

City of Hampton, Virginia

www.hampton.gov/budget

FY 2012 Council Approved Budget-in-Brief

Budget Highlights

TABLE OF CONTENTS

Budget Highlights	1
Major Tax & Fee Rate Changes	1-2
Budget Challenges	2-3
Hampton City Council	3
FY12 Tax and Fee Rates	4
Revenue Highlights	5
FY12 Council Approved Budget	5-6
How \$1 is Spent	6
Balancing the Budget	6
Education Expenditures	7
Capital Budget	7-8
Additional Information and Copies	8

- Total City budget is **\$428,789,903**, a **3.95%** increase over FY 2011.
- The City's operations portion is **\$243,898,430**, a **6.96%** increase over FY 2011. This increase includes \$2.4M (offset by \$2.4M in revenue) for the assumption of city services for Fort Monroe, a new Home Elevation Revolving Loan program totaling \$2.5M for residents living in flood zones, approximately \$1M for new firefighters and program cost for the new Fire Station 11 and the transfer of two special assessments to the General Fund - Peninsula Towne Center and H2O totaling \$5.8M, offset by revenue accordingly. After accounting for these one-time adjustments or special programs, the City budget is essentially flat.
- The total Hampton City Schools budget is **\$184,891,473**, a \$406,297 or **0.22%** increase over FY 2011.
- Total Local Contribution to Schools is **\$66,345,093**, a \$706,383 or **(1.05%)** decrease over FY 2011.
 - ❖ Required Local Contribution according to State Law is **\$26,336,623**. The amount of this contribution is affected by the changes in the Commonwealth of Virginia funding to the Hampton City Schools. For FY2012, the state reduced the schools' stabilization funding by 100% or **\$2,785,985**. The reduction in real estate revenue and other formula driven revenues reduced the required local funding amount by **1.05%** or **\$706,383**.
 - ❖ Local Contribution in Excess of State Requirement is **\$40,008,470**. This funding decreased by **\$936,656** or **2.29%** due to declining real estate values. The School System's local funding is calculated based on an agreed-upon funding formula that shares **61.83%** of all residential real estate, personal property and utility tax revenue. When these revenues are declining, as they were this year, the School System shares proportionally in the lost revenue.



Major Tax & Fee Rate Changes

- ❖ The **Real Estate Property Tax Rate** remains unchanged at \$1.04/\$100 assessed value.
- ❖ The **cigarette tax** is increasing from **\$0.65** to **\$0.75** per pack of twenty.
- ❖ The **right-of-way fee**, established by State law, is increasing from **\$0.76** to **\$0.83** per line per month.
- ❖ All other taxes and fees remain constant.
- ❖ A complete listing of the recommended changes can be reviewed in the FY12 Council Approved Budget under the **“Tax and Fee Recommendations”** section available online or in the public libraries.

Budget Challenges

- ❖ **Committed Revenues:** The total City revenue (excluding schools) has increased by **\$15.0 million**. These revenues are displayed in the total general fund revenue category and are only available for designated programs and services. Major portions of this increase are attributable to specific state mandated Social Services programs (**\$1M**); funding for Fort Monroe services (**\$2.4M**); the transfer of CDA revenues for the Peninsula Town Center and H2O to the General Fund totaling **\$5,250,000** and **\$568,532** respectively; and cigarette tax increase for the new Fire Station 11 of **\$265,000**. In addition to the obligated revenues, the City faced a reduction in **current** real estate tax revenues of **\$2.4 million** as compared to the FY11 adopted budget based on a **2.7%** residential assessment decline. An additional **\$600K reduction** for the Disabled Veterans Tax Relief Program is also included. The overall assessment decline is 1.7% due to an offsetting increase in commercial assessments. Consequently, current personal property taxes also increased by approximately **\$2.17 million** to help offset the overall decline in current real estate taxes. The use of committed fund balance from departmental savings will be utilized to accomplish two significant initiatives that are one-time in nature. The first is a waterway investments/homeowners elevation revolving loan program for **\$2.5 million** and the second is to fund a one-time performance payment to City employees for **\$1.6 million**. **Together these committed revenues total nearly \$13.7 of the \$15.0 million of the City’s budget increase.**
- ❖ The expenditure side incorporates several required expenditures such as:
 - ***Debt Service (\$1.47M):** This represents the projected increase for the repayment of bond principal and interest payments due in FY 2012.
 - * **Employee Retirement and Benefits (\$2.22M):** This represents funding for the health insurance premium increasing approximately 5.1%, State mandated line of duty pay for public safety personnel and a recommended one-time performance payment on July 1, 2011 contingent upon a prescribed annual merit rating of three or higher.

*** Positions and support cost for new Fire Station 11 – approximately \$1 million:** Funding for hiring of fifteen medic firefighters, part-time personnel and support cost for Fire Station 11 (Big Bethel Road) scheduled for completion in spring of 2012.

*** Waterway investments/home elevation revolving loan program (\$2.5M):** This represents funding (utilization of designated fund balance) for residents living in flood zones which will provide a low-interest loan for the purpose of raising the finished first floor above the flood elevation. This program responds to a higher resident emphasis on the need for governmental efforts to address waterway management concerns of residents, doing so through a shared partnership between the public sector and the private homeowner. Other waterway investment opportunities can also be considered with this money.

Hampton City Council

Mayor

Molly Joseph Ward

Vice-Mayor

George E. Wallace

Council Members

Ross Kearney, II

Angela L. Leary

Will J. Moffett

Christopher G. Stuart

Donnie R. Tuck

City Manager

Mary B. Bunting



FY 2012 Tax and Fee Rates

SUPPORTING THE GENERAL FUND

Real Estate Tax	\$1.04/\$100 AV	Cigarette Tax	\$0.75/pack
Personal Property Tax	\$4.25/\$100 AV	Food Tax (Groceries)	2.5%
Amusement/Admissions Tax	10%	Sales Tax	5%
Cable Franchise Fee	5% of gross receipts	Restaurant/Meal Tax	6.5%
Personal Property Tax: Boats	\$0.000001/\$100 AV	Right of Way	\$0.83/Per Line/Per Month
RV's	\$0.000001/\$100 AV	EMS Recovery (Ambulance) Fees:	
Motor Vehicle License Tax:	\$30.00 up to 2 tons \$35.00 over 2 tons	(per occurrence):	\$430.00 for BLS transport
Vehicles Modified for the Disabled	\$0.000001/\$100 AV		\$525.00 for ALS-1 transport
Hotel/Motel Lodging Tax	8%		\$750.00 for ALS-2 transport
Courthouse Maintenance Fee	\$2.00/court case		\$9.00 for Ground Transport Mileage (GTM) per loaded mile
Courtroom Security Fee	\$10.00/court case		
Electric Utility Tax:			
Commercial	20% of first \$200 5% of next \$800		
Residential	20% of first \$15		

SUPPORTING THE SOLID WASTE FUND

Landfill Tipping Fee	\$38.00/ton
Residential User Fee	\$4.25/wk for recyclers \$10.00/wk for non-recyclers \$250.00 per truckload

SUPPORTING THE WASTEWATER FUND

Sewer User Fee	\$1.48 per 100 cu. ft.
Sewer Surcharge Fee	\$0.44 per 100 cu. ft.

*This increase is imposed by the State of Virginia Code §58.1-645, §58.1-1730, §56-468.1.
AV = Assessed Value



FY 2012 REVENUE HIGHLIGHTS

Performance of the Five Largest Revenue Generators

Real Estate Tax revenue decrease at **(\$2,413,693)**, a **(2.12%)** decrease over FY 2011;
 Personal Property Tax growth of **\$2,172,558**, a **6.84%** increase over FY 2011;
 Sales and Use Tax growth of **\$89,741**, a **0.63%** increase over FY 2011;
 Business License Tax remains level at **\$12,568,930** for FY 2012;
 Restaurant/Meal Tax growth at **\$228,402**, a **1.54%** increase over FY 2011.

FY 2012 COUNCIL APPROVED BUDGET

Categories	Council Approved FY 2011	Council Approved FY 2012	Differences	Percentage Increase/ (Decrease)
Revenues:				
General Property Taxes	\$156,614,772	\$162,896,085	\$6,281,313	4.01%
Other Local Revenues	86,680,122	89,346,065	2,665,943	3.08%
State Revenues	45,356,400	46,855,012	1,498,612	3.30%
Federal Revenues	10,000	10,000	0	0.00%
School Revenues Other Than City	117,433,700	118,546,380	1,112,680	0.95%
Unassigned General Fund Balance	4,407,963	4,193,377	(214,586)	(4.87%)
School Operating Fund Transfer	2,000,000	2,000,000	0	0.00%
Committed Fund Balance	<u>0</u>	<u>4,942,984</u>	<u>4,942,984</u>	<u>100.00%</u>
Total Revenues	<u>\$412,502,957</u>	<u>\$428,789,903</u>	<u>\$16,286,946</u>	<u>3.95%</u>

Expenditure Highlights

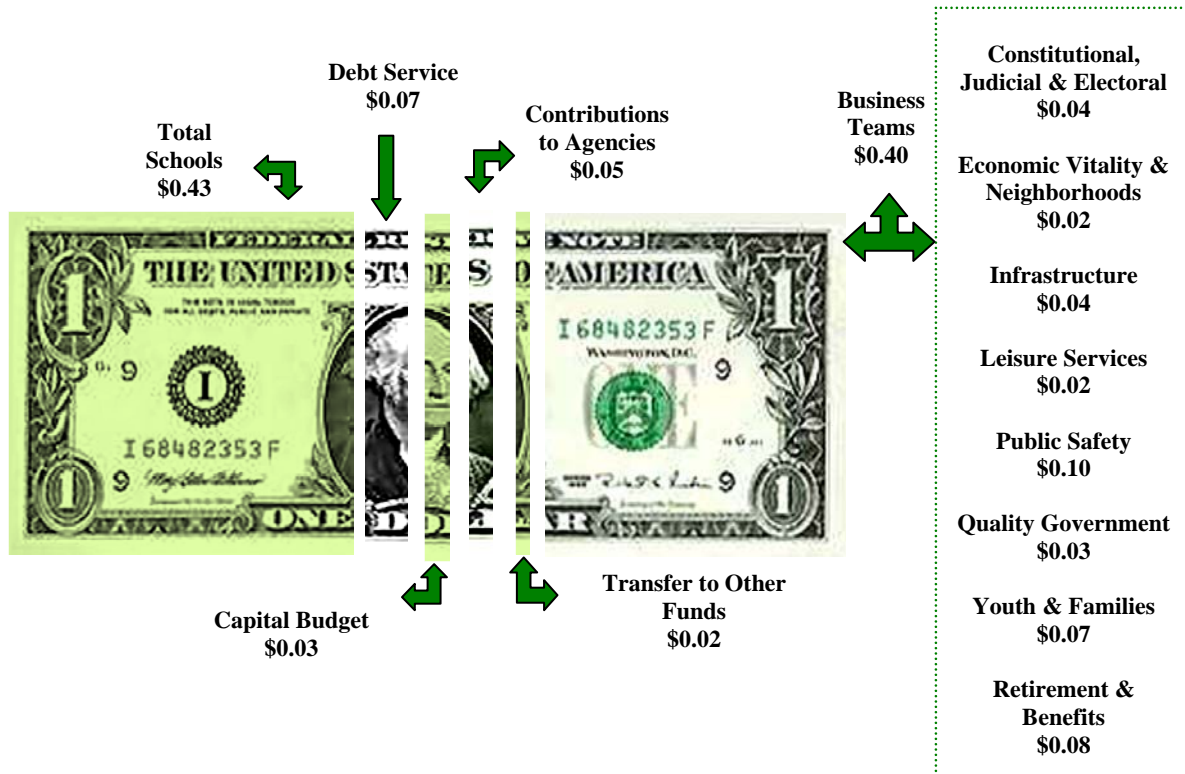
Categories	Council Approved FY 2011	Council Approved FY 2012	Differences	Percentage Increase/ (Decrease)
Expenditures by Business Teams:				
Constitutional, Judicial & Electoral	\$14,872,381	\$14,863,992	(\$8,389)	(0.06%)
Economic Vitality & Neighborhoods	7,840,513	7,714,375	(126,138)	(1.61%)
Infrastructure	17,383,858	17,265,942	(117,916)	(0.68%)
Leisure Services	6,100,914	7,633,264	1,532,350	25.12%
Public Safety	41,177,224	41,428,675	251,451	0.61%
Quality Government	13,326,499	14,894,631	1,568,132	11.77%
Youth and Families	30,515,177	31,166,080	650,903	2.13%
Retirement and Employee Benefits	<u>33,761,047</u>	<u>35,978,857</u>	<u>2,217,810</u>	<u>6.57%</u>
Total Business Teams & Employee Benefits	164,977,613	170,945,816	5,968,203	3.62%
Contributions to Outside Agencies	11,647,350	20,836,521	9,189,171	78.89%
Debt Service	31,080,688	32,553,672	1,472,984	4.74%
Transfer to Capital Budget	11,008,393	11,556,767	548,374	4.98%
Transfer to Other Funds	<u>9,303,737</u>	<u>8,005,654</u>	<u>(1,298,083)</u>	<u>(13.95%)</u>
Total City Operations	228,017,781	243,898,430	15,880,649	6.96%



Expenditure Highlights (continued)

Categories	Council Adopted FY 2011	Manager's Recommended FY 2012	Differences	Percentage Increase/ (Decrease)
School Operations:				
State/Federal/Other	117,433,700	118,546,380	1,112,680	0.95%
Local Contribution	<u>67,051,476</u>	<u>66,345,093</u>	<u>(706,383)</u>	<u>(1.05%)</u>
Total Schools	<u>184,485,176</u>	<u>184,891,473</u>	<u>406,297</u>	<u>0.22%</u>
Total Expenditures	<u>\$412,502,957</u>	<u>\$428,789,903</u>	<u>\$16,286,946</u>	<u>3.95%</u>

HOW \$1 IS SPENT



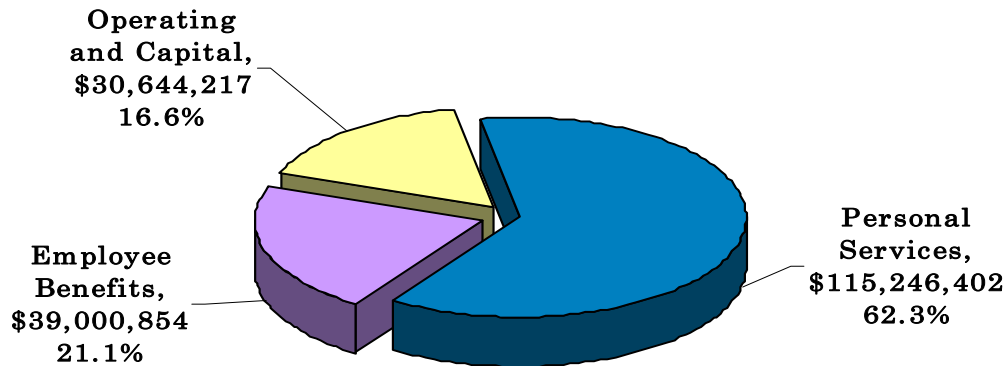
BALANCING THE BUDGET

The following funding strategies were implemented to balance the FY12 budget. This adopted budget includes **\$265,000** of increased revenues associated with the increase of the cigarette tax (dedicated for the new Fire station #11). Expenditure budget balancing measures include the following: reduction of outside contracts/agencies (**\$67,558**); Organization-wide changes – (**\$2.98M**); use of fund balance for capital projects; one-time purchases and reserves (**\$4.78M**); reduction or deferral of capital projects (**\$3.5M**); changes to the way we do business (**\$906,217**); service elimination/reductions (**\$308,809**); reduction in administrative overhead/management positions (**\$201,136**); benefit savings associated with attrition and retirement/separation programs (**\$669,690**); and elimination of vacant positions (**\$83,526**); overall total elimination of 15 positions.

HAMPTON CITY SCHOOLS EXPENDITURES

The total school budget for **FY 2012** is **\$184,891,473**, a **(0.22%) increase** over FY 2011. The total local contribution to the Hampton School System is **\$66,345,093**, a **(1.05%) reduction** from FY 2011. The *required* local contribution, according to state law, is **\$26,336,623** which is an increase of **\$230,273**. The City's contribution in excess of the state requirement is **\$40,008,470**. The local contribution to the schools is based on a mutually agreed upon formula in which they will receive a predetermined percentage of the growth in residential real estate, personal property and utility taxes.

**Hampton City Schools
FY2012 Budget of \$184,891,473**



CAPITAL BUDGET REVENUES

General Fund Revenues

General Fund Balance Transfer	\$3,999,000
General Fund Operating Revenues	3,032,265
Urban Maintenance Contributions	<u>4,525,502</u>
Sub-total - General Fund Revenues	11,556,767

Other Revenue Sources

Congestion Mitigation Air Quality Funds	4,104,867
Federal Emergency Management Agency/Pre-Mitigation Flooding	250,000
General Obligation Bond Proceeds	500,000
General Obligation Bond Proceeds ~ Schools	5,287,500
Highway Safety Improvement Program Funds	560,000
Regional Surface Transportation Program	4,800,000
Stormwater Fees	585,000
Sub-total - Other Revenue Sources	<u>16,087,367</u>
TOTAL REVENUES	<u>\$27,644,134</u>

CAPITAL BUDGET EXPENDITURES

- **Education - \$5,455,476:** Routine maintenance projects at various Hampton City Schools and site improvements at Thomas Nelson Community College.
- **Maintenance of Public Properties and Performance Support - \$5,009,000:** Maintenance projects at various public facilities; parks and recreation sites and enhancements to the open field in the Old Northampton neighborhood adjacent to the public safety firing range.
- **Neighborhood Support - \$835,000:** Blighted property acquisition/demolition and Neighborhood Curb and Gutter Program.
- **Other CIP Projects - \$2,104,289:** Contingency funding and the lease payment for the newly acquired Motorola public safety radio system.
- **Streets and Infrastructure - \$14,240,369:** Various signal timing improvements; road widening projects, video detection upgrades and city-wide street resurfacing.

ADDITIONAL INFORMATION

Information regarding the contents of this or any other budget volumes can be obtained by calling the City of Hampton's Office of Budget and Management Analysis at (757) 727-6377 from 8:00 a.m. to 4:30 p.m., Monday through Friday.

Internet Access: The FY 2012 Council Approved Budget-in-Brief is located on-line at <http://www.hampton.gov/budget>.

Document: Copies of the Council Approved document will be available for viewing, as of July 5, 2011, at all City of Hampton public libraries:

- Main Branch, 4207 Victoria Blvd., (757) 727-1154
- Northampton Branch Library, 936 Big Bethel Road, (757) 825-4558
- Phoebus Branch Library, One South Mallory Street, (757) 727-1149
- Willow Oaks Branch Library, Willow Oaks Village Square, (757) 850-5114

Copies of the budget document can also be viewed in the Office of Budget and Management Analysis, City Hall, 7th Floor. Additional copies of the Budget-In-Brief can be obtained at no cost.