

City of Hampton, Virginia

www.hampton.gov/budget

FY 2011 Council Approved Budget-in-Brief

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Budget Highlights

- Total City budget is **\$412,502,957**, a (5.13%) decrease over FY 2010.
- The City operations portion is **\$228,017,781**, a 0.84% increase over FY 2010.
- The total Hampton City Schools budget is **\$184,485,176**, a (\$24,227,862) or a (11.61%) decrease over FY 2010.
- Total Local Contribution to Schools at **\$67,051,476**, is a (\$1,000,231) or a (1.47%) decrease over FY 2010.
 - ❖ Required Local Contribution according to State Law is **\$26,106,350**. The amount of this contribution is affected by the decrease in the Commonwealth of Virginia funding to the Hampton City Schools. For FY11, the state reduced the schools funding by \$23,227,631 which in return reduced the required local funding amount by (16.78%) or (\$5,263,133).
 - ❖ Local Contribution in Excess of State Requirement is **\$40,945,126**. This increased by \$4,262,902 or 11.62%.

Major Tax & Fee Rate Changes

- ❖ The **Real Estate Property Tax Rate** remains unchanged at \$1.04/\$100 assessed value.
- ❖ The **Motor Vehicle License** fee is recommended to increase from \$28.00 to **\$30.00 (up to two tons)** and from \$33.00 to **\$35.00 (over two tons)** and will be effective January 1, 2011.
- ❖ For FY 2011 there are recommended increases in **various fees** within the following areas of City operations; assessment and collections, police services, parks and recreation and building permits. Most of these rates relate to specific services for which the existing fee was not recouping the full cost of the services or the fee was out of alignment with regional locality rates. A complete listing of these fee increases can be reviewed in the FY11 Council Approved Budget under the **“Tax and Fee Recommendations”** section available online or in the public libraries.



- ❖ All other major taxes and fees remain the same.

Budget Challenges

- ❖ **Committed Revenues (\$4.2M):** The total City revenue (before schools) appears to have slightly increased; yet, a substantial amount of this total – \$4.2 million – is not available revenue that could be used to avoid budget cuts. It is revenue obligated to specific services such as state mandated programs **(\$1.2M)**; dedicated EXCEL revenues **(\$1.4M)**; CDA revenues for the Peninsula Town Center **(\$880,000)**; incremental 2+2 revenues for Convention Center **(\$350,000)** and dedicated charges for services such as EMS fee and Fishing Pier **(\$400,000)**. While these revenues show up in the total revenue, they were not available for general uses. In addition to the obligated revenues, the City faced large State budget cuts of \$2.4 million and a reduction in real estate tax revenues of \$3.0 million.
- ❖ The expenditure side incorporates several required expenditures such as:
 - * **Debt Service (\$1.42M):** This represents the projected increase for the repayment of bond principal due in FY 2011.
 - * **Employee Benefits (\$1.34M):** The City is required to budget for the 1.89% increase rate for VRS and a flat dollar amount of \$98,000 for HERS retirement plans. The health insurance premiums increased approximately 4.5% for FY11.
 - * **New Radio System (\$1.84M):** Funding for the payment of the lease purchase for the new public safety radio system is funded in the proposed capital budget.
- ❖ In total, between revenue losses and expenditure pressures, the City faced a \$19.4 million shortfall that was resolved largely by expenditure reductions.

Hampton City Council

Mayor

Molly Joseph Ward

Vice-Mayor

Joseph H. Spencer, II

Council Members

Randall A. Gilliland

George E. Wallace

Ross A. Kearney, II

Paige V. Washington, Jr.

Angela Lee Leary

City Manager

Mary B. Bunting



FY 2011 Tax and Fee Rates

SUPPORTING THE GENERAL FUND

Real Estate Tax	\$1.04/\$100 AV	Cigarette Tax	\$0.65/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:		Right of Way	\$0.76*/per line/per month
Boats	\$0.000001/\$100 AV	EMS Recovery (Ambulance) Fees:	
RV's	\$0.000001/\$100 AV	(per occurrence):	\$430.00 for BLS transport
Motor Vehicle License Tax:	\$30.00 up to 2 tons \$35.00 over 2 tons		\$525.00 for ALS-1 transport
Vehicles Modified for the Disabled	\$1.00/\$100 AV		\$750.00 for ALS-2 transport
Hotel/Motel Lodging Tax	8%		\$9.00 for Ground Transport Mileage (GTM) per loaded mile
Courthouse Maintenance Fee	\$2.00/court case		
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 decrease is imposed by the Commonwealth of Virginia Code §58.1-645, §58.1-1730, §56-468.1.
AV = Assessed Value



FY 2011 REVENUE HIGHLIGHTS

Performance of the Five Largest Revenue Generators

Real Estate Tax revenue loss at **(\$3,009,762)**, a **(2.57%)** decrease over FY 2010;
 Personal Property Tax growth of **\$1,539,677**, a **5.10%** increase over FY 2010;
 Sales and Use Tax growth of **\$499,259**, a **3.64%** increase over FY 2010;
 Business License Tax growth at **\$346,430**, a **2.83%** increase over FY 2010;
 Restaurant/Meal Tax growth at **\$1,045,598**, a **7.56%** increase over FY 2010.

FY 2011 COUNCIL APPROVED BUDGET

Categories	Council Approved FY 2010	Council Approved FY 2011	Differences	Percentage Increase/ (Decrease)
Revenues:				
General Property Taxes	\$157,863,392	\$156,614,772	(\$1,248,620)	(0.79%)
Other Local Revenues	81,260,607	86,680,122	5,419,515	6.70%
State Revenues	46,768,829	45,356,400	(1,412,429)	(3.02%)
Federal Revenues	10,000	10,000	0	0.00%
School Revenues Other Than City	140,661,331	117,433,700	(23,227,631)	(16.51%)
Fund Balance Transfer	5,594,965	4,407,963	(1,187,002)	(21.22%)
School Operating Fund Transfer	2,000,000	2,000,000	0	0.00%
Designated Fund Balance Debt Reserve	<u>664,330</u>	<u>0</u>	<u>(664,330)</u>	<u>(100.0%)</u>
Total Revenues	<u>\$434,823,454</u>	<u>\$412,502,957</u>	<u>(\$22,320,497)</u>	<u>(5.13%)</u>

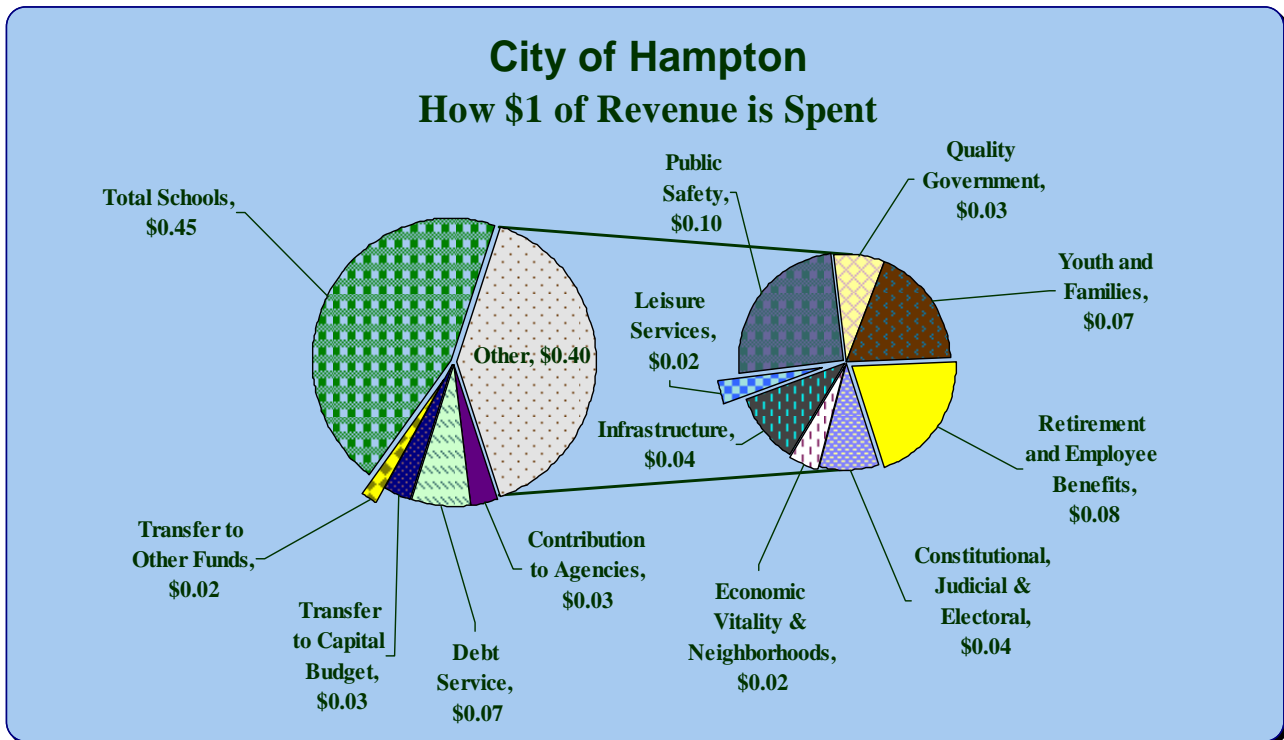
Expenditure Highlights

Categories	Council Adopted FY 2010	Council Approved FY 2011	Differences	Percentage Increase/ (Decrease)
Expenditures by Business Teams:				
Constitutional, Judicial & Electoral	\$15,442,662	\$14,872,381	(\$570,281)	(3.69%)
Economic Vitality & Neighborhoods	9,346,063	7,840,513	(1,505,550)	(16.11%)
Infrastructure	18,969,029	17,383,858	(1,585,171)	(8.36%)
Leisure Services	6,704,576	6,100,914	(603,662)	(9.00%)
Public Safety	41,921,766	41,177,224	(744,542)	(1.78%)
Quality Government	14,429,230	13,326,499	(1,102,731)	(7.64%)
Youth and Families	29,086,456	30,515,177	1,428,721	4.91%
Retirement and Employee Benefits	<u>32,400,340</u>	<u>33,761,047</u>	<u>1,360,707</u>	<u>4.20%</u>
Total Business Teams & Employee Benefits	168,300,122	164,977,613	(3,322,509)	(1.97%)
Contributions to Outside Agencies	11,489,762	11,647,350	(157,588)	1.37%
Debt Service	29,662,807	31,080,688	1,417,881	4.78%
Transfer to Capital Budget	8,522,500	11,008,393	2,485,893	29.17%
Transfer to Other Funds	<u>8,135,225</u>	<u>9,303,737</u>	<u>1,168,512</u>	<u>14.36%</u>
Total City Operations	226,110,416	228,017,781	1,907,365	0.79%



Expenditure Highlights (continued)

Categories	Council Adopted FY 2010	Council Approved FY 2011	Differences	Percentage Increase/ (Decrease)
School Operations:				
State/Federal/Other	140,661,331	117,433,700	(23,227,631)	(16.51%)
Local Contribution	<u>68,051,707</u>	<u>67,051,476</u>	<u>(1,000,231)</u>	<u>(1.47%)</u>
Total Schools	<u>208,713,038</u>	<u>184,485,176</u>	<u>(24,227,862)</u>	<u>(11.61%)</u>
Total Expenditures	<u>\$434,823,454</u>	<u>\$412,502,957</u>	<u>(\$22,320,497)</u>	<u>(5.13%)</u>



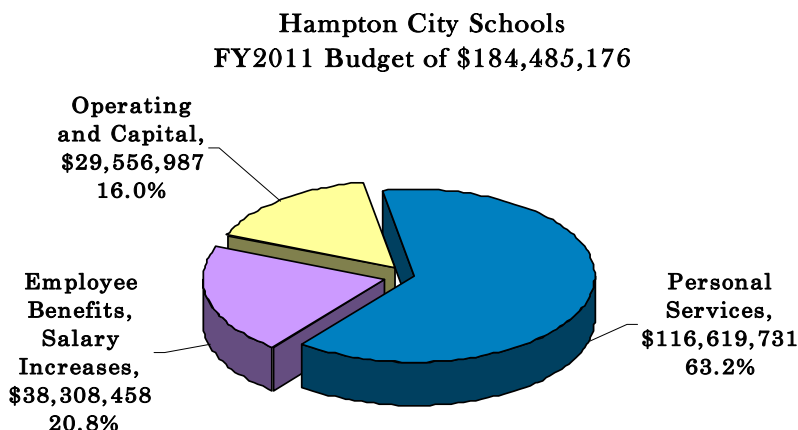
BALANCING THE BUDGET

Between revenue losses and expenditure pressures, the City faced a **\$19.4 million** shortfall that has been resolved largely with expenditure reductions. The following budget strategies were implemented to balance this budget. This recommended budget includes approximately **\$1.41 million** of increased revenues associated with re-benchmarking existing user charges and the reintroduction of the boat tax/RV tax. For expenditure budget balancing measures a totaled: reducing in outside contracts/agencies (**\$779,215**); Organization-wide changes – (**\$2.45M**); using fund balance for capital projects and one-time purchases (**\$4.41M**); reduction or deferral of capital projects (**\$3.60M**); departmental/service mergers (**\$975,595**); changes to the way we do business (**\$533,927**); service elimination/reductions (**\$851,168**); employee pay and benefit changes (**\$809,601**); eliminating 78 permanent full-time positions, several part-time positions and reduced WAE funding (**\$1.72M**); total benefits related to eliminated positions (**\$1.02M**); and departmental operating costs reductions (**\$824,509**).

The Council Amendments to the Manager’s Recommended Budget include the reduction in personal property tax revenues of **(\$214,642)** due to the repeal of the proposed boat tax/ RV tax rate; increase of **\$274,861** from adjusted State revenues for the Constitutional Offices and the collections of **\$60,000** in billboard revenues in the General Fund. The Council approved the following appropriations increases; the net restoration of three permanent full-time positions **(\$55,440)** which includes administrative support for the Youth Commission; restoring WAE funding for two Youth Planners **(\$13,000)**; restoring funding for the taping of the Holly Days Parade **(\$20,000)** and along with the benefits related to these changes in personnel changes **(\$60,613)**. These changes were balance with a net decrease in departmental operating expenses of **\$28,834**.

HAMPTON CITY SCHOOLS EXPENDITURES

The total school budget for FY 2011 is **\$184,485,176**, a **(11.61%)** decrease over FY 2010. The total local contribution to the Hampton School System is **\$67,051,476**, a **(1.47%)** reduction from FY 2011. The *required* local contribution, according to state law, is **\$26,106,350** which is a decrease of \$5,263,133 from FY 2010 as a result Virginia State budget cuts. The City’s contribution in excess of the state requirement is **\$40,945,126**. 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.



CAPITAL BUDGET REVENUES

General Fund Revenues

General Fund Balance Transfer	\$3,950,000
General Fund Operating Revenue	3,023,393
Urban Maintenance Contributions	<u>4,035,000</u>
Total General Fund Revenues	11,008,393

Other Revenue Sources

Congestion Mitigation Air Quality (CMAQ) Funds	1,085,572
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General Obligation Bond Proceeds	30,300,000
General Obligation Bond Proceeds ~ Schools	10,287,500
Highway Safety Improvement Program (HSIP) Funds	1,945,000
Stormwater Fees	585,000
Urban Development Action Grant (UDAG) Funds	<u>200,000</u>
Total Other Revenue Sources	<u>44,403,072</u>

Total Revenues **\$55,411,465**

CAPITAL BUDGET EXPENDITURES

- **Education - \$10,456,604:** Routine and major renovation projects at various Hampton City Schools and site improvements at Thomas Nelson Community College.
- **Maintenance of Public Properties and Performance Support - \$5,100,000:** Breakwater at Buckroe Beach; maintenance projects at various public facilities; city-wide landscaping and firing range improvements.
- **Neighborhood Support - \$1,085,000:** Blighted property acquisition/demolition; Housing Improvement Grants and Neighborhood Curb and Gutter Program.
- **New Facilities - \$29,000,000:** Construction of a new Circuit Court building and parking garage.
- **Other CIP Projects - \$240,000:** Contingency funding.
- **Public Safety - \$2,464,289:** Pre-wiring of critical facilities for generator service; lease purchase payment for new public safety radio system and design work for the consolidated E-911/311/EOC Operations Center.
- **Streets and Infrastructure - \$7,065,572:** Various signal timing improvements; Hampton Electric Automated Transit (HEAT) Program and city-wide street resurfacing.

ADDITIONAL INFORMATION

Information regarding the contents of this or any other budget documentation 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. 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.

Internet Access: The FY 2011 Council Approved Budget-in-Brief is located on-line at <http://www.hampton.gov/budget>.

Document: Copies of the FY 2011 Council Approved Budget document will be available for viewing after July 1, 2010, at all City of Hampton public libraries:

- Main Branch, 4207 Victoria Boulevard, (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

