

DOCKET ITEM <u>NPPH-C</u>

NPPH (C)

AN ORDINANCE AMENDING CHAPTER 74 OF THE CHESAPEAKE CITY CODE, ENTITLED "TRAFFIC AND VEHICLES," ARTICLE III, ENTITLED "CITY MOTOR VEHICLE LICENSES," SECTION 74-107 THEREOF, TO INCREASE LICENSE FEES IMPOSED FOR MOTOR VEHICLES, TRAILERS, AND SEMITRAILERS-BUDGET

As noted in the attached memorandum, this item is a request to consider one of two ordinances included in the City Manager's FY 2023 Proposed Budget. This ordinance would increase the motor vehicle license fee rates. These proposed fees were recommended at a level to remain competitive in the region. The regional rate comparison for the proposed automobile license fees for passenger vehicles is shown below.

City	Passenger Vehicle 4,000 Pounds or Less	Passenger Vehicle Over 4,000 Pounds
Chesapeake	\$26.00	\$32.00
Virginia Beach	\$30.00	\$35.00
Norfolk	\$31.00	\$36.00
Portsmouth	\$32.00	\$37.00
Suffolk	\$26.00	\$30.00
Newport News	\$26.00	\$31.00
Hampton	\$35.00	\$40.00

On December 14, 2021, City Council adopted a resolution directing the City Manager to take certain actions consistent with "Option 2" of the November 16, 2021, staff report in the preparation for the proposed FY 2023 operating budget and

capital improvement program. This direction was intended to ensure that adequate ongoing funding was available to implement amendments to the Human Resources Classification and Compensation Plan (HRCCP) for sworn public safety employees. These amendments to the HRCCP were also adopted by City Council on December 14, 2021 and were implemented in January 2022. The costs associated with those amendments are included in the Proposed Operating Budget.

The resolution directed the City Manager to take five actions in the preparation of the FY 2023 budget. The third action included directing the City Manager to propose increases to tax and/or fee rates if the savings resulting from programmatic and service reductions to existing city services did not produce sufficient ongoing savings to fund the implementation of amendments to the HRCCP. In the preparation of the Proposed Budget, the City Manager determined that a 0.5% increase in the meals tax (previous item) and an increase in the various automobile license fee rates were necessary to fund the amendments to the HRCCP in FY 2023. The ordinances being considered would increase these two rates consistent with the direction of City Council. It is important to note that these increases are recommended at a level to remain competitive in the region. This is in line with the approach outlined in the staff report accompanying the December 14, 2021 resolution.

The proposed fee increases are outlined below:

Type	Gross Weight (pounds)	Current Rate	Proposed Rate
Passenger Cars and Motor Homes as defined in VA Code 46.2-100	4,000 or less	\$23	\$26
	Over 4,000	\$28	\$32

Motorcycles		\$8	\$9
Motorcycle Side Cars		\$7	\$8
Trailers	10,000 or less	\$6	\$7
	Over 10,000	\$17	\$19
Trucks	4,000 or less	\$23	\$26
	4,001 to 10,000	\$28	\$32
	10,001 to 25,000	\$35	\$40
	25,001 to 40,000	\$60	\$68
	40,001 to 55,000	\$80	\$90
	55,001 to 70,000	\$125	\$141
	Over 70,000	\$150	\$170


City Council could choose not to adopt this ordinance. If Council decides not to adopt the ordinance raising the automobile license fee, a total of \$781,076 would need to be reduced from the budget with \$460,835 coming from the city and \$320,241 coming from the schools.

This Ordinance is presented for citizen comment only and was presented at a legally advertised public hearing held on April 26, 2022.

Staff: Jonathan Hobbs, Budget Director

Memorandum

TO: Christopher M. Price, City Manager

VIA: Laura A. Fitzpatrick, Deputy City Manager 

FROM: Jonathan Hobbs, Budget Director

DATE: April 13, 2022

SUBJECT: Modification of the Meals Tax Rate and the Motor Vehicle License Fee

Overview

This item is a request to City Council for the consideration of two ordinances included in the City Manager’s FY 2023 Proposed Budget. These ordinances would modify the meals tax by raising the current rate of 5.5% to 6% and increase the motor vehicle license fee rates as outlined at the top on the next page. These proposed fees were recommended at a level to remain competitive in the region. The regional rate comparison for meals tax and automobile license fee for passenger vehicles is shown below.

	Meals Tax	Passenger Vehicle 4,000 Pounds or less	Passenger Vehicle Over 4,000 Pounds
Chesapeake	6.0%	\$26.00	\$32.00
Virginia Beach	5.5%	\$30.00	\$35.00
Norfolk	6.5%	\$31.00	\$36.00
Portsmouth	7.5%	\$32.00	\$37.00
Suffolk	6.5%	\$26.00	\$30.00
Newport News	7.5%	\$26.00	\$31.00
Hampton	7.5%	\$35.00	\$40.00

Details

On December 14, 2021, City Council adopted a resolution directing the City Manager to take certain actions consistent with “Option 2” of the November 16, 2021, staff report in the preparation for the proposed FY 2023 operating budget and capital improvement program. This direction was intended to ensure that adequate ongoing funding was available to implement amendments to the Human Resources Classification and Compensation Plan (HRCCP) for sworn public safety employees. These amendments to the HRCCP were also adopted by City Council on December 14, 2021 and were implemented in January 2022. The costs associated with those amendments are included in the Proposed Operating Budget.

Type	Gross Weight (pounds)	Current Rate	Proposed Rate
Passenger cars and motor homes as defined in Virginia Code 46.2-100	4,000 or less	\$23	\$26
	Over 4,000	\$28	\$32
Motorcycles		\$8	\$9
Motorcycle Sidecars		\$7	\$8
Trailers	10,000 or less	\$6	\$7
	Over 10,000	\$17	\$19
Trucks	4,000 or less	\$23	\$26
	4,001 to 10,000	\$28	\$32
	10,001 to 25,000	\$35	\$40
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	40,001 to 55,000	\$80	\$90
	55,001 to 70,000	\$125	\$141
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Strategic Alignment

The actions identified in Option 2 were to ensure that ongoing funding was available to fund the implementation of the amendments to the HRCCP for sworn public safety employees. By ensuring ongoing revenue sources are available to fund sworn public safety salaries and benefits, this action aligns with City Council’s strategic anchor of being fiscally responsible and sustainable.

Alternative to Recommended Action

City Council could opt to adopt one of these ordinances, both ordinances, or chose not to adopt either ordinance. If City Council does not adopt the ordinance to increase the meals tax rate, \$2,724,806 will need to be reduced from the city budget and there would be no impact on the school budget. If Council decides not to adopt the ordinance raising the automobile license fee, a total of \$781,076 would need to be reduced from the budget with \$460,835 coming from the city and \$320,241 coming from the schools.

AN ORDINANCE AMENDING CHAPTER 74 OF THE CHESAPEAKE CITY CODE, ENTITLED "TRAFFIC AND VEHICLES," ARTICLE III, ENTITLED "CITY MOTOR VEHICLE LICENSES," SECTION 74-107, TO INCREASE LICENSE FEES IMPOSED FOR MOTOR VEHICLES, TRAILERS, AND SEMITRAILERS.

BE IT ORDAINED by the Council of the City of Chesapeake, Virginia, that Chapter 74, Article III, Section 74-107, be amended and reordained as follows:

Chapter 74. Traffic and Vehicles

Article III. City Motor Vehicle Licenses

Section 74-107. Amount of license fee - Generally.

(a) The license fee imposed in this article for motor vehicles, trailers and semitrailers shall be as follows:

Type	Gross Weight (pounds)	Rate	
Passenger cars and motor homes as defined in Virginia Code § 46.2-100	4,000 or less	\$23.00	<u>\$26.00</u>
	Over 4,000	28.00	<u>32.00</u>
Motorcycles		8.00	<u>9.00</u>
Motorcycle sidecars		7.00	<u>8.00</u>
Trailers	10,000 or less	6.00	<u>7.00</u>
	Over 10,000	17.00	<u>19.00</u>
Trucks	4,000 or less	23.00	<u>26.00</u>
	4,001—10,000	28.00	<u>32.00</u>
	10,001—25,000	35.00	<u>40.00</u>
	25,001—40,000	60.00	<u>68.00</u>
	40,001—55,000	80.00	<u>90.00</u>

	55,001—70,000	125.00 <u>141.00</u>
	Over 70,000	150.00 <u>170.00</u>

- (b) The license fee for motor vehicles, trailers, and semitrailers not designed and used for transportation of passengers shall be determined by the gross weight of the vehicle or combination of vehicles of which it is a part, when loaded to maximum capacity for which it is licensed, according to the schedule of license fees set forth in subsection (a). For a combination of a tractor-truck and semitrailer, each vehicle constituting a part of such combination shall be considered a separate vehicle, and a separate license fee shall be charged to each vehicle. For the purpose of determining the gross weight group into which any such vehicle falls pursuant to subsection (a), the combination of vehicles of which such vehicle constitutes a part shall be considered a unit and the aggregate gross weight of the entire combination shall determine such gross weight group. There shall be paid to the treasurer the license fee indicated in the schedule (a) immediately opposite the weight group into which such vehicle or any combination of vehicles of which it is a part falls when loaded to the maximum capacity for which it is licensed.
- (c) The license fee for farm motor vehicles used exclusively for farm use as defined by Code of Virginia § 46.2-698 and having a gross weight of 7,500 pounds or more shall be 50 percent of the license fee per 1,000 pounds of gross weight for vehicles, trailers, and trucks as calculated in this section.

BE IT FURTHER ORDAINED that the effective date of this ordinance shall be July 1, 2022.

ADOPTED by the Council of the City of Chesapeake, Virginia, this 10th day of May,
2022.

APPROVED:

Mayor

ATTEST:

Clerk of the Council

APPROVED AS TO FORM:



Deputy City Attorney

**NOTICE OF PUBLIC HEARING
 PROPOSED ORDINANCE AMENDMENTS
 TO INCREASE THE FOOD AND BEVERAGES TAX,
 AND INCREASE LICENSE FEES IMPOSED FOR
 MOTOR VEHICLES, TRAILERS, AND SEMITRAILERS**

TAKE NOTICE that the City of Chesapeake hereby gives notice pursuant to Section 58.1-3007 of the Code of Virginia, as amended, that it will consider ordinance amendments:

*To increase the meal tax from 5.5% of the total amount paid for food and beverages to 6% of the total amount paid for food and beverages in food establishments. (City Code Sec. 30-389)

*To increase license fees for motor vehicles, trailers, and semitrailers as shown below. (City Code Sec. 74-107):

TYPE	GROSS WEIGHT (POUNDS)	RATE	
Passenger cars and motor homes as defined in Virginia Code § 46.2-100	4,000 or less	\$23.00	<u>\$26.00</u>
	Over 4,000	\$28.00	<u>\$32.00</u>
Motorcycles		\$8.00	<u>\$9.00</u>
Motorcycle sidecars		\$7.00	<u>\$8.00</u>
Trailers	10,000 or less	\$6.00	<u>\$7.00</u>
	Over 10,000	\$17.00	<u>\$19.00</u>
Trucks	4,000 or less	\$23.00	<u>\$26.00</u>
	4,001 – 10,000	\$28.00	<u>\$32.00</u>
	10,001 – 25,000	\$35.00	<u>\$40.00</u>
	25,001 – 40,000	\$60.00	<u>\$68.00</u>
	40,001 – 55,000	\$80.00	<u>\$90.00</u>
	44,001 – 70,000	\$125.00	<u>\$141.00</u>
	Over 70,000	\$150.00	<u>\$170.00</u>

Public hearings will be conducted at 6:30 p.m. on Tuesday, April 26, 2022, and Tuesday, May 10, 2022, in the Chesapeake City Council Chambers, City Hall Building, 306 Cedar Road, Chesapeake, Virginia 23322. Interested persons may present their views.

Copies of the proposed ordinances are on file in the Offices of the City Clerk, City Hall Building, 306 Cedar Road, Chesapeake, Virginia 23322, and may be viewed Monday through Friday during regular business hours of 8:00 a.m. to 5:00 p.m. by calling (757) 382-6151. The ordinances may also be viewed online at www.cityofchesapeake.net.

The City of Chesapeake will make available reasonable accommodations and services necessary for disabled and sensory impaired citizens. Please call Timothy Winslow, Municipal Facilities Administrator, Public Works Department, at (757) 382-8951 at least three (3) working days in advance of the public hearing if accommodations are required.

Jacob P. Stroman
City Attorney
City of Chesapeake, Virginia