MEETING MINUTES

AT A MEETING OF THE HAMPTON FINANCE COMMITTEE OF THE CITY OF HAMPTON, VIRGINIA HELD IN
THE ECONOMIC DEVELOPMENT AUTHORITY CONFERENCE ROOM, SIXTH FLOOR, CITY HALL, ONE
FRANKLIN STREET, ON MONDAY, APRIL 9, 2018 AT 1:00 P.M.

Call to Order/Roll Call

A meeting was called to order at 1:10 p.m. by the Honorable Christine Snead. Committee
members present at roll call were Mary B. Bunting, Honorable Linda D. Curtis, and Susan H. Harris. David
Duxbury will not be in attendance due to a doctor appointment. Brandon K. Singleton arrived at 1:20
p.m. Staff members present were Brian D. DeProfio, Karl S. Daughtrey, James A. “Pete” Peterson, and
Brenda Bailey.

1. Approval of March 29, 2017 Meeting Minutes

Chair Snead stated the minutes have been distributed for review and called for a motion to approve the
minutes. A motion was made by the Honorable Linda D. Curtis moved and seconded by City Manager
Mary B. Bunting. A voice vote was taken to approve the Minutes as presented.

2. Presentation - FY19 Manager’s Recommended Budget

City Manager Mary Bunting stated the budget has not officially been released so information
presented today is preliminary and there will be changes between the presentations of the Budget to
City Council and Virginia General Assembly approval of the state budget. She also advised that her top
priority for this budget was a 2% general wage increase for city employees.

Overview of the FY19 Revenues: Mr. Karl Daughtrey, Director of Finance, advised he presented
revenue information to City Council on March 14 so while the data may change slightly, it will be
finalized before the official budget is released. Major revenue drivers are general property taxes (real
estate and personal property), other local taxes (meals, sales, and lodging) and revenues from use of
money (rental and interest income). He reviewed the handout “Preliminary Revenue Projections Fiscal
Year 2018”. Following are some highlights of the slide show presentation: home sales have increased
and the process of assessing renovated properties is being reviewed for alignment with other localities;
this is the first year of billing after adoption of the RV Tax, 2019 will include a full fiscal year of
collections; meal tax is tracking a 3% growth rate and is driven by national trends; while future revenue
growth is anticipated, sales and use taxes were impacted by the closure of Macy’s and Kmart as well as
e-commerce; in the past five to seven years, business license tax has been level and is expected to rise in
fiscal year 2019; the long-term impact of payment plans on court fines is yet to be realized; the Fire
Division is expecting a long-term increase in EMS transport fees; and while no changes in state revenues
were assumed, adjustments will be made to the city budget following approval of the state budget when
the General Assembly reconvenes on April 11. Ms. Bunting advised the first adjustment priority would
be restoration of cuts made to balance the budget, if possible, with exceptions of any state mandates
and resulting strings attached.

Overview of the FY19 Expenditure Drivers: Brian DeProfio, Assistant City Manager, presented
an overview of the FY19 Expenditure Drivers. Highlights included an increase in Hampton City Schools’
budget, fleet replacement costs and Solid Waste restructuring under internal service funds; the real time
crime center under enhanced crime prevention and criminal prosecution, and increases for Hampton
Roads Regional Jail as well as a decrease for Peninsula Regional Animal Shelter under regional entities.
The Manager’s Recommended Budget will be previewed at the afternoon session of the April 11th City Council meeting. Hard copies will be available at Hampton libraries and electronic copies will be available on-line April 16th. A public hearing and budget briefing will be held on April 25th. The first reading and a public hearing will be conducted on May 2nd with the 2nd reading and final adoption (to include any amendments) on May 9th.

Report of the City Assessor: In Brian Gordineer’s absence, Brian DeProfio reviewed the handout “Preliminary Land Book FY2019” and answered the committee member’s questions.

3. Application of Tax Revenue Guidelines
   Mr. Daughtrey reviewed the handouts “Proposed Revenue Policy Calculation for Current Real Estate Taxes to Determine Amount of Inflationary Growth That Should be Used in the Budget for a Decline or Increase in Real Estate Assessments Revenue Guideline for Real Estate Taxes” and “Exhibit A: Proposed Revenue Guidelines for Real Estate Taxes”. He gave the following brief summary: City Council adopted the guidelines in 2006, City Council amended the guidelines in 2007 and City Council adopted the policy for flexibility to utilize up to the “growth factor”; the policy allows for raising taxes to a maximum of $1.30. Chair Snead advised that even though the committee could raise the tax rate, the Manager’s Budget has no recommended increase. Ms. Curtis voiced her concern that maintaining the tax rate could impact future budgets and the committee should consider keeping pace with surrounding localities. Mr. Singleton moved and Ms. Curtis seconded the motion to maintain the tax rate at $1.24. A voice vote was taken to approve the motion.

4. New Business
   Chair Snead requested a volunteer to present the Tax Equalization Policy recommendation to City Council at the April 25th meeting. Ms. Curtis offered to make the presentation.

5. Audience Granted to the Public
   No citizens were in attendance.

6. Adjournment
   There being no further business, the meeting was adjourned at 2:12 p.m.