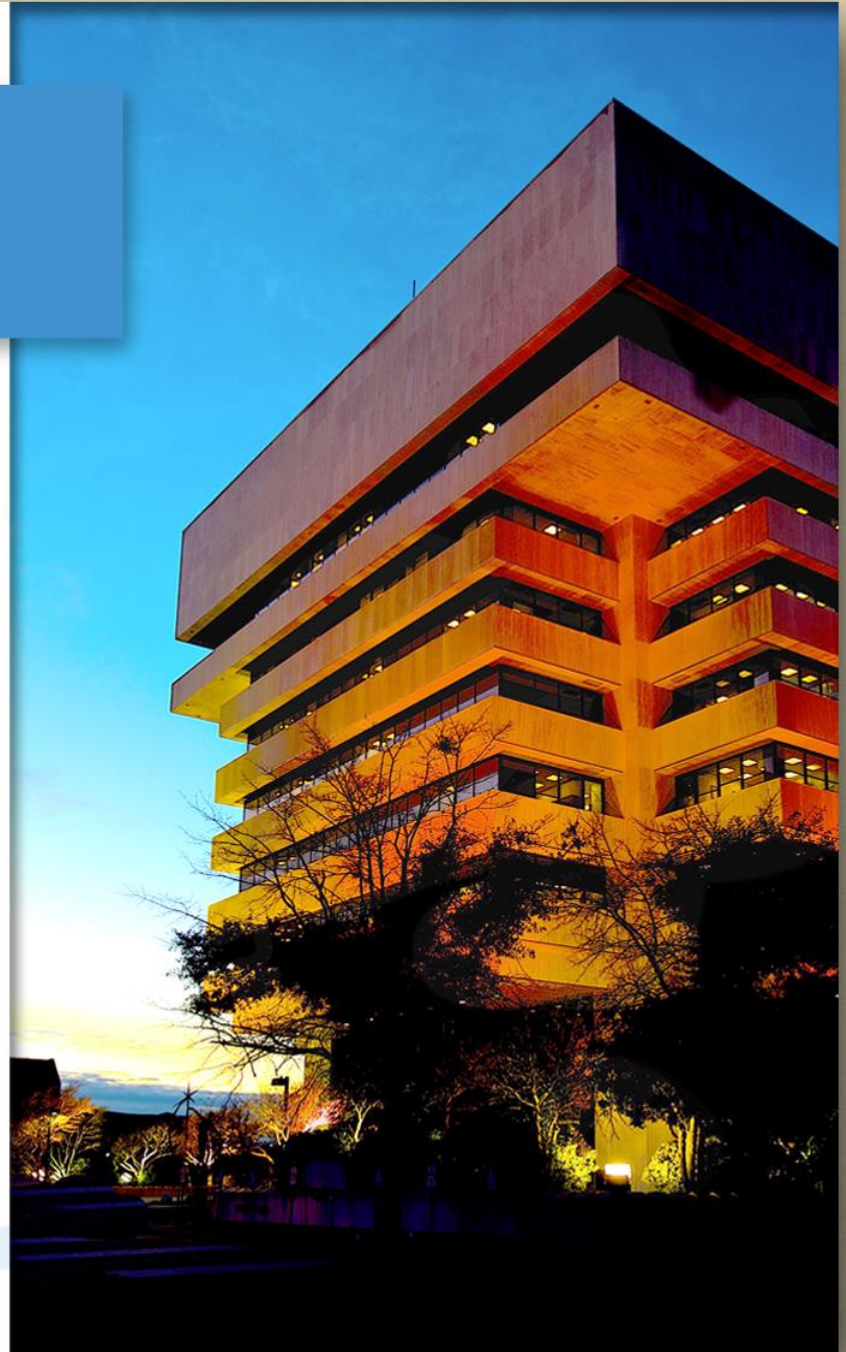
Tax Rate	City	Schools
\$1.18	7,546,723	6,434,808
\$1.17	6,691,114	5,819,385
\$1.16	5,835,512	5,203,955
\$1.15	4,979,910	4,588,526
\$1.14	4,124,308	3,973,096
\$1.13	3,268,706	3,357,666
\$1.12	2,413,103	2,742,237



# HAMPTON VA

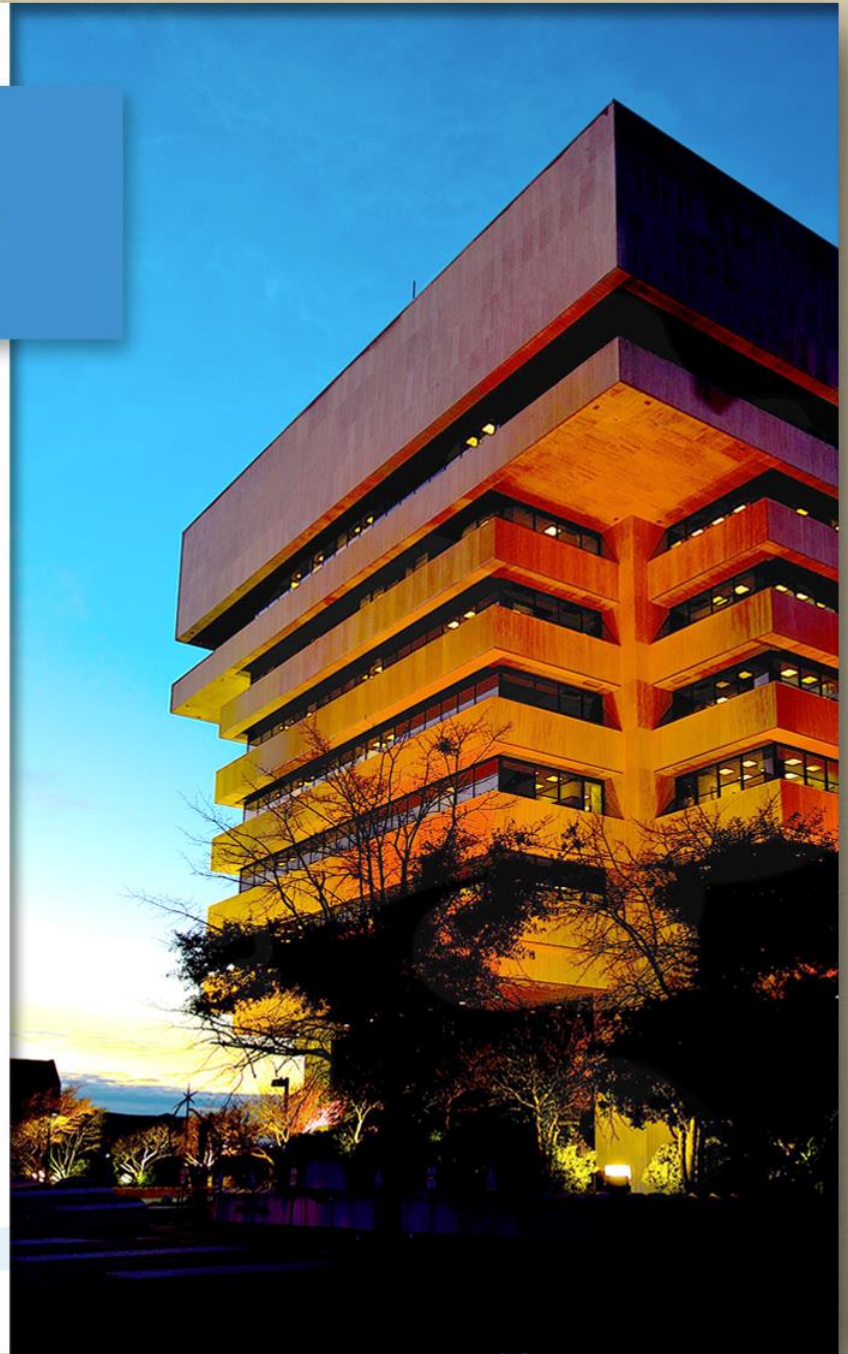
## **Key Budget Driver Focused Rankings**

### **Compensation**



HAMPTON VA

# Compensation and Benefits



# Compensation

Provide competitive pay to retain and attract talent by:

- Providing competitive wage increases
- Increasing the minimum wage
- Reviewing and updating pay scales for hard-to-fill positions
- Addressing compression
- Recognizing high performers with monetary and non-monetary awards

# Competitive (General) Wage Increases

- Most localities are discussing a 5% increase for FY24
- General Assembly approved a 7% increase for certain school employees

	<u>Unified</u>	<u>Public Safety</u>	<u>PPT/WAE</u>	<u>Total</u>
<b><u>General Fund:</u></b>				
5%	\$3,237,107	\$2,674,073	\$547,820	<b>\$6,459,000</b>
<b><u>Non-General Fund:</u></b>				
5%	\$1,113,704	\$0	\$213,154	<b>\$1,326,858</b>



# \$15/Hour Minimum Wage Increase

- The City's minimum wage is \$13/hour or \$27,040
  - Ranges were adjusted 1/1/2021, 7/1/2021, and 7/1/2022 increasing the minimum wage from \$7.55/hour to \$11/hour to \$13/hour
  - City continues to remain ahead of state minimum wage increases (\$13/hour 1/1/2023)
- Future General Assembly-mandated increases:

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

# \$15/Hour Minimum Wage Increase

	<u>Unified</u>	<u>Public Safety</u>	<u>PPT/WAE</u>	<u>Total</u>
<b><u>General Fund:</u></b>				
	\$252,938	\$0	\$431,662	<b>\$684,600</b>
<b><u>Non-General Fund:</u></b>				
	\$62,170	\$0	\$278,204	<b>\$491,358</b>

Costs added to the GWI



# Compensation Study

- Gallagher Consulting
- Phased Approach
  - Phase I: Public Safety (7/1/2023)
  - Phase II: Non-Public Safety (1/1/2024)
- Market Comparison
  - Hampton Roads, Richmond, North Carolina
  - Private sector for specialized and hard to fill positions

# Public Safety

- Open Range versus Step Plan
  - Chesapeake, Norfolk and Suffolk have step plans
  - Newport News, Portsmouth, and Virginia Beach have open ranges
- Step plans are used to pay based on the employee's job (rank) and time (seniority)
  - Prevents future compression
  - Provides clear salary path by rank
- Police and Fire Parity versus Non-Parity
  - Chesapeake, Norfolk, Portsmouth have parity
  - Suffolk, Newport News, and Virginia Beach have no parity

# Public Safety Step Plan Components

- 11 grades
  - 10%-20% between each grade
  - “Senior” and “Master” increases factored in
  - Larger increase going from non-exempt to exempt rank
- 24 steps
  - 1.25% increase between each step
  - Step advancement July 1<sup>st</sup> based on completed months of service in rank
  - Future step advancement pending available funding
    - No catch up provision if funding not available

# Impact of Step Plan to the Police Recruit Position

## Current

City	Minimum
Virginia Beach	\$48,571
Suffolk	\$47,278
Chesapeake	\$47,000
Hampton	\$46,569
Newport News	\$45,213
Portsmouth	\$45,000
Norfolk	\$43,260

**Market average \$46,054**

## With Adjustment

City	Minimum
Virginia Beach	\$51,000
Suffolk	\$49,642
Chesapeake	\$49,350
Hampton	\$48,897
Newport News	\$47,474
Portsmouth	\$47,250
Norfolk	\$45,423

**Market average \$48,356**

Rankings subject to change, projected 5% market increase

# Impact of Step Plan to the Police Officer Position

## Current

City	Minimum
Norfolk	\$52,105
Suffolk	\$52,006
Chesapeake	\$51,500
Virginia Beach	\$51,000
Hampton	\$50,264
Portsmouth	\$50,000
Newport News	\$48,800

**Market average \$50,902**

## With Adjustment

City	Minimum
Hampton	\$55,009
Norfolk	\$54,606
Suffolk	\$54,075
Chesapeake	\$53,550
Virginia Beach	\$52,777
Portsmouth	\$52,500
Newport News	\$51,240

**Market average \$53,125**

Rankings subject to change, projected 5% market increase

# Impact of Step Plan to the Fire Recruit Position

## Current

City	Minimum
Virginia Beach	\$48,571
Suffolk	\$47,278
Chesapeake	\$47,000
Hampton	\$46,569
Newport News	\$45,213
Norfolk	\$43,260
Portsmouth	\$43,000

**Market average \$45,720**

## With Adjustment

City	Minimum
Virginia Beach	\$51,000
Suffolk	\$49,642
Chesapeake	\$49,350
Hampton	\$48,897
Newport News	\$47,474
Norfolk	\$45,423
Portsmouth	\$45,150

**Market average \$48,006**

Rankings subject to change, projected 5% market increase



# Impact of Step Plan to the FF Medic Position (Parity)

## Current

City	Minimum
Hampton	\$59,275
Chesapeake	\$57,500
Norfolk	\$56,377
Virginia Beach	\$56,228
Suffolk	\$55,309
Portsmouth	\$50,500
Newport News	

**Market average \$55,183**

## With Adjustment

City	Minimum
Hampton	\$61,885
Chesapeake	\$60,375
Norfolk	\$59,196
Virginia Beach	\$59,039
Suffolk	\$58,074
Portsmouth	\$53,025
Newport News	

**Market average \$57,942**

Rankings subject to change, projected 5% market increase

# Impact of Step Plan to the FF Medic Position (Non-Parity)

## Current

City	Minimum
Hampton	\$59,275
Chesapeake	\$57,500
Norfolk	\$56,377
Virginia Beach	\$56,228
Suffolk	\$55,309
Portsmouth	\$50,500
Newport News	

**Market average \$55,183**

## With Adjustment

City	Minimum
Hampton	\$60,621
Chesapeake	\$60,375
Norfolk	\$59,196
Virginia Beach	\$59,039
Suffolk	\$58,074
Portsmouth	\$53,025
Newport News	

**Market average \$57,942**

Rankings subject to change, projected 5% market increase

# Comparison of FF Intermediate and Medic Incentives (FY23)

<b>EMT-I:</b>	<b>City</b>	<b>Minimum</b>	<b>Incentive</b>	<b>Total</b>
	Hampton	\$53,564	\$3,300	\$56,864
	Chesapeake	\$54,075	\$2,000	\$56,075
	Suffolk	\$53,181	\$1,404	\$54,585
	Norfolk	\$52,105	\$1,404	\$53,509
	James City	\$47,175	\$6,000	\$53,175
	Newport News	\$50,680	\$2,000	\$52,680
			<b>Average</b>	<b>\$54,481</b>
<b>Medic:</b>	<b>City</b>	<b>Minimum</b>	<b>Incentive</b>	<b>Total</b>
	Hampton	\$59,275	\$7,000	\$66,275
	Chesapeake	\$57,500	\$6,000	\$63,500
	Norfolk	\$56,377	\$3,504	\$59,881
	James City	\$47,175	\$12,000	\$59,175
	Suffolk	\$55,309	\$3,504	\$58,813
	Virginia Beach	\$56,228	Unkown	\$56,228
	Newport News	\$50,680	\$5,000	\$55,680
	Portsmouth*	\$50,500	\$0	\$50,500
			<b>Average</b>	<b>\$58,756</b>

\* \$1,800 provided to non-Paramedic classifications

Rankings subject to change, projected 5% market increase

# Impact of Step Plan to the Deputy Recruit Position

## Current

City	Minimum
Chesapeake	\$47,000
Norfolk	\$43,260
Hampton	\$42,000
Newport News	
Portsmouth	
Suffolk	
Virginia Beach	

Market average \$45,130

## With Adjustment

City	Minimum
Chesapeake	\$49,350
Hampton	\$46,453
Norfolk	\$45,423
Newport News	
Portsmouth	
Suffolk	
Virginia Beach	

Market average \$47,387

Rankings subject to change, projected 5% market increase

# Impact of Step Plan to the Deputy I Position

## Current

City	Minimum
Chesapeake	\$51,500
Suffolk	\$47,767
Norfolk	\$47,073
Hampton	\$43,566
Newport News	\$42,213
Portsmouth	
Virginia Beach	

**Market average \$47,138**

## With Adjustment

City	Minimum
Chesapeake	\$54,075
Hampton	\$50,169
Suffolk	\$50,155
Norfolk	\$49,427
Newport News	\$44,324
Portsmouth	
Virginia Beach	

**Market average \$49,495**

Rankings subject to change, projected 5% market increase

# Placement Example: Police Officer

Months in Rank:	21	
Current Salary:	\$53,132	
5% GWI:	\$55,789	
Next Highest Step:	\$56,384 (P04, Step 2)	
% Increase:	6.12%	



# Placement Example: Medic Firefighter

Months in Rank:	123	
Current Salary:	\$63,067	
5% GWI:	\$66,220	
Next Highest Step:	\$79,218 (F05, Step 11)	
% Increase:	25.61%	

# Placement Example: Deputy II

Months in Rank*:	10	
Current Salary:	\$45,309	
5% GWI:	\$47,574	
Next Highest Step:	\$55,186 (S04, Step 1)	
% Increase:	21.80%	

\*Joined the City's Pay Plan September 2022

# Step Plan Implementation Costs

<u>1.25% Step</u>	<u>Parity*</u>	<u>Non-Parity**</u>
Total 5% GWI	\$2,674,073	\$2,674,073
Tenure Step	\$1,206,475	\$1,052,266
	<b>\$3,880,548</b>	<b>\$3,726,339</b>
<u>2.5% Step</u>	<u>Parity</u>	<u>Non-Parity</u>
Total 5% GWI	\$2,674,073	\$2,674,073
Tenure Step	\$2,549,645	\$2,267,521
	<b>\$5,223,718</b>	<b>\$4,941,594</b>

\*15 Employees are off step, 3 employees are at the top step

\*\*18 Employees are off step, 8 employees are at the top step

# Summary

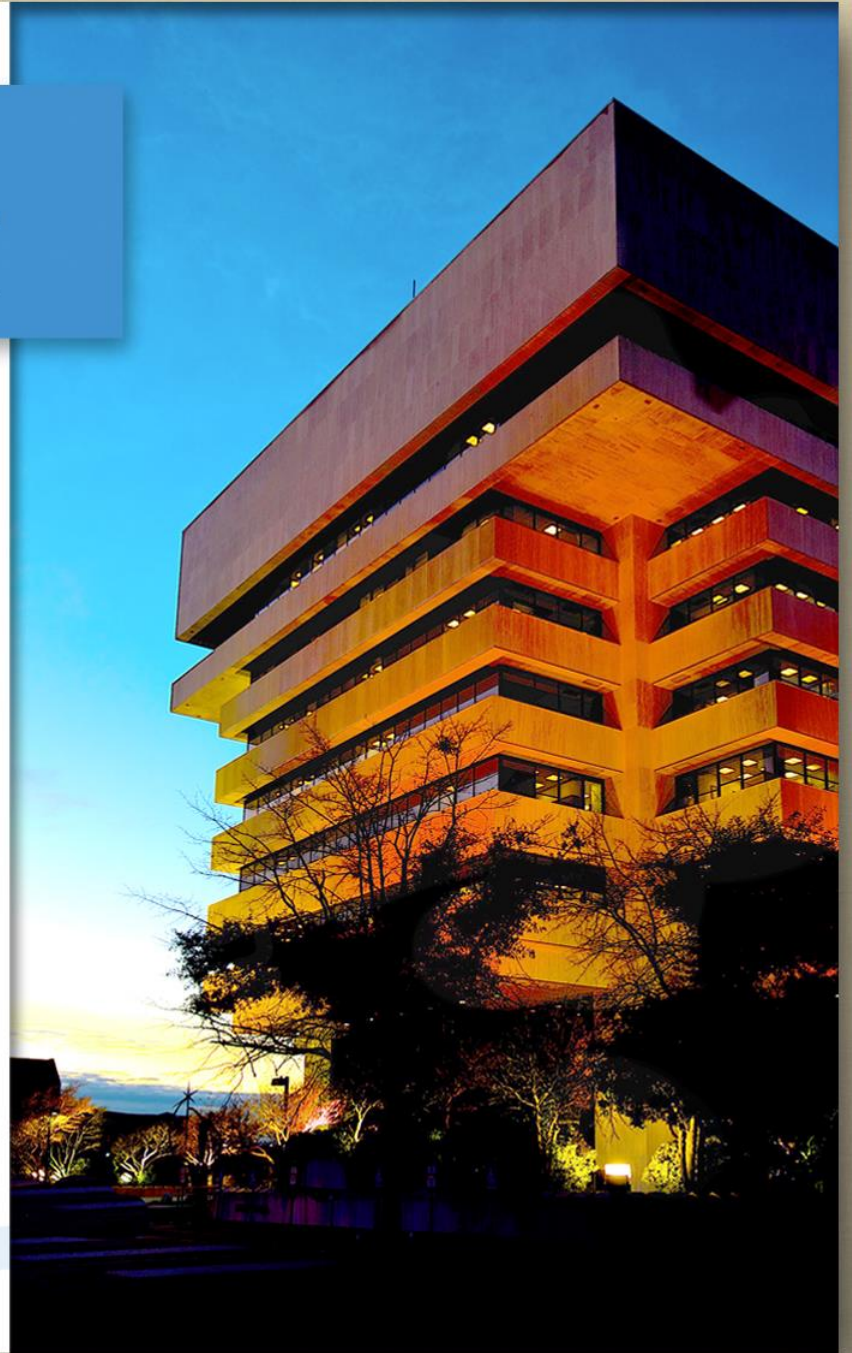
- Hampton has made gains in filling key positions
- Combination of compensation strategies are being used
  - Competitive Wage Increase, Minimum Wage Increase, Targeted Adjustments, Hiring and Retention Bonuses
- Second phase of the compensation study will focus on non-sworn positions and recommend a salary structure and strategies to keep Hampton competitive in the market

# Cost Summary

<b>General Fund</b>	<b><u>Total</u></b>
<b>5% GWI Non-Sworn</b>	<b>\$3,784,927</b>
<b>\$15/Hour Minimum Wage Increase Non-Sworn</b>	<b>\$684,600</b>
<b>5% GWI Sworn Public Safety</b>	<b>\$2,674,073</b>
<b>Sworn Public Safety Step Plan (2.5% Parity)</b>	<b>\$2,549,645</b>
	<b>\$9,693,245</b>
<b>Non-General Fund</b>	<b><u>Total</u></b>
<b>5% GWI Non-Sworn</b>	<b>\$1,326,858</b>
<b>\$15/Hour Minimum Wage Increase Non-Sworn</b>	<b>\$491,358</b>
	<b>\$1,818,216</b>

# HAMPTON VA

## Benefits





# Impact of the Health Insurance Increase

Active Employees

Option: 80/20

EE Increase in Premium

<u>Tier1</u>	<u>Monthly</u>	<u>Annual</u>
EE Only	\$ 17.13	\$ 205.56
EE & Minor	\$ 31.05	\$ 372.60
Family	\$ 67.06	\$ 804.72

# Impact of the Health Insurance Increase

Active Employees

Option: Historical Rates

EE Increase in Premium

<u>Tier1</u>	<u>Monthly</u>	<u>Annual</u>
EE Only	\$ 39.51	\$ 474.12
EE & Minor	\$ 71.60	\$ 859.20
Family	\$ 154.71	\$ 1,856.52

# Impact of the Health Insurance Increase

Active Employees

Option: 50/50

EE Increase in Premium

<u>Tier1</u>	<u>Monthly</u>	<u>Annual</u>
EE Only	\$ 53.79	\$ 645.48
EE & Minor	\$ 84.62	\$ 1,015.44
Family	\$ 160.32	\$ 1,923.84

# Fringe Benefits – Health Insurance

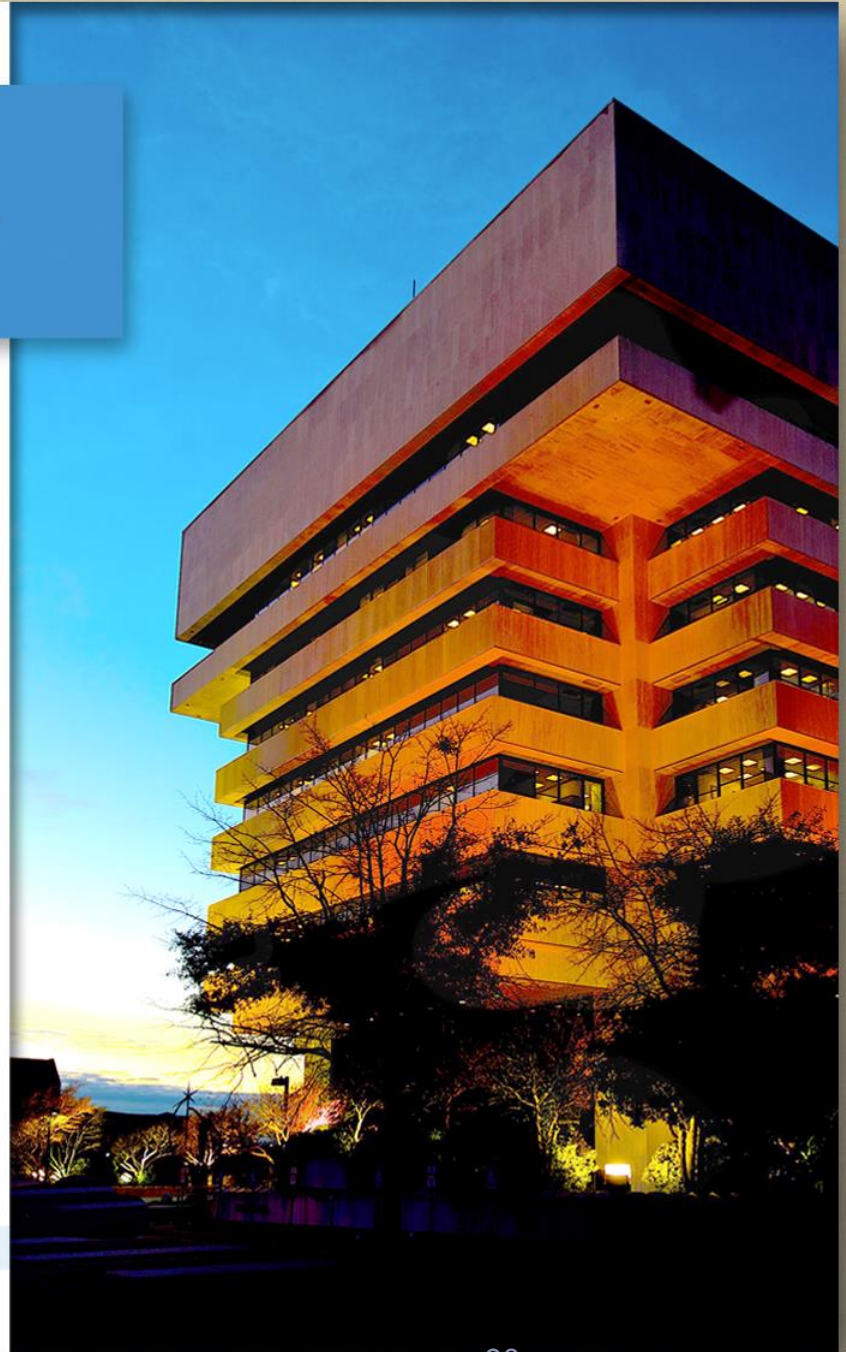
## Net Increase in Health Insurance Cost for the General Fund

Options	Cost
City: 100%	\$1,380,555
City: 80%, Employee: 20%	\$1,143,538
Historical Rates:	\$856,527
City: 50%, Employee: 50%	\$750,748

# HAMPTON VA

## Overview of Ranking Process

*Review Tier I ranked projects*



# First Round Ranking

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

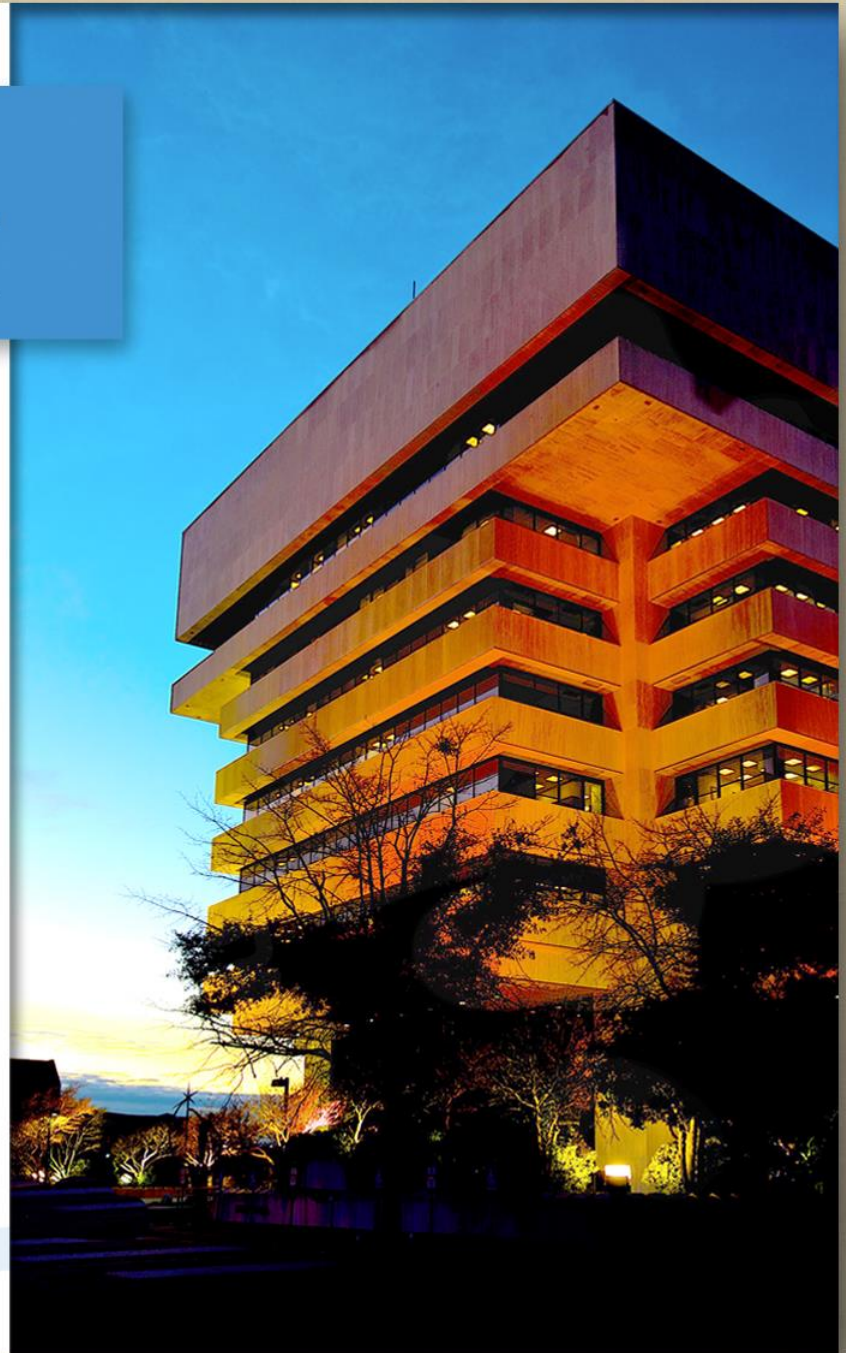


# Strategic Priorities


1. Economic Growth
2. Educated Citizenry
3. Family Resilience and Economic Empowerment
4. Excellence in Government
5. Living with Water
6. Placemaking
7. Safe and Clean Community

# HAMPTON VA

## Staffing



# Staffing Budget Strategies in Difficult Times

- Department consolidations
  - Efficiency initiatives
  - Hiring freeze
  - Position reductions
- 

# Staffing

- Hampton has a lower per capita staffing level than other cities in the region
- We recommended a one year plan to address immediate needs and committed to do a comprehensive analysis in challenged areas which resulted in staffing recommendations to be implemented over a multi-year period
- Staff identified four departments where staffing was lowest compared to other comparable localities in the region
  - Information Technology
  - Human Services
  - Parks, Recreation and Leisure Services
  - Public Works Fleet, Traffic Engineering, Operations

# Staffing Recommendation


- A workforce analysis was performed on each of these departments to prioritize staffing needs
- The analysis examined each department's:
  - Ability to meet citizen/stakeholder needs
  - Current workforce, workload, service levels, plans for succession, turnover, and morale
  - Ability to continue to provide quality service
  - Ability to meet State and Federal government standards for performance
- Developed a two-year implementation plan
  - Goal was to make strategic investments to address service needs, not grow staff to match the levels of other cities

# Position Comparison and Recommended Positions

Department	Position Comparison Newport News with Hampton	Total Number of Positions Needed	Number of Positions for FY24
Information Technology	NN 18 more per capita	9	4
Human Services	NN 44 more per capita	12	4
Parks, Recreation and Leisure Services	NN 31 more per capita	10	4
Public Works - Fleet	NN 6 more per size of fleet	5	4
Public Works (minus Fleet)	NN 50 more per capita	8	4
<b>TOTAL</b>		<b>44</b>	<b>20</b>



# Multi-Year Approach for New Positions Identified through Workforce Planning

- Positions most critical to providing core services to citizens are proposed for FY24
  - Next year, the analysis will be updated, and prioritized positions will be recommended for FY25
- 

## (2) Positions- Information Technology

- Add four (4) full-time positions to transition the department to a driver of innovation; enhance efficiency/productivity and compliance; and lead efforts for automation to lessen impact of workforce challenges
- Hampton's IT Department has 18 fewer positions than Newport News

(1) Senior Operations Manager	\$ 141,455
(1) Senior Business Relationship Manager	\$ 128,915
(1) Project Manager	\$ 112,161
(1) IT Business Analyst	\$ 90,038

**Cost:** \$472,569 {salary and benefits}



## (3) Positions- Human Services

- Add four (4) full-time positions to address significant rise in caseloads for crisis, heating and cooling; handle rising caseload for Adult Services, which has doubled over the past 3 years; and minimize safety risk to those who are most vulnerable
- Hampton's Human Services Department has 44 fewer positions than Newport News

(2) Case Manager - Energy	\$ 130,393
(2) Family Services Specialist - APS	\$ 140,686

**Cost:** \$271,079 {salary and benefits}

\*30% (\$81,324) covered by Federal Program Funds



## (4) Positions- Parks, Recreation & Leisure Services

- Add four (4) full-time positions for enhanced oversight and security systemwide at our parks; enhanced security presence covering Buckroe in the summer and other Parks facilities during their higher use periods. Ranger positions will reduce the number of School Resource Officers currently providing park security and allow their deployment to priority police assignments
- Hampton's Parks, Recreation and Leisure Services Department has 31 fewer positions than Newport News

(1) Park Senior Ranger	\$ 71,717
------------------------	-----------

(3) Park Ranger	\$ 197,020
-----------------	------------

**Cost:** \$268,737 {salary and benefits}



## (5) Positions- Public Works (Fleet)

- Add four (4) full-time positions to enhance the department's capacity to ensure an aging fleet is kept operational; will reduce downtime on critical emergency equipment by establishing a second shift and allow focus on preventative and scheduled services rather than reactive repairs

(2) Emergency Vehicle Technician	\$ 143,432
(2) Technician - Light	\$ 137,256

**Cost:** \$280,688 Annually {salary and benefits}



## (6) Positions- Public Works (Traffic)

- Add three (3) full-time positions to enhance the department's capacity to maintain aging traffic infrastructure (e.g. signals, street lights, roadway signs and pavement markings) and meet Federal Highway standards
  - These recommended positions get us half way to Federal Benchmark levels
  - Newport News currently meets the Federal Benchmark

(2) Traffic Signal Electronic Technician II	\$ 143,432
(1) Traffic Signal Electrician Technician Trainee	\$ 51,378

**Cost: \$194,810 Annually** {salary and benefits}

\*Covered by VDOT Urban Maintenance Funds





## (7) Positions- Public Works (Operations)

- Add one (1) full-time position to support day to day management of 400 employees, resulting in improved operations by reducing problems and citizen complaints, implementing program and service improvements, and mentoring employees
- Provides opportunity for succession in a department where 75% of leadership team will be eligible to retire within 3 years.
- Newport News has 34 administrators over 9 divisions while Hampton has 12 administrators over 10 divisions

(1) Assistant Operations Manager

\$ 114,556

**Cost:** \$ 114,556 {salary and benefits}



# (8) Positions- City Manager's Office

## (1) PFT Management Analyst

- Recent retirement of the Director of Federal Facilities Support and filling that position with an hourly employee, City Manager's Office (CMO) staff capacity reduced
- Additional analyst is needed to support the increased responsibilities shared by the remaining staff
- The analyst positions are also envisioned to help grow future leaders for the organization to support succession planning

**Cost: \$81,052 {salary and benefits}**



## (9) Positions- City Treasurer (1) PFT Deputy II

- Support for increased collections activities by researching mass liens and various delinquent personal property accounts
- Treasurer believes this position will more than pay for itself with increased revenue collection

**Cost:** \$54,671 {salary and benefits}



# (10) Positions- Commissioner of the Revenue (1) PFT Business Tax Auditor

- Increased workload has required staff to regularly work on weekends and pulled staff away from performing audit work, impacting revenues
- Additional staff is needed to properly audit, meet reporting requirements and administer the filings from the Hampton Roads Bridge Tunnel Expansion, Airbnb, Food Trucks, increased number of restaurants and other City business
- Raise additional revenue by making sure business taxes are being properly reported and paid
- Commissioner of the Revenue believes this position will more than pay for itself in increased collections

**Cost: \$77,377 {salary and benefits}**



# (11) Positions- Commonwealth's Attorney

## (1) PFT Legal Investigator

- Increased prosecution activity attributed to the increase in violent crimes
- Increase in jury requests by defense counsel
- Legal investigators have been engaged in conducting innumerable victim and witness interviews which has required the Commonwealth's Attorney's Office to assist the Police Investigative Division
  - Also have been required to analyze voluminous evidence to facilitate successful prosecution

**Cost: \$92,927 {salary and benefits}**



## (12) Positions- Community Development (1) PFT Administrative Assistant

- Support the nine additional staff that were added last year
- Free up existing staff to focus on their core duties as opposed to administrative tasks

**Cost:** \$66,242 {salary and benefits}





## (13) Positions- Community Development (1) PFT Resiliency Specialist & (1) PFT Stormwater/Coastal Resilience Engineer

- Resilient Hampton Team is managing multiple large capital projects, grants, resilient planning efforts and a local citizen grant program
- Phase I: addition of a dedicated Stormwater/Coastal Resilience Engineer and a Resiliency Specialist
  - Resiliency Specialist: primarily responsible for V-CAP and the RAIN grants, engage with the community by holding educational events about resiliency issues, and hold community meetings regarding upcoming projects
  - The initiative is also requesting \$12,000 in associated operating costs

**Cost: \$194,886 {salary, benefits and associated operating costs}**



# (14) Positions- Community Development

## (3) PFT Code Inspector

- Three new code inspectors
  - Increase the frequency of inspections
  - Provide the flexibility to conduct strategic targeted enforcement
- The funding request supports the salaries and benefits:  
\$171,393
  - Purchase of three vehicles: \$105,000
  - Operating expenses and one-time technology related purchases:  
\$6,750

**Cost: \$300,283 {salary and benefits) One-Time and Annual**



# (15) Positions- Human Resources (1) PFT Human Resources Manager

- Increase the responsiveness and support of departments in the core areas
  - Performance management
  - Succession planning
  - Employee relations
  - Allow for more proactive and targeted efforts in the areas of recruiting and talent acquisition

**Cost:** \$104,634 {salary and benefits}



# (16) Positions- Risk Management (1) WAE Training Coordinator

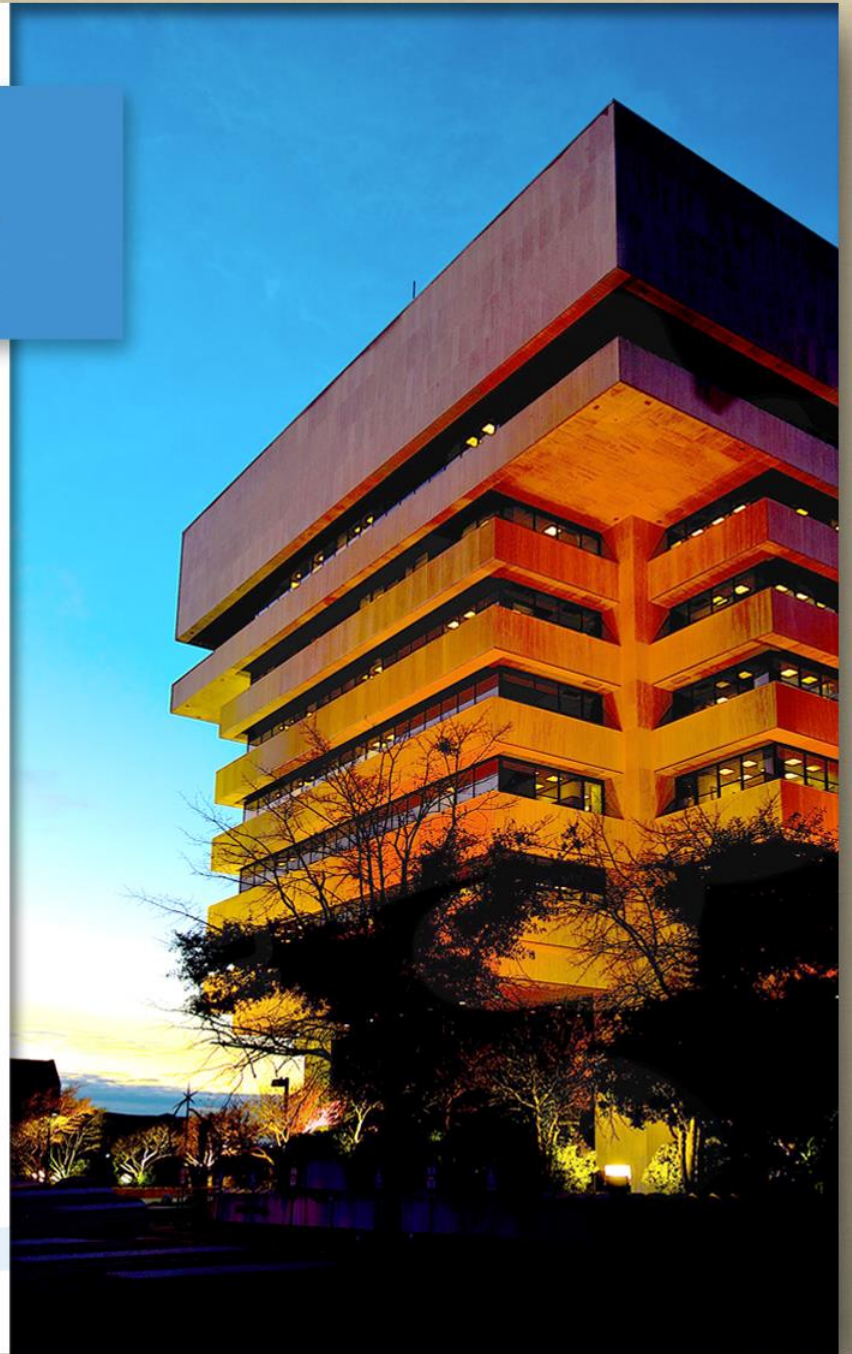
- Facilitate safety training programs (in a classroom setting or in the field)
- Update and maintain training program materials and curriculum
- Conduct routine safety visits to enforce safety policies
  - identify specific job hazards and precautions at various job site locations
- Funding amount also includes a light vehicle and training materials

**Cost: \$71,919 {salary, benefits and expenses}**



# HAMPTON VA

## Operating Requests





# (17) Operating Budget-Ditch Maintenance

- Ditch maintenance to include mowing, removal of trees and debris
  - Could be funded with a \$1 increase to the Stormwater Fee
- Increased frequency of ditch maintenance (every 1-2 months as opposed to once a year)

**Cost: \$1,000,000**





## (18) Operating Budget- Enhanced Downtown Beautification

- Landscape maintenance and beautification for Downtown Hampton
  - Infrastructure cleaning, street sweeping, trees, shrubs, lighting and security features for a vibrant downtown community
- Increased frequency to maintain landscaping, litter control and overall appearance of Downtown Hampton

**Cost: \$500,000**



# (19) Operating Budget- Housing Market Studies\*

- Update market data as part of Master Plan updates
- Previous Master Plans allocated funding towards market studies in residential and commercial sectors

**Cost:** \$60,000 (for 5 years)



## (20) Operating Budget- Overhead Tree Right of Way Maintenance\*

- Includes overhead tree maintenance into the City's right of way maintenance program to trim and cut/remove overhead trees that extend into the roadway and grow over guardrails, ramps, etc.

**Cost: \$246,000**



## (21) Operating Budget- Parks Tree Maintenance Contracts\*

- Increase tree maintenance contracts to maintain treetops in City Parks beyond 45 feet that can not be reached by City equipment and for work near power lines

**Cost: \$90,000**



## (22) Outside Agency Request- Peninsula Stadium Authority

- Lease temporary portable locker room trailers during the renovation of current locker room facility to ensure continuance of scheduled activities at the Stadium

**Cost: \$64,500 (One-time)**



## (23) Outside Agency Request-Virginia Peninsula Chamber of Commerce

- Expand efforts to publicly advocate on behalf of the interest of the City of Hampton at the local, state and federal level
- Create programming
- Continue to support current programs that promote the economic growth of Hampton businesses and the well-being of the citizens

**Cost: \$5,000**





## (24) Outside Agency Request-Boys & Girls Club of the Virginia Peninsula

- Increase wages for part-time Youth Development Professional positions to a competitive starting wage of a minimum of \$15 per hour

**Cost: \$10,000**



## (25) Operating Budget- Cell Phones for Healthy Start Home Visitation Program

- Provide agency with twenty-seven (27) cell phones for visiting Family Support Workers supporting the Healthy Start home visitation program

**Cost: \$21,601**



## (26) Outside Agency Request-Center for Child and Family Services

- Funding for the Mental Health/Trauma Services to support the increased need for comprehensive trauma counseling services for Hampton victims of crimes

**Cost: \$13,026**



## (27) Outside Agency Request-CHKD – Child Advocacy Center

- Enhance the ability of the Child Advocacy Center to provide life-saving assessment and intervention services for children suspected of child maltreatment
- Ensure the key point persons are able to provide a smooth referral process and continuity of care for children and families

**Cost: \$4,419**



# (28) Operating Budget- Civil Process Body Cameras

- Equipment will meet the agency, City's and public needs relative to the safety of officers and the public, as well as transparency and accountability

**Cost: \$20,663**



## (29) Operating Budget- Convert Citizen Satisfaction Bonus Funding to Recurring Funding Source\*

- Fund the Citizen Satisfaction Bonus with recurring revenues
- Year end departmental budget savings used to fund the Citizen Satisfaction Bonus in recent years
  - Using recurring revenues would make the program more sustainable

**Cost: \$865,000**





## (30) Operating Budget- Convert Merit Bonus Funding to Recurring Funding Source\*

- Merit Bonus program was funded with one time funds in FY23
- Recurring funds should be used to make this a sustainable program in the future

**Cost: \$1,000,000**



## (31) Outside Agency Request- Hampton- Newport News Community Services Board

- Funding to offset additional workforce costs (salary adjustments and health insurance)
- Sustain new initiatives, i.e. Marcus Alert, and the B.J. Roberts Behavioral Health Center

**Cost: \$560,000**



## (32) Operating Budget- Housing Assistance for Employees\*

- Pilot Program where employees can receive a \$25,000 maximum forgivable 5 year loan for the purchase of a home in strategic neighborhood revitalization areas
  - If an employee leaves employment with the City before 5-years, they would need to repay the loan

**Cost: \$100,000**



## (33) Operating Budget- Jail Information System

- Information system to support the timely provision of information needed for safety, service of civil papers and security of staff, inmates and court patrons

**Cost:** \$280,000 (Licensing/Servicing) and \$24,000 - Annual



## (34) Outside Agency Request-Peninsula Agency on Aging

- Increase attributed to an 8.7% cost of living adjustment to align the local match with the Virginia Department of Aging and Rehabilitative Services intrastate allocation formula

**Cost: \$3,989**



## (35) Outside Agency Request- Transitions

- Assist with operations and staff support for the new scattered emergency housing unit in Hampton that provides shelter in the event there is overflow at other shelters

**Cost: \$40,492**





## (36) Outside Agency Request- Virginia Peninsula Foodbank

- Support the increase in participation by Hampton agencies and mobile pantries

**Cost: \$9,271**

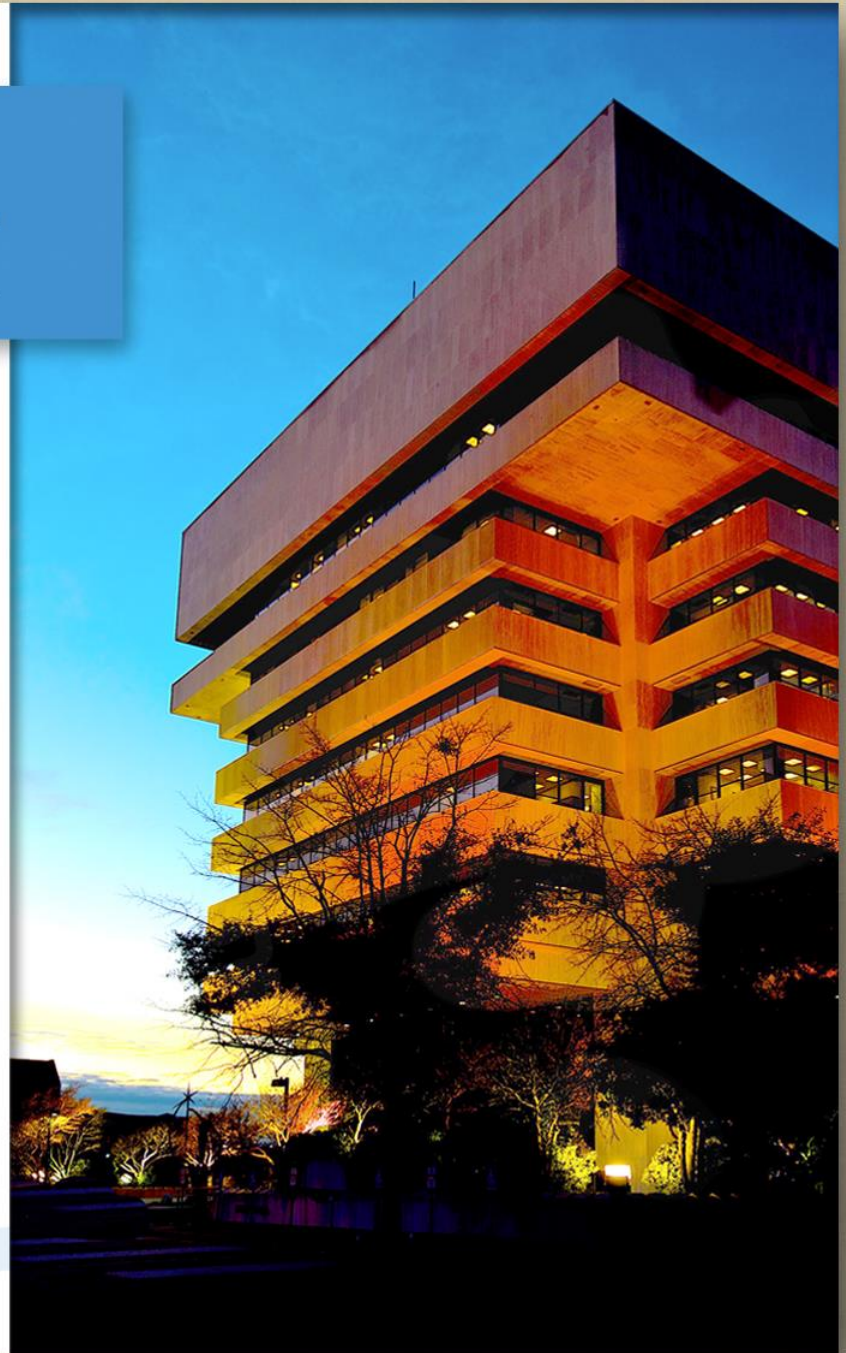


# HAMPTON VA

## **FY24 City Council Budget Retreat**

### **Capital Projects**

**\*Indicates FY23 project  
previously unfunded**



# (1) Enhanced Facilities Maintenance\*

- Maintenance would include
  - Inspections, evaluation, design, repair or replacement of current major building systems and components



**Cost:** \$215,000 Annual



## (2) Fleet Services Upgrades

- Upgrade the fuel island to fully support electric and future alternative vehicles (\$1,350,000)
- Upgrade mobile lifts for heavy equipment apparatus, i.e. fire truck so that inspections and other services can be performed efficiently and safely (\$180,000)

**Cost:** \$1,530,000





# (3) Mercury Boulevard Renovation Phase 1\*

- Installation of an asphalt surface requiring the removal of the concrete roadway on Mercury Boulevard, from Fox Hill Road to Fort Monroe
- Phase I of 4 starting from Fox Hill Road to Andrews Boulevard

**Cost:** \$3,075,000 Annual



## (4) Old Circuit Court Generator

- Generator needed to provide power at Old Court building that currently houses the Sheriff's Office, 311 and the Registrar



**Cost: \$214,282**





# (5) Ruppert Sargent Building Generator\*

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

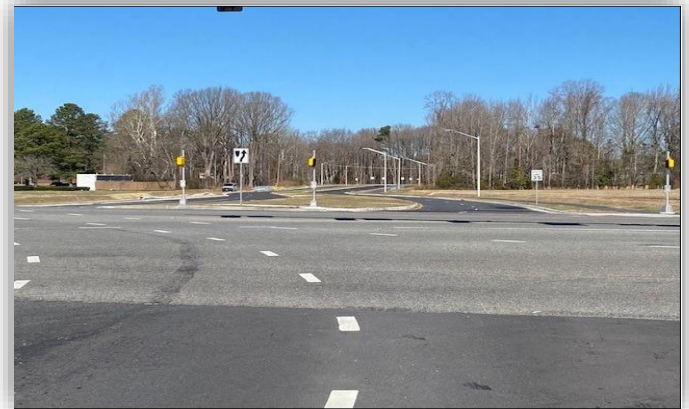


**Cost:** \$633,000



## (6) VDOT Transportation Program Match Money\*

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



**Cost:** \$500,000 Annual or One-Time



# (7) Multiple Security System Upgrades

- Upgrade security cameras for corrections facilities & courts



**Cost:** \$ 1,905,000/\$635,000 Annually



# (8) Boo Williams Sportsplex- Pave Gravel Lots

- Convert the gravel parking lot funded in 2020, to a paved lot
  - The gravel lot was installed to accommodate for future developments but the wetlands on the property will significantly limit future developments



**Cost: \$680,000**





## (9) Bulkhead-Downtown Marina and Maritime Center Repairs

- Repairs bulkhead as identified in December 2015 underwater inspection
- Addresses low hanging utilities under building and concrete repair at the Maritime Center



**Cost: \$500,000**



# (10) Citywide Street Sign Replacement

- Replace street signs that have lost reflectivity, peeling or faded, ensuring streets signs Citywide are in Virginia Department of Transportation and Federal Highway Administration compliance

**Cost: \$500,000**





# (11) New Fleet Facilities\*

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



**Cost: \$15,990,000**



# (12) Replacement of Non-Reflective and Not Visible Pavement Marking

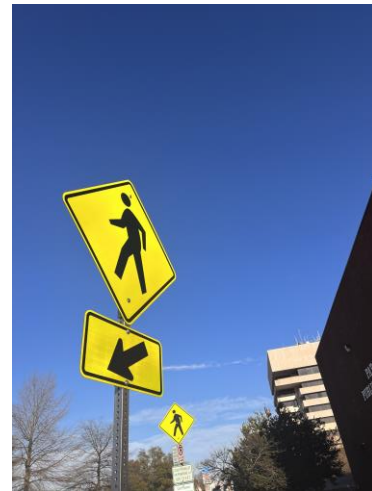
- Replacement of one fifth of the City's pavement markings, crosswalks, dual/triple turn lane markings, annually, that are no longer reflective or visible to allow visibility & safety for vehicular & pedestrian traffic
- Continuing the investment from FY 2023

**Cost:** \$2,500,000 (\$500,000 Annually)



# (13) School Flashing/Warning Signs

- Replace flashing warning signs, signals and crosswalks that will improve the safety for all Hampton City Schools. Replace infrastructure before it fails



**Cost: \$532,000**



# (14) Settlers Landing Pedestrian Bridge

- Concrete repairs to bridge rail to include repainting with anti-graffiti coating



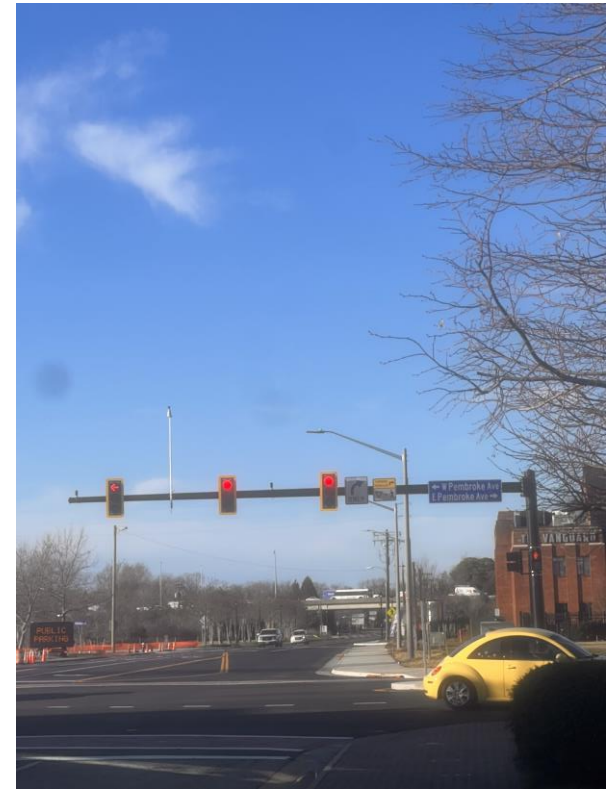
**Cost: \$600,000**





# (15) Traffic Signal Equipment Upgrade with Hardware\*

- Replace outdated signal equipment and migrate to an ATC platform to optimize traffic flow
- Acquire cabinets that will replace existing cabinets that have replacement parts that are no longer available for purchase

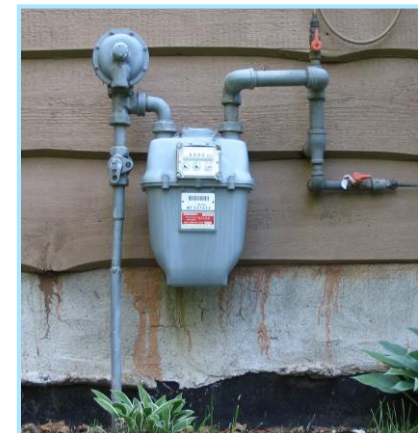


**Cost:** \$5,000,000/\$1M Annually



# (16) 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.
  - Hampton's costs could be partially covered by our Stormwater & Wastewater funds as development occurs



**Cost: \$4,920,000**





# (17) Hamptons Golf Course Renovation

- Golf course improvements to include an 18-hole course, driving range and a 9-hole short course



**Cost: \$10,680,000**



## (18) Public Art Pilot Project

- Annual funding for one medium sized or two small public art projects to contributed to beautification and art contribution efforts



**Cost: \$50,000 Annually**



# (19) Digital Sign & Flooring Virginia Air and Space Science Center\*

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



**Cost: \$220,000**





# (20) Downtown Stormwater Management Infrastructure

- Implement Stormwater Management (SWM) infrastructure for multiple development properties across the downtown area in addition to facilitating new downtown development



**Cost: \$1,650,000**



# (21) Strategic Property Infrastructure Improvements

- Long-term, multi-year strategy to improve infrastructure in the Buckroe and Phoebus Master Plan areas
- Improvements may include, but are not limited to roadway, water, sewer, stormwater, etc.



**Cost: \$15,650,000**



## (22) Capital Funding for Community Development Department Office Remodeling

- Renovate the Community Development Department third and fifth floor office spaces in order to provide space for the new positions previously funded by City Council, bring the physical space up to date, and increase efficiencies

**Cost: \$120,000**





# (23) Bluebird Gap Farm Rentals & Trails\*

- Add Picnic Rental “Silos” and Kid’s Tractor Corral as new revenue sources
- Infrastructure for trails to connect new park features and allow expanded pedestrian access to exhibits



**Cost: \$400,000**



# Additional Discussion- Riverside's Psychiatric Emergency Department

- Years one and two of operational expenses
- Recognized by the Virginia Department of Health & Developmental Services as developing a best practices facility
- Will provide 24/7 access to behavioral health professionals

**Cost:** \$3,000,000 (Can be phased over 2 years)

# HAMPTON VA

## Questions/Discussion

