



Organization: Hampton Neighborhood Commission

Meeting Date: March 12, 2012

in Attendance: 15 Commissioners and 5 citizens

- Mary Bunting, City Manager, is requesting feedback from neighborhoods regarding the budget. She would like to know what Commissioners have heard from neighborhood leaders in their respective areas.
- Mary provided background information to help frame the discussion. That information included;
 - Hampton is facing another difficult budget year.
 - The local budget is driven largely by the economy.
 - Our City is most reliant on real estate taxes, and the housing market is still poor. The City expects a decrease in real estate tax revenue driven by housing values, which have dropped about 6% this year, in addition to the 4% from last year and the 3% the year before that.
 - 1 penny of the tax rate equals about 1 million dollars for the City budget. Apartment complexes have grown in the past year.
 - Our total estimated deficit right now is \$4.5 million dollars.
 - The City of Hampton is very efficient. Per capita number of employees serving citizens is low. Hampton is the second lowest in the region to Chesapeake.
 - Newport News several tax generators that we don't have - Newport News/Williamsburg airport; Northrop Grumman, and Waterworks.
 - Newport News has a real estate tax rate of \$1.10 rate while Hampton's is \$1.04.
 - With the additional taxes collected from the Newport News Airport, Northrop Grumman and Waterworks, Newport News starts .27 cents ahead of Hampton's budget. This doesn't take into consideration their higher real estate tax rate. This means it is more difficult to cut in Hampton because we are so efficient with City funds.
 - We are currently estimating a \$2 million cut from state, \$4.5 million loss of revenue from real estate tax, and pension cost increase of \$3 million, totaling a \$9.5 million deficit.
 - Mary also explained the difference between recurring funds and fund balance and why these funds can't be used to solve the debt problem.
 - City doesn't go over 10% of income for debt service.
 - Mary is asking people about their tax philosophy. Do you want to pay the same amount of taxes and protect what we have, pay less and cut services, or do you want to pay more and build back some of the services we've cut in previous years.
- The City Manager also explained how the school budget and the City budget work together. A local funding formula is used in Hampton, so that the school's get a fair-share of the revenue that the city generates. Hampton City Schools (HCS) gets 61.85% of all residential related taxes. When there are declines in the City budget, the schools receive less funding as well. The School Superintendent is

recommending a dedicated tax increase to address several years of school budget decreases.

- Questions/Comments from Commissioners:
 - What impact did the closing of Ft. Monroe have on the City budget?
 - A Commissioner recommended a Citizen's Public Partnership Bond, similar to a U.S. Savings Bond to offset budget deficits in lieu of increased taxes. Homeowners would appreciate this. It allows citizens to buy into the City, and the City would pay back the money to citizens who buy the bond.