



NEWS RELEASE

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Frequently asked questions about the city budget

(First forum)

Q: What is the total value of the properties owned by the City of Hampton? If some or all of it were sold, would it make up for the shortfall?

A: The city owns \$445 million worth of property and buildings, the vast majority of which are in use – fire stations, schools, parking lots and pumping stations. Some property is reserved for future public use, like school sites. About 5% of city-owned land (worth \$23 million) is or will be available for uses that further the goals of economic development and master plan development.

Remember that there are two kinds of money – one-time money and recurring money. We don't like to use a one-time influx to pay for ongoing expenses, because then we're in the same boat next year. – but we do have some property on the market now. Still, we wouldn't use that money to balance the operating budget, but we could use it to make other improvements on the capital side.

Q: Are you talking about standard inspections or safety inspections (referencing increasing construction inspection turnaround time from two to six days)?

A: The saving would come from decreasing the number of inspectors, so it would increase turnaround time. For example, if you're building a deck, the city needs to do an inspection after the footers before you do the next part of the construction. Those inspections are to ensure the work is done to code, which is a safety consideration.

Q: Please define what an arterial road is (potential for reduced street lights).

A: Those are your main roads, such as Mercury Boulevard or Fox Hill, not neighborhood streets.

Q: How much are we spending on lighting on the new King Street corridor project? Can we stop those streetlights and instead use the money so we don't cut other streetlights?

A: The amount budgeted for streetlight installation is approximately \$118,000, with the city paying half and the state paying half. However, the North King Street Improvement Project funds are one-time capital construction funds and can only be used for construction. The potential budget reduction is for the recurring energy cost of operating streetlights throughout the city. The King Street project is designed to improve traffic flow and lighting on a significant

gateway entrance onto Langley Air Force Base. Langley is one of our major employers and contributes about \$1.2 billion to our economy, so it's an investment in that relationship and helping to BRAC-proof that base.

Q: Can you reduce the hours (referencing proposed closure of Visitor Center/Hampton History Museum)?

A: Certainly it's possible – but it won't produce enough savings.

Q: Are there other areas where the Visitor Center information contained in the Hampton History Museum could be located so that we are not incurring a cost? Could the services be provided in another building?

A: They could be, but the savings/reduction in this case is mostly the personnel.

Q: What is the cost of maintaining the artifacts in the Hampton History Museum? The City has a fiduciary responsibility because these items were donated to the City.

A: These are good questions that we need to look into if this becomes a reality. We don't have all the answers yet.

Q: Should the Hampton History Museum be integrated in the Virginia Air and Space Museum?

A: It might be possible to put a small exhibit there, but both museums are actually full. The History Museum does not have the room to display anywhere near the full collection already.

Q: If you close the Hampton History Museum, what would you use the building for?

A: We don't have a plan at this time.

Q: What are the responsibilities of the Internal Audit department? Does the audit include the Police Department? Why doesn't city staff do that automatically (referencing decreasing Internal Audit departmental capacity)?

A: They ensure that everyone is following the financial procedures and only using tax money for approved reasons. They randomly check expenses of all departments. Everyone is supposed to be honest and follow the rules, but the audits are our insurance that is happening. If we had fewer, we would check fewer transactions.

Q: How much waste has been found (referencing decreasing Internal Audit departmental capacity)?

A: Very little – but we also don't know if people are being more honest and careful because they know there's a greater chance of being audited.

Q: Has there ever been a suggestion that the parenting program actually be in the schools instead of a separate building?

A: We do offer programs in concert with the schools and PTA. It's important that the site be childproof and offer changing facilities and age-appropriate toys for babies and toddlers.

Q: What would be the alternative be if we did not have the Healthy Start program? Can it be reduced?

A: Again, any of these can be reduced, but that wouldn't get us down to the revenue number unless the tax rate is increased. The alternative is that we'd save the money now but likely incur greater costs later, with increases in child abuse and neglect, increased health costs for moms and babies, fewer moms graduating from high school (and thus more likely to get jobs) and repeat teen pregnancies. The Healthy Families programs have been shown by an outside study to save money over the long run.

Q: How many people does the Healthy Start program serve? How much of the \$1.5M is for staff?

A: It's a very intensive one-on-one program that screens about 2,000 families per year. About 650 families are being served at any given time.

Q: Why can't the city cut pay for staff (referencing elimination of the Healthy Start program)?

A: The city hasn't given salary increases since 2008, and employees are taking home less than they did that year due to increases in health insurance and other costs. As with other city staff, pay could be cut, but that would potentially cut effectiveness and increase turnover costs.

Q: How frequently do teenagers use the community center? How does the Police Department feel about how it reduces the crime rate in the City?

A: Some changes to the Teen Center since last year have increased attendance. It averages more than 30 teens per day, with 174 who attend on a regular basis. It's also used for special events (2,700 teens per year) and partner groups that serve almost 600 youth on a regular basis. Some of these could move to other community centers if this center is closed. However, the center has a dance studio, recording studio and indoor track used by high school teams, and other centers don't.

Q: Do we have a problem with teen violence in Hampton?

A: Hampton, along with most localities, has a problem with teen violence. Most crimes are committed by young people. I think it's fair to say that the police support the Teen Center and a variety of efforts to give young people things to do that keep them off the street.

Q: What grant opportunities are being pursued to offset cuts to programs like Healthy Start?

A: Healthy Start continues to aggressively seek other revenue possibilities and has applied for grants for new and expansion opportunities. Within the last few months Hampton has received a grant, in excess of \$600,000 to expand Healthy Start. However, grants (including this one) will only cover expansion or new services and can't be used to replace local dollars or pay for existing positions.

Q: Why can't the City and the Schools "legally" cut the pay and benefits of existing employees? That is an option for private employers - why not municipal employers?

A: It is an option; we have that right as an employer. The question is: Is it in the city's best interest? We have eliminated 10% of our jobs over the past 4-5 years, mostly in support and

administration. All of these people are doing much more work than they used to. Their last raise was in 2008, and their take-home pay has been reduced by increases in such things as insurance. Their extra effort has allowed us to keep most of the same services with fewer people. If we cut their pay, we send the message that their extra effort isn't valued. We also risk losing more employees, with corresponding costs to hire and train new people.

Q: Have you had negative responses for funding the Citizens' Unity Commission, which promotes inclusivity and diversity?

A: There are always some negative reactions, but there is also a great deal of support for these programs, which help people understand those with different backgrounds of race, culture, religion or age.

Q: How much money is Fort Monroe costing us in our tax money?

A: There was an agreement that the state Fort Monroe Authority would make payments in lieu of taxes. The agreement was based on the assessed value of the properties and was structured to ensure that the tenants there paid their fair share. However, the Army and state haven't completed the process of transferring the land, so the city isn't seeing the full revenue yet.

Q: How much money is derived from the use of Fort Monroe?

A: Hampton got about \$400,000 last year.

Q: Is the pool available for use at Fort Monroe?

A: It is available for rent, to cover the cost. We can't afford to staff that community center on a regular, open basis until the Fort Monroe revenues increase.

Q: What is/where is Bluebird Gap Farm?

A: It's a working farm/petting zoo/park on Pine Chapel Road in the Coliseum Central area. It also has Master Gardner-sponsored gardens. It gets close to 200,000 visitors a year.

Q: Why are services cut instead of administration and capital improvement costs?

A: We already have cut administration and capital as far as we can. If we cut Finance, we won't pay our bills on time. Human Resources is already strained, having to review up to 400 applications for every vacancy. Many of the capital costs are essentially the mortgages on our buildings – the cost of the bonds we issued. Those aren't discretionary.

Q: Why not Social Service cuts?

A: That's out of our control. The state mandates that we serve everyone who qualifies and also mandates how quickly we process applications.

Q: Has the City considered taking over our water system from Newport News?

A: We wish that we have the revenue that Waterworks generates for the city of Newport News – it's about \$12.6 million a year, equivalent to 12.6 cents on the tax rate. However, it wouldn't make sense now to get out of that regional effort and duplicate or purchase the infrastructure.

Q: Why do we need crossing guards for middle schools? They didn't have them when I went to school.

A: There are more cars on the roads than there used to be – and many of our middle schools are on major thoroughfares, like Nickerson Boulevard, Fox Hill Road, Briarfield Road.

Q: If there is a tax rate increase, can there also be a mandate that it be lowered when real estate values increase?

A: Legally, I don't think today's council can mandate the actions of future councils. However, it has been the practice our Council has followed for many years. In 2004, the tax rate was \$1.27. Council dropped the rate every year for 5 years, putting it at the \$1.04 it is now.

Q: We are more of a rental city than a residential city. There is a cause and effect to every question/decision. What is being done for the vision and strategic goal for the City? I see the cuts, but I don't see the resolution for taking us forward. What is the City going to do to change the platform of who we are today? How are we going to attract higher-wage earners? Change from a rental community to a residential community?

A: That's really why we opened by saying that the city is at a crossroads. This discussion is about more than what we fund for next year. It's about what kind of city we want to be, what kind of city we want to live in, and what kind of city do we build for future generations. We've been asking residents about their priorities, and we've heard many say that it's time to invest. It's like your home – if you don't invest to keep it up and improve it – update the roof, the appliances, the paint – it declines in value. It becomes less valuable and less attractive to someone new. It's the same thing with the city. We aren't going to draw new businesses and homeowners if we aren't making those improvements to our assets, or if we are reducing the amenities we offer. Schools are a key economic driver – businesses want an educated workforce and also they want to live where their children and employees' children get a good education.

(Second forum)

Q: Where are the cuts to Air Power Park, Carousel Park, Virginia Air and Space Center, International Children's Festival and Street Fest?

A: Right now, we don't spend a lot of money annually on those, and any cut would end the events. The city owns the Air & Space building and many exhibits, but doesn't provide much in the way of operating support.

Q: Is the city still paying the salaries for staff at the Air and Space Center? I understand this started taking place when they had financial issues.

A: One senior member of the city manager's staff is still helping to manage the center in lieu of some of his other duties. It's not an additional cost, and no other salaries are being paid with city money.

Q: How can you consider cutting mental health services of CSB and school counselors with all the violence and mental health issues in schools and community?

Q: How can you think about cutting the Hampton-Newport News Community Services Board? Clients are assisted with housing, medication management, psychiatric services, and linkage with all community services. In addition, with all of the crime nationwide, the

mentally ill population should be monitored to keep citizens that live within Hampton/Newport News safe.

A: You raise an important point. But it is an area in which that spending isn't mandated. Though it may save money in the long run, it isn't something we have to do.

Q: Isn't there an opportunity to save some Healthy Start dollars by partnering with the Community Services Board, which provides the same type of professional services?

A: They aren't offering the same programs now. The Healthy Start programs are staff-intensive, no matter who runs them, but they show that they save money over the long run by reducing abuse and having children ready to learn and be more successful in school.

Q: The City has two parades – Downtown & Coliseum Central. Can you eliminate one to save money? Explain to us why we have two.

A: The City sponsors the downtown parade. The Coliseum parade is sponsored by the businesses in that district.

Q: Citizens on fixed incomes have had no increases; the previous real estate values were inflated and now are returning to more normal evaluation. Gas and all the utilities and other monthly expenses have all increased, but we have less purchasing power.

A: Not only has the city and schools budget had no increase, they've had significant decreases. Think of the cost of gasoline for your home, and then imagine what the impact of those increases has been for fire trucks, police cars and school buses. Our costs have gone up as dramatically or even more because we can't really drive less. Our purchasing power has decreased as well. That's why we're here today, to decide how we deal with that.

Q: What is the purpose for the 16-cent real estate tax increase? I have heard that people/residents think it is to bail Peninsula Town Center. Please clarify.

A: The truth is we'd be in much worse shape without Peninsula Town Center. The shopping area has contributed about \$18 million in taxes in less than three years. That's money that property owners didn't have to pay. Hampton taxpayers are not on the hook for any of the costs for Peninsula Town Center. Bonds were issued for the public infrastructure – roads and parking areas and parks – but even if they default on those, taxpayers won't have to pay them off. And, in fact, they are current on those payments.

Q: The federal and state budgets have had problems for over 10 years. How could the city approve over \$3 million to renovate school auditoriums in past years and now propose to fire teachers, close libraries and end academic services to our students?

A: We financed the renovations with bonds that spread the payments over time. For a homeowner, it's equivalent to taking out a second mortgage or a loan for a major repair or investment in your property to keep up its value.

Q: Most of these cuts are horrific, but some of them aren't so bad. If we get the 16-cent raise (eliminating the need for cuts), can we make the "acceptable" cuts and use that money to invest in more important things?

A: Yes, that's the purpose of these meetings. We are trying to get a community consensus about what people think are the most important programs and what the investment needs are.

Q: These polling questions are all or nothing options. Maybe another ‘scale back hours/days/people’ option would help us accurately express ourselves.

A: We asked that last year, and we already know that our residents, in general, prefer scaling back to closing facilities. The issue this year is that there’s no way to close the budget gap by scaling back. If the tax rate doesn’t go up, dramatic changes will be required. That said, if we raise the rate but not enough to cover everything, we have the input from last year and this year to help us make those decisions.

Q: It would be helpful if you provided a brief comment on the size of the population that participated IN and/or the effectiveness of programs.

Q: It would be nice to know more information about the programs that we are polling on (i.e. current usage). Although a program sounds good, if it’s not being used, then we don’t need it.

A: We’re trying to answer that as we go through the polling. But we’re also trying not to sway your votes too much. We could lobby against every single one of these cuts. These are not cuts we want to make. City Manager Mary Bunting: “Most of these, if I were in your place and I was polling, I would say no to. But it’s not ultimately only my decision. The budget should reflect the community’s values.”

Q: If the group voted to close Old Hampton Community Center, where would the youth in our community go to within walking distance and still have the use of a pool. Could we add a pool to the community center near Lindsay with some of the moneys saved? And isn’t there a plan to add a new community center downtown with a pool?

A: Those are ongoing discussions. We do have an aquatic center off Butler Farm Road, so we would open it more to help compensate. There has been a plan to build a new center downtown, but we need to talk about whether that is still a top priority and how we will pay for it if we do want it. There has been increasing community demand for a competition pool, but no studies on cost or where we would build it.

Q: In the private sector people are not getting raises, why should we give to public sector employees? Many in private sector are happy to just have jobs; public sector should be too.

A: Many in the public sector have gotten raises at least once since 2008. When you stop investing in your employees as an employer, they stop giving you discretionary effort. They don’t go the extra mile. These are employees that don’t get to stay home when it snows or don’t evacuate in a hurricane. They come to work. They protect you, they clear the roads, and they pick up the trash.

Q: Why is this process no longer dialogue directly with the taxpayer? We use cards to answer questions. Remember, we pay taxes.

A: At these large meetings, with 150 people or more, we are using the cards because we can’t hear if you ask a question from one of the higher rows. City and school officials will stay after the formal meeting to continue discussions if anyone still has questions.

Q: Why raise property taxes on people with dropping property values? Won’t that further damage the economy? Why not revalue property values, thus generating more revenue?

A: By law, we have to assess property values on the actual market value, based on recent sales.

Q: By closing the Hampton History Museum, we would eliminate the field trips to learn about our history that applies to the SOLs. Why not cut back the days they are open? Where would all the artifacts go to be seen and where will the visitor center go that supports visitors traveling to our area?

A: Closing more days just wouldn't save enough money. Some of the costs are caring and cataloging artifacts, and the additional programs the museum offers. We may be able to display some artifacts but we don't know yet. Under the "disinvest" scenario, the visitor center would close, and we wouldn't have one.

Q: Since the City has been unable to adequately handle the budget and combine services with the City of Newport News, Why can't we employ a consulting firm to help where it is needed?

A: We have many services that are combined with Newport News – mental health/retardation, animal shelter, court services, fire department cooperation and more. Combining is not always the best for everyone. We had independent businesspeople on the panel that studied combining the libraries, for example. We found that it would take a major upfront cost to get everyone on the same technology and platform. And even after that, Hampton taxpayers would not see a benefit. If you are already the lowest-cost provider, combinations do not necessarily save money.

Q: No one is paying for my retirement.

A: Most of you have some sort of retirement package with your employer, whether it's a fixed plan or a 401(k). As an employer we have an obligation to put money into their retirement – as the shipyard does, Sentara does.

Q: Where are all the budgets for the last 5-7 years? All years?

Budgets for the past 10 years are online. You can read through them all at <http://hampton.gov/budget/>

Q: We have talked about repurposing the Teen Center. Can you do that and, if so, will it be a discussion with the community?

A: I have a legal restriction right now on how we can use it. When Sentara sold their former fitness facility to us, they agreed to sell it but not if it competed with their new facility. We will look at whether that restriction can be removed.