

VIRGINIA BEACH

COMMUNITY FOR A LIFETIME

**City of Virginia Beach
Biennial Resource Management Plan
Fiscal Years 2008-09 and 2009-10**

Executive Summary

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City Organization and Information

The City of Virginia Beach adopted its first Charter on February 28, 1962; it was ratified by the State Legislature to be effective on January 1, 1963, thereby incorporating the City. In its Charter, the City established a Council/Manager form of government, in which an elected City Council establishes policy and the resulting programs are carried out by an appointed City Manager.

Key Statistics

Total Square Miles of Land	248.3
Total Square Miles of Water	58.5
Population Estimate (07/01/07)	433,033
Number of Registered Voters (FY 2006-07)	264,537
Number of Homes/Residences	167,341

City Council Members:

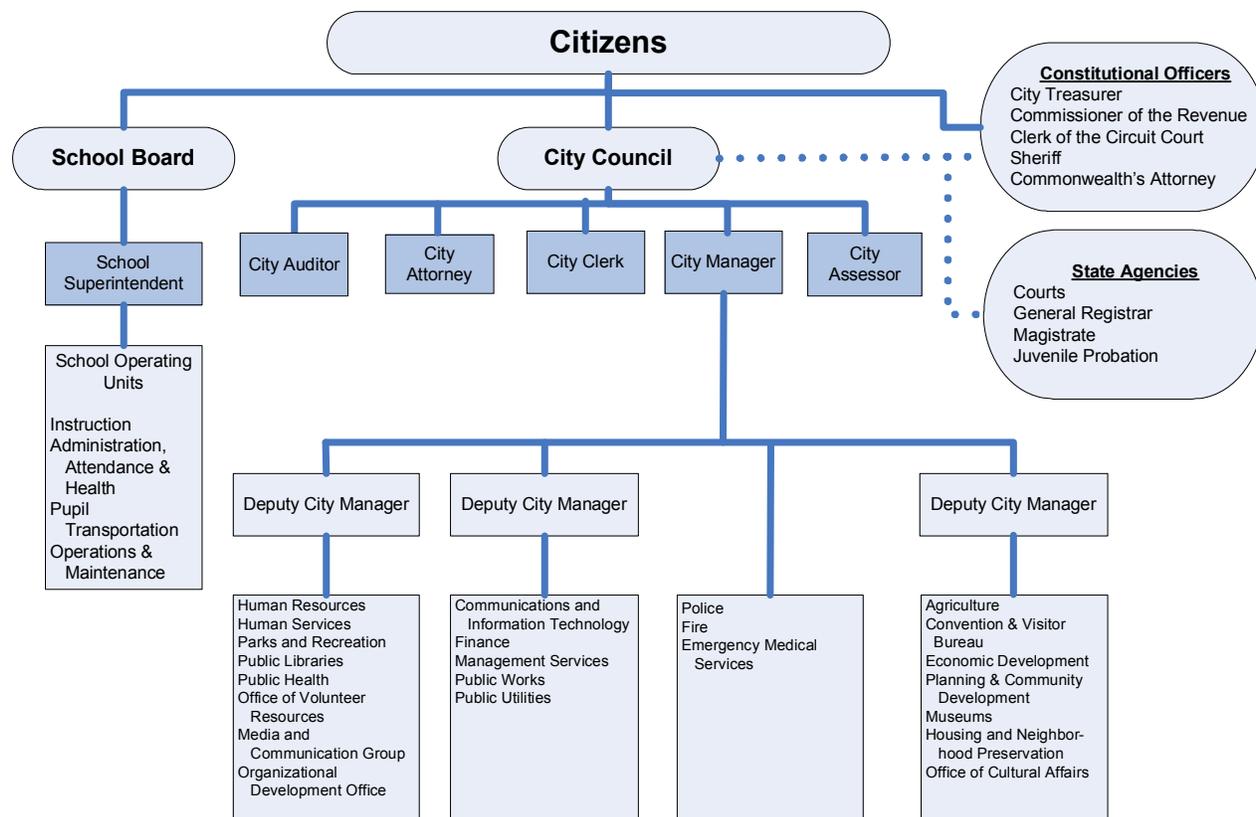
Mayor Meyera E. Oberndorf

Louis R. Jones, Vice-Mayor, District 4 – Bayside
 Bill R. DeSteph, At – Large
 Harry E. Diezel, District 2 – Kempsville
 Robert Dyer, District 1 – Centerville
 Barbara M. Henley, District 7 – Princess Anne
 Reba S. McClanan, District 3 – Rose Hall
 John E. Uhrin, District 6 – Beach
 Ron A. Villanueva, At – Large
 Rosemary Wilson, At – Large
 James L. Wood, District 5 – Lynnhaven

City Council Appointees:

City Manager – James K. Spore
 City Attorney – Leslie L. Lilley
 City Real Estate Assessor – Jerald Banagan
 City Clerk – Ruth Hodges Fraser
 City Auditor – Lyndon Remias

Operating Structure





City of Virginia Beach

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June 13, 2008

The Honorable Meyera E. Oberndorf, Mayor
 Members of City Council

Subject: Adopted FY 2008-09 and FY 2009-10 Resource Management Plan

Dear Mayor and City Council Members:

The Proposed FY 2008-09 and FY 2009-10 Biennial Resource Management Plan was presented to City Council on March 25, 2008. From discussions that occurred during five City Council workshops and the citizen input provided during three public hearings, the plan has been modified to address community concerns and issues. The adopted plan as of May 13, 2008, includes \$1,762,234,983 for the FY 2008-09 Operating Budget and \$221,504,384 for the FY 2008-09 Capital Budget. The final number after further adjustments by City Council for FY 2008-09 is \$1,759,512,929. This number is summarized in the Operating Budget Overview. The following adjustments were made by City Council to the Operating Budget. Unless otherwise noted, corresponding adjustments were made to the second year of the biennium.

Additional Items Funded/Reinstated:	General Fund	Other Funds
Consumer Affairs (4 FTEs)	\$ 339,142	
Fire Safety Educators (5 FTEs)	301,159	
Part-Time Fire Inspectors (1.96 FTEs)	78,507	
Patriotic Festival		\$ 100,000
Lifeguard Contract, including Sandbridge	225,336	
Increase compensation by 1%, brings it up to 2.5% for non-public safety employees and 1% for public safety (net amount shown \$7.5 million less funding already in budget)	1,700,000	
Boys Baseball	29,540	
Atlantic Wildfowl Museum	24,000	
Summer Camp for Lake Edward Youth (2.1 FTEs)	61,500	
Ferry Farm House (one time funding to replace grant match)	30,000	
Streetlights	60,000	
Human Services Day Care Program	535,696	
Sandler Center Additional Performances (50/50 match with Foundation)	200,000	
Subtotal:	\$ 3,584,880	\$ 100,000
Eliminate:		
Personal Property Tax on Pleasure Boats	\$ 1,172,829	
Lower transfer of VDOT maintenance funds to Storm Water		\$ 678,000
Subtotal:	\$ 1,172,829	\$ 678,000
Funding Required to Balance:	\$ 4,757,709	\$ 778,000

Additional Items Funded/Reinstated:	General Fund	Other Funds
Changes Required to Balance:		
Reduce Reserve in TGIF		100,000
Increase VDOT maintenance funds	678,000	
Reduce transfer to Storm Water CIP (reduction to Lake Management & Infrastructure Rehabilitation)		678,000
Reduce transfer to Coastal CIP (reduction to W. Branch Dredging)	299,000	
Reduce State revenue reduction	366,470	
Lower VRS Life Insurance (slightly lower rate)	150,000	
Lower HRT Payment	207,997	
Lower debt service (refinancing resulted in a savings of \$550,980 – savings on school debt is the difference)	294,150	
Reduce GASB 45 Payment (charge \$1 million to Health Fund)	1,000,000	
Reduce Regular Reserve for Contingency	705,074	
Estimate additional revenue	300,000	
Human Services Day Care Revenues (Medicaid)	467,250	
Sandler Center Foundation Match	100,000	
Retain Personal Property Tax on Commercial Boats and Recreational Vehicles at \$1.50 per \$100 of value	189,768	
Total Changes To Balance:	\$ 4,757,709	\$ 778,000

Capital Improvement Program

The following City Council adjustments were made to the proposed Capital Improvement Program:

- Establish a new project, CIP# 2-160, City Wide Street Lighting Improvements - Phase II with funding from General Fund Pay-As-You-Go of \$60,000 annually for the 6-year period;
- Reduce CIP# 7-004, Storm Water Infrastructure Rehabilitation by \$271,200 annually from FY 2008-09 through FY 2013-14 related to a reduction of VDOT maintenance revenue to the Storm Water Utility Fund;
- Reduce CIP# 7-152, Lake Management by \$406,800 annually from FY 2008-09 through FY 2013-14 related to a reduction of VDOT maintenance revenue to the Storm Water Utility Fund;
- Reduce CIP# 8-005, Western Branch Lynnhaven River Maintenance Dredging by \$299,000 in FY 2008-09 and CIP# 8-110, Eastern Branch Lynnhaven River Dredging by \$299,000 annually from FY 2009-10 through FY 2013-14;
- Adjust the Schools and Roadways CIP based on changes in State funding that restored Lottery Proceeds and School Construction funding, but reduced VDOT funding; and
- Based on inclusion in the State budget of the Virginia Beach Lifelong Learning Center project, reallocate \$160,000 in FY 2008-09 from CIP# 3-262, TCC Expansion/Operation Smile Headquarters to CIP# 3-175, Virginia Beach Lifelong Learning Center (partial) to more accurately reflect the proportion of each project's appropriate share of the costs.

City Council Revised Changes to Adopted Resource Management Plan

On June 10, 2008, the City Council further revised the FY 2008-09 Operating Budget by reducing the tax rate on Machinery and Tools from the \$1.90 adopted rate back to the old rate of \$1.00. The resulting impact was a \$1,281,316 reduction to revenue with an offsetting appropriation reduction to the transfer to CIP Project #9-141, Economic Development Investment Program. In FY 2009-10 other revenues were adjusted to offset the loss of Machinery and Tools revenue. With the update of the Biennial Budget, the Machinery and Tools rate will be re-evaluated.

School Board Adjustments

On May 20, 2008, the School Board adopted a Budget Resolution to amend the FY 2008-09 School Operating Budget. These amendments were necessary due to a State reduction in revenue to the Schools (\$2,865,738); a refinancing of School debt which lowered School debt service requirements (\$256,830); and the opportunity provided by the State to create a fifth category in the School Operating Fund to account for expenditures in technology. These changes are reflected in the table below:

School Operating Fund Changes

Appropriation Category	Adopted May 13, 2008 by City Council	Approved by City Council on June 10, 2008	Difference
Appropriations			
Instruction	\$ 565,720,682	\$ 550,719,456	\$ -15,001,226
Administration, Attendance and Health	24,213,109	23,235,324	-977,785
Pupil Transportation	31,820,893	30,954,363	-866,530
Operations and Maintenance	102,170,406	92,403,639	-9,766,767
Technology	0	24,003,400	24,003,400
Total School Operating Fund	\$ 723,925,090	\$ 721,316,182	\$ -2,608,908

In addition, the School Board requested increases to the School Instructional Technology Fund (\$900,000) and the School Equipment Replacement Fund (\$525,000). This increase in funding is supported by appropriation of fund balance from the respective funds.

The School Board also adjusted two capital projects in the sixth year of the Capital Improvement Program (FY 2013-14) Project #1-233, Thoroughgood Elementary School Modernization, was decreased by \$1 million and this funding was transferred to Project #1-233, Old Donation Center Modernization.

City Council adopted these changes on June 10, 2008, and those changes are reflected in this document.

Overall Summaries

With all the changes noted above, the following table provides an overview of the Operating Budget:

Operating Budget Overview

Categories	FY 2007-08 Adjusted Budget	FY 2008-09 Proposed Budget	FY 2008-09 Adopted Budget	FY 2009-10 Approved Budget
City Operations	\$ 720,728,846	\$ 724,425,303	\$ 725,887,112	\$ 740,542,531
City Debt Service	93,028,452	100,321,432	100,027,282	104,263,203
City Pay-As-You-Go	49,742,528	58,276,739	56,078,423	66,566,123
Total City	\$ 863,499,826	\$ 883,023,474	\$ 881,992,817	\$ 911,371,857
School Operations	808,500,495	823,613,283	822,429,375	830,114,677
School Debt Service	41,402,094	41,411,259	41,154,429	43,831,667
Schools Pay-As-You-Go	12,108,658	13,936,308	13,936,308	13,936,308
Total Schools	\$ 862,011,247	\$ 878,960,850	\$ 877,520,112	\$ 887,882,652
Total Operating Budget	\$ 1,725,511,073	\$ 1,761,984,324	\$ 1,759,512,929	\$ 1,799,254,509

With all the changes noted on the previous page to the Capital Improvement Program, the final Capital Improvement Program is noted below:

Capital Budget Overview Year One Only

	FY 2007-08	Proposed CIP for FY 2008-09	Adopted FY 2008-09	Approved FY 2009-10
Schools	\$ 59,868,715	\$ 53,840,154	\$ 59,838,916	\$ 63,023,302
Roadways	48,562,576	49,812,655	46,041,572	41,770,615
Buildings	14,727,461	17,015,015	17,015,015	15,617,797
Parks and Recreation	12,430,240	10,391,990	10,391,990	10,234,173
Utilities	32,928,640	39,996,547	39,318,547	45,916,159
Coastal	12,532,188	7,362,402	7,063,402	7,690,938
Economic and Tourism Development	20,399,821	22,531,965	21,250,649	20,120,578
Communications and Information Technology	2,065,000	19,302,977	19,302,977	5,308,760
Total CIP	\$ 203,514,641	\$ 220,253,705	\$ 220,223,068	\$ 209,682,322

We believe the Approved Resource Management Plan with the revisions noted above will address City Council priorities and community needs. We remain steadfast in our goal of making Virginia Beach a "Community for a Lifetime" for all of our citizens.

With Pride in Our City,



James K. Spore
City Manager



City of Virginia Beach

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March 25, 2008

The Honorable Meyera E. Oberndorf, Mayor
Members of City Council

Subject: Proposed Resource Management Plan

Dear Mayor and City Council Members:

We submit the City Manager's Proposed Biennial Resource Management Plan with concerns about the economy and whether the State will fulfill its funding commitments. Unlike recent budget years, where unprecedented real estate assessment growth became the focal point of City Council discussion, real estate assessments are projected to grow only slightly in FY 2008-09. Overall, the total proposed budget grows by 2.1% in FY 2008-09 and 2.4% in FY 2009-10. For FY 2008-09 and FY 2009-10, the total growth in revenue is the lowest since FY 1991-92 when the proposed budget actually decreased during the recession of the early 1990s.

The lower overall budget growth has presented numerous challenges and some opportunities as we address the service and infrastructure demands of our maturing City. Where fiscally appropriate, we have preserved current services; we have used fee revenue to offset the cost of several programs; and in some cases, we have reduced and/or eliminated programs. We have maintained the Real Estate tax rate at its current 89 cents per \$100 of value.

Related to the Capital Improvement Program, both the City and Schools have a significant documented backlog of needed capital projects. Many of these projects address renovation and replacement of older infrastructure. Where possible, we moved projects forward with limited, available financing sources. For new programs, we propose tax and fee increases to move critical projects forward.

The Overall Environment

Like previous budget processes, the goals of the annual City Council retreat (held on November 3 and 4, 2007) was the starting point in the development of the Resource Management Plan. At your retreat, your goals focused on (1) creating a financially sustainable City that provides excellent services; (2) growing the local economy; (3) improving our transportation system; (4) revitalizing neighborhoods and planning for the future; and (5) being a competitive, first class resort for residents, businesses, and tourists.

We believe the proposed Resource Management Plan will provide the foundation for the goals outlined above. While we are projecting lower than normal funding growth over the biennium with the State severely curtailing its commitment to school and roadway construction projects, we believe that, based on our previous budgetary practices focused on sustainability of services, we will provide the citizens with the quality of services that they have received in the past and as they positively noted on the citizen survey.

Related to your goal of improving our transportation system, we are very concerned about our transportation infrastructure as the State is reducing transportation funding to the City by approximately \$56 million over the six years of the Capital Improvement Program. This funding reduction, coupled with the recent Virginia Supreme Court decision on the Regional Transportation Authority, will severely impact transportation infrastructure in our City and transportation throughout Hampton Roads.

On a more positive note, we are proposing a program that begins to move forward on the strategic growth areas previously identified in your adopted Comprehensive Plan. We believe this program will help address three of your strategic goals. This \$3.5 million annual program will help grow the local economy, focus on revitalizing and enhancing the resort area, and positively impact the surrounding neighborhoods in strategic growth areas. This is a strong investment in the future of our community and will require leadership and vision to sustain in a cut back economy. However, without success in our strategic growth areas, the ability to grow our economy will be severely compromised. Long term, as the City builds out, we run the risk of stagnation, reduced resources for City and School services, and a lowered quality of life.

City Council has also expressed interest in other projects and programs in the past, including a bike and trails plan, acquiring and maintaining historic homes, and finalizing design of a Bayside Community Services Facility. Given our current fiscal constraints, we are not in a position to recommend funding these initiatives within our resource capacity. However, we have developed alternative funding strategies for each of these initiatives, and we can include this information in one of your budget workshops.

We also received comments from our citizens at the Town Hall meeting that focused on the budget and community choices (held on October 16, 2007, at the Convention Center). Many of their concerns were reflected in your Council goals and priorities. One particular area of concern was human services. We believe that the proposed Resource Management Plan maintained and, where new funding is anticipated, enhanced services in this area. Departments started the process in the fall with target funding six percent below projections of the cost to maintain existing services. This reduced the cost of delivering services by over \$15 million. Budget caucuses were held to rank services and capital projects, both existing and new. These rankings, along with your goals and direction and citizen input, formed the basis for this Operating Budget and Capital Improvement Program.

The following provides a brief overview of the Operating Budget and Capital Improvement Program. You will find executive level summaries in the remainder of this document. If you would like specific information about departments or capital projects, please refer to the Operating Budget and Capital Improvement Program documents, respectively.

Operating Budget Overview

Categories	FY 2007-08 Adjusted Budget	FY 2008-09 Proposed Budget	%	FY 2009-10 Proposed Budget	%
			Increase		Increase
City Operations	\$ 720,728,846	\$ 724,425,303	0.5%	\$ 737,697,950	1.8%
City Debt Service	93,028,452	100,321,432	7.8%	104,394,205	4.1%
City Pay-As-You-Go	49,742,528	58,276,739	17.2%	67,483,123	15.8%
Total City	\$ 863,499,826	\$ 883,023,474	2.3%	\$ 909,575,278	3.0%
School Operations	\$ 808,500,495	\$ 823,613,283	1.9%	836,224,420	1.5%
School Debt Service	41,402,094	41,411,259	0.0%	43,946,042	6.1%
Schools Pay-As-You-Go	12,108,658	13,936,308	15.1%	13,936,308	0.0%
Total Schools	\$ 862,011,247	\$ 878,960,850	2.0%	\$ 894,106,770	1.7%
Total Operating Budget	\$1,725,511,073	\$1,761,984,324	2.1%	\$1,803,682,048	2.4%

As shown in the table, we are projecting total budget growth of 2.1% and 2.4% for FY 2008-09 and FY 2009-10, respectively. Of course, these projections hinge on the economy and in particular the housing

market. We are seeing signs of a slowing economy in some of our performance indicators: building permits are down and restaurant and sales tax are increasing slightly but not at their more recent higher levels.

The State's budget woes are also impacting the City's available revenue. While final budget numbers were not available at the time of document printing, it is anticipated that State reductions to the City will total approximately \$4 million in each year of the biennium.

As stated in the opening of this letter, our goal is to sustain current services where fiscally appropriate. Still, several programs were impacted, and the number of City positions actually decreased by over 25. A summary of program and position reductions are included later in this document.

During last year's budget, the City Council appointed a Blue Ribbon Task Force to review the City's budget process. One of the major recommendations of the Blue Ribbon Task Force is that the City should set fees at the actual cost of programs. To meet that goal, we are adjusting fees, where appropriate, to cover (or come closer) to the actual cost of programs.

With such a limited growth in the overall budget, maintaining a competitive compensation program for City employees is also a challenge. The proposed budget includes a general increase of 1.5% in each of the next two years for all positions except sworn positions in the public safety departments in FY 2008-09. As you recall, City Council adopted an enhanced retirement plan for sworn officers during FY 2007-08 with the increased cost offset by sworn positions foregoing their general increase in FY 2008-09. The general increase of 1.5% would return in FY 2009-10 for all sworn positions.

We are not proposing a merit increase for the next two years. Instead of a merit increase, a \$1.9 million pool of funds is included in the budget to recognize exceptional performance and to address the pay of positions that have historically been hard to fill and retain. This approach focuses our limited resources on recognizing exceptional efforts by employees and targeting hard to fill positions rather than broad general increases.

It should be noted that, in addition to recognizing good performance, a merit increase serves the purpose of moving employees from the minimum of the pay range toward the pay range maximum. Since we will not be providing a merit increase, some salary compression will occur at the minimum of the pay range as new employees are hired. This salary compression will not be of the magnitude we have previously experienced; however, employees that are relatively new to the organization will be impacted.

Over the next two years, we will work toward implementation of a revised performance management system. Feedback from the City Council as well as the Blue Ribbon Task Force has indicated a desire to move away from the current approach of providing the same merit percentage increase to all employees who meet performance expectations. A revised structure will be proposed before the end of FY 2009-10.

The School Board adopted its Operating Budget on March 11, 2008. Based on the Schools' current adopted budget, the FY 2008-09 Operating Budget will increase by 2% over FY 2007-08. Included in the Schools' budget is a 3.5% increase for employees; 20 positions are added to address special education and Advanced Via Individual Determination (AVID) programs; increases were included for areas experiencing inflation related to rising energy costs; and pay-as-you-go financing is increasing by \$1 million in each year of the Capital Improvement Program.

Though total enrollment is expected to decline until FY 2015, elementary School enrollment is expected to begin increasing in FY 2010-11. Even with the position additions noted above, there is a net reduction of 22.4 FTEs, of which, 49.7 positions were eliminated due to the continued enrollment decline. Balancing the second year of the biennium (FY 2009-10), necessitated a \$3.4 million reduction in the School Board's Adopted Budget.

Summary of Capital Project Estimates

	Capital Budget Year 1 FY 2008-09	Capital Budget Years 2 thru 6
Schools	\$ 53,840,154	\$ 296,709,634
Roadways	49,812,655	244,103,553
Buildings	17,015,015	56,437,287
Parks and Recreation	10,391,990	56,331,127
Utilities	39,996,547	195,972,455
Coastal	7,362,402	39,750,608
Economic and Tourism Development	22,531,965	103,337,172
Communications and Information Technology	19,302,977	45,968,251
Total CIP	\$ 220,253,705	\$ 1,038,610,087

Several issues are impacting the Capital Improvement Program: (1) limited available debt capacity; (2) a documented backlog of City and School capital projects totaling more than \$3 billion; (3) dramatic State reductions to the Schools and Roadway Capital Improvement Program (based on information available at the time of printing the document); (4) a transition from the last decade where the majority of projects addressed new capacity issues to a focus on renovation and replacement needs; (5) the need to address mandates, including the Consent Order with the Virginia Department of Environmental Quality in conjunction with the U.S. Environmental Protection Agency to reduce and control sanitary sewer overflows; and (6) the need to address storm water projects and its infrastructure backlog in a more comprehensive manner.

To address many of the issues above, we have taken several steps to address critical capital improvement needs: (1) allocating available charter bond funding, but not exceeding the \$2,400 limit; (2) proposing an 11 cent increase in the Cigarette Tax and 90 cent increase in the Personal Property Tax – Machinery and Tools to address a capital project that will move forward the City's initiative in the Strategic Growth Areas; (3) increasing the Personal Property "boat" tax to address critical dredging issues in City waterways; and (4) adjusting Water/Sewer and Storm Water rates to address mandates, previous commitments, and backlog issues.

Two particular areas of concern are the Schools and Roadways Capital Improvement Program. As noted earlier, it is estimated that our Roadway Capital Improvement Program will be reduced by approximately \$56 million over the next six years due to this year's State funding reductions. This represents a 44% cut to the transportation program. This is devastating news that is compounded by reductions the State made several years ago.

The School Capital Improvement Program is also experiencing severe State reductions totaling \$6.5 million a year in reduced lottery and School construction funding at least for the first two years of the biennium. To help minimize these reductions, we allocated approximately 50% of our Charter Bond capacity to the Schools for years 5 and 6. After further analysis, we may be able to allocate an additional \$3.4 million over the six year CIP. The Schools had previously commissioned a study to address modernization issues. The study recommended a four phased approach to modernizing schools. Obviously, the State's lack of commitment will reduce the number of Schools modernized and increase the Schools' identified backlog. The Joint City/School Modernization Committee, consisting of several City Council and School Board members and executive staff from both the City and Schools, are discussing the priorities and working to develop equity within the available construction funding. This capital program represents staff's recommendations to address the program.

Closing Thoughts

In closing, as we developed the Proposed Resource Management Plan for your review, and in doing so made every effort to maintain to the fullest extent possible the high quality programs and services

established by this and previous City Councils. It is quite possible that the current fiscal environment of low growth will continue beyond the biennium. We have made every effort to address your goals and community needs in a fiscally sustainable manner. We will continue to look for ways to streamline our processes and reduce the cost of service delivery. Over the next year, we will be reallocating existing staff from Finance and Human Resources to Communications and Information Technology, to address enterprise wide technology upgrades and increased functionality. We will also reorganize departments based on strategic planning efforts and changing service needs. We will continue to focus on avoiding costs and effectively using resources to continue the savings program highlighted annually in the Striving for Excellence Report.

One major change since last year's budget are the recommendations from the City Council appointed Blue Ribbon Task Force that reviewed the Operating Budget. We have included many of their recommendations in the preparation of the Operating Budget and Capital Improvement Program. One major change that resulted from the Blue Ribbon Task Force's findings was simplifying the presentation of the Executive Summary and Operating Budget. Hopefully, you will find information easier to find, the language less technical, and tables and graphs that quickly and simply convey information to the reader. The departmental sections in the Operating Budget have been streamlined to highlight the program results of the department.

I would like to note that the City of Virginia Beach is celebrating its 45th anniversary this year. We have seen our City grow from a quaint resort town to the largest City in Virginia. We are nationally recognized for our quality of life, economic climate, and responsible financial stewardship.

We are submitting the Proposed Resource Management Plan a week earlier than in past years to allow City Council extra time to review the budget. Two public hearings have been scheduled for City Council to gather public input. In addition, several workshops have been scheduled for City Council to discuss the proposed Resource Management Plan in more detail. The schedule of the public hearings and workshops follow this letter. As you review the Proposed Resource Management Plan, we stand ready to answer your questions as you collectively fashion the Adopted Budget from the Proposed Budget submitted today.

With Pride in Our City,



James K. Spore
City Manager

Schedule of Workshops and Public Hearings

Date/Time	Event	Location
Tuesday, March 25 th @ 6:00 PM	Presentation of the Proposed FY 2008-09 and FY 2009-10 Biennial Resource Management Plan	Council Chambers
Tuesday, April 8 th @ 9:00 AM	Council Workshop	Council Conference Room
Tuesday, April 15 th @ 9:00 AM	Council Workshop	Council Conference Room
Thursday, April 17 th @ 6:00 PM	Public Hearing	Green Run High School Auditorium
Tuesday, April 22 nd @ 9:00 AM	Council Workshop	Council Conference Room
Tuesday, April 22 nd @ 6:00 PM	Public Hearing	Council Chambers
Tuesday, April 29 th @ 9:00 AM	Council Workshop	Council Conference Room
Tuesday, May 6 th @ 1:00 PM	Reconciliation Workshop	Council Conference Room
Tuesday, May 13 th @ 6:00 PM	Public Hearing and Adoption of the FY 2008- 09 and FY 2009-10 Biennial Resource Management Plan	Council Chambers

Operating Budget

The table below illustrates the growth in the Operating Budget in comparison to the FY 2007-08 Adjusted Budget (Figures in millions):

City and Schools Revenue Summary

	FY 2007-08	FY 2008-09			% Change from FY 2007-08 to FY 2008-09	FY 2009-10	
	Adjusted Budget	City Adopted Budget	Schools Adopted Budget	Total Adopted Budget		Total Approved Budget	% Change from FY 2008-09 to FY 2009-10
Real Estate*	\$493.2	\$256.1	\$248.8	\$504.9	2.4%	\$516.1	2.2%
Personal Property	138.5	66.6	70.3	136.9	-1.2%	144.1	5.3%
General Sales	55.7	27.2	28.8	56.0	0.5%	58.4	4.3%
Utility Tax	25.3	12.4	13.0	25.4	0.4%	25.8	1.6%
VA Telecom**	24.0	15.1	8.5	23.6	-1.7%	23.3	-1.3%
Business License	45.0	21.0	22.2	43.2	-4%	46.9	8.6%
Cable Franchise	4.7	2.7	2.8	5.5	17%	5.5	0%
Restaurant Tax	49.1	48.7	-	48.7	-0.8%	51.1	4.9%
Amusement Tax	5.2	5.6	-	5.6	7.7%	5.8	3.6%
Hotel Room Tax	23.1	24.1	-	24.1	4.3%	24.9	3.3%
Cigarette Tax	10.8	13.2	-	13.2	22.2%	12.9	-2.3%
Fund Balance	19.1	7.9	6.3	14.2	-25.7%	11.2	-21.1%
Utility Fees	106.0	108.8	-	108.8	2.6%	114.6	5.3%
Other Revenue	118.3	100.6	29.7	130.3	10.1%	135.3	3.8%
State Revenue	496.4	129.6	383.5	513.1	3.4%	519.0	1.1%
Federal Revenue	111.1	42.4	63.6	106.0	-4.6%	104.4	-1.5%
Total:	\$1,725.5	\$882.0	\$877.5	\$1,759.5	2.0%	\$1,799.3	2.3%

*Includes Real Estate Revenue from TIFs. As a result, Real Estate in this display is not reflective of the City/School revenue sharing formula.

**A portion of the Virginia Telecommunications includes revenues to support the City's E-911 operations.

As the table above demonstrates, revenue is increasing by only 2.0% in FY 2008-09 and 2.3% in FY 2009-10. At these growth rates, the Operating Budget will grow at its lowest level since FY 1991-92. A couple of factors are impacting these exceptionally low growth rates:

- The State's commitment to local governments continues to decline. While State revenue related to education and human services is increasing, the State is reducing its commitment to the City by approximately \$3.2 million in FY 2008-09 with reductions to ABC profits, wine tax, and "599" funding. In addition, the State reduction on the Schools and Roadways Capital Improvement Program is dramatic and will be discussed in the section on the Capital Improvement Program.
- The economy is slowing down. Some economists indicate that the Country may already be in recession. The slow down could be the result of many factors, but two factors are rising to the forefront: (1) the slowdown in the housing market with risky loans in default and (2) rising fuel prices. While the City of Virginia Beach is not immune from rising fuel prices, the local housing market seems to be in relatively good shape with real estate assessments anticipated to rise slightly. Still, building permits are down as compared to previous years. The City is seeing lower growth in revenues, like sales and restaurant taxes that are often influenced by the economy.

The City of Virginia Beach realized early on that the economy was slowing down and took prudent measures to meet our fiscal responsibilities. The City announced in February 2008, a hiring freeze that is planned to extend two months into FY 2008-09 and requested all departments cut 5% from their remaining operating accounts. The City's fund balance projection for the current fiscal year 2008, shown below (before the hiring freeze and reductions in operating accounts) indicates that the City will have approximately 9.40% of Undesignated Fund Balance as compared to FY 2008-09 revenues. The City's policy is 8 to 12% of next year's revenue with a goal of 10%. With the slowing economy and the projection short of meeting the 10% target, the City Manager initiated these restrictive fiscal actions to achieve the desired year end target.

Estimated General Fund Balance and Debt Policy

Estimate of General Fund Balance

Beginning Fund Balance at July 1, 2007 (CAFR)		\$ 176,339,836
Add: Revenues:		
▪ FY 2007-08 General Fund Revenues-Revised Estimate	\$1,014,707,896	
▪ Surplus from Sandbridge TIF	8,750,000	1,023,457,896
Total Fund Balance and Revenues		\$1,199,797,732
Less: Anticipated FY 2007-08 Expenditures:		
• Operating Expenditures *	\$ 473,545,157	
▪ School Operations**	343,048,685	
• Other Transfers	242,022,723	1,058,616,565
Total Projected Fund Balance at June 30, 2008		\$ 141,181,167
Less: Anticipated Uses of Fund Balance:		
• Loans, Advances, and Prepays	\$ 11,290,014	
• Encumbrances	6,600,000	
▪ General Fund Use for Future Programs	17,211,904	
• School's Share of Reduced Funding Formula Revenues	-6,555,018	
• FY 2008-09 Capital Budget	12,210,556	40,757,456
Total Estimated Undesignated Fund Balance at June 30, 2008		\$ 100,423,711
Calculation of Undesignated General Fund Balance Reserve		
Projected FY 2008-09 General Fund Revenues		\$ 1,068,656,912
Undesignated Fund Balance as a percent of FY 2008-09 Revenues		9.40%

* Does not reflect anticipated savings from City hiring freeze and limits to discretionary spending

** Reflects full transfer to Schools

Base and Above the Base Expenditures

The City Council, in 2005, adopted an ordinance at the request of former Council Member Peter Schmidt to require a display illustrating the use of all Real Estate Tax revenues above the previous year's amount, less the amount attributable to new construction. Per existing Council policies, a substantial portion of this revenue is dedicated to specific programs and projects. The table below shows the use of this new revenue:

Estimated FY 2007-08 Real Estate Tax Revenue*:	\$ 493,238,307
Estimated FY 2008-09 Real Estate Tax Revenue*:	<u>\$ 504,911,497</u>
• Less: Revenue related to New Construction	<u>\$ 1,335,000</u>
Growth in Real Estate Tax Revenues due to appreciation for FY 2008-09:	\$ 10,338,190

Dedicated Real Estate Taxes	FY 2008-09 Adopted Budget		FY 2009-10 Approved Budget	
	City	Schools	City	Schools
Town Center Tax Increment Financing	\$ 1,262,596		\$ 308,811	
Sandbridge Tax Increment Financing	82,414		145,987	
Lynnhaven Mall Tax Increment Financing	25,875		42,473	
Sandbridge Special Service District	5,556		9,841	
Town Center Special Service District	150,922		378,116	
Agriculture Reserve Program	101,722		104,192	
Recreation Centers	392,875		392,413	
Outdoor Initiative	53,122		54,412	
Schools		\$ 5,160,372		\$ 5,285,682
Remaining to City Programs	\$ 3,102,736		\$ 3,399,664	

*Note: Delinquent Real Estate Taxes which were previously applied to the City/School revenue sharing formula but are collected in this biennial are included in the amount remaining to City programs.

As can be seen by the analysis of real estate revenue growth, after the dedications there was very little to support existing City programs. The majority of the \$3.1 million that was available to the City went to support employee compensation. With other revenues also being impacted by the slowing economy, it was necessary to examine program fees to ensure that those fees were set at levels sufficient to recover most, if not all, of the programs cost. Ensuring that fees recover the cost of programs is important because individuals benefiting from the program pay the costs. Without these increases, some programs would have been eliminated. The Blue Ribbon Task Force encouraged setting program fees at levels sufficient to recover the cost of the program and not subsidize these programs with real estate tax revenues. A detailed list of fee increases can be found in the Appendices section of this document and in the Operating Budget departmental sections.

The City adopted two tax rate increases: an eleven cent increase in the Cigarette tax and an increase in the ERU (Equivalent Residential Unit) Storm Water rate. These increases relate to capital improvement projects focusing on revitalizing our strategic growth areas, dredging, and storm water infrastructure and will be discussed in more detail in the Capital Improvement Program section. The table on the next page cites major tax rates and fees imposed on residents and visitors, and shows that Virginia Beach rates are generally equal to or are the lowest imposed among the major cities in Hampton Roads.

Adopted FY 2008-09 Selected Taxes/Fees for Virginia Beach and Other Localities

City	Real Estate (per \$100 / A.V.)	Personal Property (Vehicles & Business)	Personal Property (Machinery and Tools)	Automobile License	Meal	Admissions	Cigarette (per pack)	Hotel
Virginia Beach	0.89	3.70	0.33	25.00	5.5%	10.0%	0.61	8.0%
Chesapeake	1.05	4.08	0.64	23.00	5.5%	10.0%	0.50	8.0%
Norfolk	1.11	4.25	1.70	26.00	6.5%	10.0%	0.65	8.0%
Portsmouth	1.21	5.00	1.50	25.00	6.5%	10.0%	0.50	8.0%
Suffolk	0.91	4.25	0.63	20.00	6.5%	10.0%	0.50	8.0%
Hampton	1.04	4.25	1.23	28.00	6.5%	10.0%	0.65	8.0%
Newport News	1.10	4.25	1.25	26.00	6.5%	7.5%	0.65	7.5%

The table below illustrates the impact of all municipal taxes using standardized values on which taxes/fees apply. The table is provided for information purposes, and shows that, using these standardized values for taxable items; Virginia Beach has the lowest tax burden of any Hampton Roads community. Virginia Beach compares favorably to its neighboring cities in terms of the quantity and quality of its services and programs, while maintaining the lowest taxes in the region.

Comparison of Municipal Taxes

Taxes	Virginia Beach	Chesa- peake	Norfolk	Ports- mouth	Suffolk	Hampton	Newport News
Real Estate Tax	\$2,522.31	\$2,975.76	\$3,145.81	\$3,429.21	\$2,578.99	\$2,947.42	\$3,117.47
Personal Property Tax	461.76	509.18	530.40	624.00	530.40	530.40	530.40
Electricity Utility Tax	36.00	45.00	45.00	40.80	36.00	36.00	36.96
Gas Utility Tax	36.00	22.56	18.00	36.00	36.00	28.80	18.12
VA Telecom Tax	70.68	70.68	70.68	70.68	70.68	70.68	70.68
Water Utility Tax	36.00	None	67.50	84.00	None	None	None
Restaurant Tax	251.48	251.48	275.43	275.43	275.43	275.43	275.43
Admissions Tax	25.69	25.69	25.69	25.69	25.69	25.69	19.27
Vehicle License Tax	52.00	46.00	52.00	50.00	40.00	56.00	52.00
Storm Water Utility Tax	73.37	82.20	93.96	72.00	62.88	55.20	61.20
Residential Refuse Fee	None	None	271.74	384.00	None	221.00	235.30
Total Tax Impact	\$3,565.29	\$4,028.55	\$4,596.21	\$5,091.81	\$3,656.07	\$4,246.62	\$4,416.83

Expenditures in the Operating Budget are comprised of personnel expenses (salaries and fringe benefits), operating and capital (equipment) accounts, debt service, and reserve accounts (GASB45, future capital construction, and contingencies). Pay-as-you-go is funding transferred from the Operating Budget to the capital budget to support construction projects and reduce the use of debt. The "City Manager Reduction" account is used to bring School Board requests into balance with available City funding. The table on the next page illustrates the budgeted amounts for these categories for both City and School programs.

City and Schools Expenditure Summary

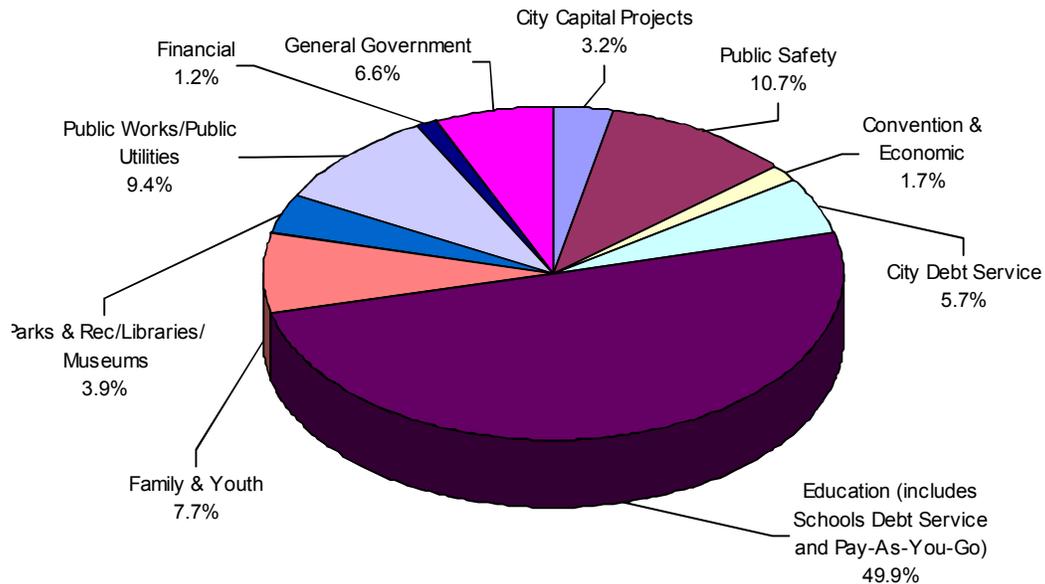
	FY 2007-08	FY 2008-09				FY 2009-10	
	Adjusted Budget	City Adopted Budget	Schools Adopted Budget	Total Adopted Budget	% Change from FY 2007-08 to FY 2008-09	Total Approved Budget	% Change from FY 2008-09 to FY 2009-10
Salaries	\$ 795.6	\$ 322.0	\$ 492.0	\$ 814.0	2.3%	\$ 835.3	2.6%
Fringe Benefits	280.0	109.5	168.4	277.9	-0.8%	278.4	0.2%
Operating Expenses	425.5	275.1	157.9	433.0	1.8%	432.6	-0.1%
Capital Outlay	12.7	8.1	4.1	12.2	-3.9%	12.1	-0.8%
Debt Service	134.4	100.0	41.1	141.1	5.0%	148.1	5.0%
Pay-As-You-Go*	61.9	56.1	14.0	70.1	13.2%	80.8	15.3%
Reserves	15.4	11.2	0	11.2	-27.3%	12.0	7.1%
Total:	\$ 1,725.5	\$ 882.0	\$ 877.5	\$ 1,759.5	2.0%	\$ 1,799.3	2.3%

*This reflects the amount of annual revenue appropriated to the CIP

As we review expenditures, we see that most of the major areas are increasing; at a much slower growth rate than in the past (see pp. 46 and 47 for complete expenditure and position summaries). Pay-as-you-go financing to the CIP is increasing due to the tax increases noted as well as a previous City Council approved five year increase in water and sewer rates to focus on the Capital Improvement Program, specifically the consent order to address sanitary sewer overflows. The School Board also approved an increase of \$1 million in pay-as-you-go support to School construction projects.

The pie graph chart below, illustrates the breakdown of the \$1.76 billion budget by major service areas. As can be seen, 49.9% goes to education and the next largest amount goes to Public Safety and Public Works respectively. For the City, modest growth in revenue has meant a net reduction of over 11 positions (see p. 42 for a full list of position additions and reductions) and reductions to other line-items like contractual and supply accounts.

Expenditures for FY 2008-09



The following section provides a summary of services that were reduced or eliminated in FY 2008-09 and FY 2009-10:

Reductions/Eliminations in Certain Service Delivery Areas

These include:

Internal Support

- Extend computer replacement schedule for City employees from four years to five
- Reduced Vehicle Replacement Program
- Lowest compensation increase since the early 1990's
- Eliminated implementation of the market salary survey (fourth year in a row)
- Reduced support for grant management and training
- Hold City contribution to healthcare flat

Physical Maintenance

- Reduced beach trash collection at non-resort beaches
- Reduced traffic signal maintenance
- Reduced road maintenance
- Reduced mosquito spraying
- Reduced tree pruning on streets and City property
- Reduced Roadway Construction Program due to State budget reductions

Public Safety

- Eliminated courtesy patrol at the resort area
- Reduced administrative support for Crime Prevention Unit
- Reduced supplementary funding for post-dispositional group home for Juvenile Probation (primarily funded through Community Crime Control Act funds)
- Reduced community service officers in the Police department

Recreation/Cultural/Youth Activities/Library

- Reduced funding for the Patriotic Festival
- Reduced support for Contemporary Arts Center and Old Coast Guard Station Museum (have to rely more on private donations)
- Reduced funding for books, materials and associated cataloging supplies for library collections
- Eliminated security guards at Princess Anne Library and the Farmer's Market

In addition to these program reductions, departments across the City are absorbing rising costs for fuel, basic supplies, and services. Over \$15 million in inflationary costs are being absorbed.

Compensation

With such a limited growth in the overall budget, maintaining a competitive compensation program for City employees is a challenge. The adopted budget includes a general increase of 2.5% in each of the next two years for all positions except sworn positions in the public safety departments. Sworn positions in the public safety departments will receive a 1% general increase in FY 2008-09 and a 2.5% general increase in FY 2009-10. City Council adopted an enhanced retirement plan for sworn officers during FY 2007-08 with the increased cost offset by sworn positions foregoing a higher general increase in FY 2008-09.

Though not a direct compensation cost for employees, it is worth noting that the retirement the City pays on behalf of each employee is reduced from 17.95% to 16.48%, and life insurance decreased from 1% to .89% for all employees. These savings are the result of a number of factors including strong investment performance within the system. Without the changes to VRS benefits for sworn positions; this savings would have been greater. In addition, with some of the changes made to the City health insurance policies, the City and Schools annual contribution per employee enrolled in the health plan are budgeted at \$5,400 for both years of the biennium, which is the same level as FY 2007-08. Also included is \$5 million for the FY 2008-09 payment for GASB45 (\$4 million from the City's General Fund and \$1 million from the Health Insurance Fund). This is substantially less due to our reduced liability costs based upon the updated actuarial analysis that reflected plan design changes and improved experience.

On a positive note, the Adopted Biennial Budget does include a limited number of increases in service delivery, mainly in programs with supporting revenue.

Increases in Certain Service Delivery Areas

Mental Health/Low Income Support

- Case management and employment services to special education graduates (revenue offset)
- Administrative support services to group homes and intermediate care facilities (revenue offset)
- Recreation Therapist at West Neck Residence at Biznet Village (revenue offset)
- More psychological assessment and treatment of mentally disturbed youth (revenue offset)

Recreation/Cultural/Youth Activities

- Expansion of After School Program (revenue offset)
- Expansion of Teen Camp (revenue offset)
- Lake Edward Summer Camp
- Additional performances at the Sandler Center for the Performing Arts (50% to be provided by the Sandler Center Foundation)

Utility Services

- Consent order compliance – capital construction and maintenance (covered by fee increase)
- Water Assistance Program to low income clients

Internal Support

- Expansion of DMV select program (additional revenue)
- Conversion from contract custodial services to City staff (reduce costs)
- Enhance support for new computer systems in correction center
- Efforts to advance technology projects in the CIP to improve efficiency
- Enhanced review of real estate parcels in the Office of the City Assessor

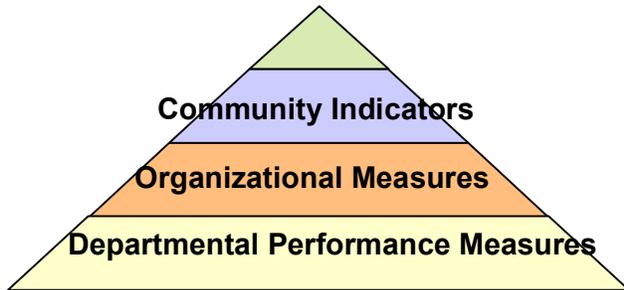
Education

Almost 50% of the total Operating Budget is provided to the Virginia Beach Public Schools to support operations, and school modernization.

Based on the School Board's Adopted Budget, the FY 2008-09 Operating Budget for Public Schools will increase by 2% over FY 2007-08. Included in the Schools' budget is a 3.5% increase for employees; 20 positions were added to address special education and Advanced Via Individual Determination (AVID) programs; increases to areas experiencing inflationary increases related to rising energy costs; and pay-as-you-go financing increased by \$1 million in each year of the Capital Improvement Program. Also included is \$3.9 million for GASB45.

Though total school system enrollment is expected to decline until FY 2015, elementary School enrollment is expected to begin increasing in FY 2010-11. Even with the position additions noted above, there is a net reduction of 22.4 FTEs, of which, 49.7 positions were eliminated due to the continued enrollment decline.

Measuring Results



Evaluating the performance of any organization has intuitive appeal, and has long been a staple of public and private industries. There are many ways to measure or evaluate the performance of a local government, and Virginia Beach has been proactive and thorough in its efforts to measure and monitor the performance of our government since 1972. The City uses a tiered system to monitor departmental program performance over time, measures against local communities, and overarching measures of the community's health. By benchmarking City services and costs with other communities, the City can

determine if it is operating as efficiently and as effectively as possible. Some of the community indicators may reflect trends and issues beyond the influence or control of a local government. In these cases, the indicators convey educational information about the quality of life and trends in our City. In addition to the information presented here, the Operating Budget section for each department contains detailed history of specific program performance measures. This system of performance measurement allows the City to monitor its impact on the community at various levels and to provide opportunities to compare municipal services with other communities. It also provides an opportunity to determine progress in achieving the goals set by City Council:

Create a Financially Sustainable City Providing Excellent Services

Grow the Economy

Improve Transportation Systems

Revitalize Neighborhoods and Plan for the Future

Be a Competitive, First Class Resort for Residents, Businesses, and Tourists

City programs are grouped into common "business areas" which relate to these goals. For example, the departments supporting economic vitality work to "grow the economy", while the departments supporting quality physical environment work to improve transportation systems among other programs. These business areas are designed to foster a closer working relationship within the City organization, while focusing efforts on attainment of the City Council's goals.

Economic Vitality

The City Council's goals to "grow the economy"; "be a competitive, first class resort"; and "revitalize neighborhoods" are directly related to this business area, which is supported by the departments of Convention and Visitor Bureau, Economic Development, Agriculture, and Housing. Over \$53.1 million is appropriated in the FY 2008-09 Operating Budget to support this business area.

Community indicators tracked for this business area are:

Community Indicator:							
Economic Vitality	2000	2001	2002	2003	2004	2005	2006
Per capita income	30,118	31,161	32,352	34,064	36,177	37,839	--
Median household income	48,705	53,174	53,540	52,175	55,781	58,545	--
In-migrant's income as a percent of out-migrant's income	86.9%	89.6%	92.0%	92.9%	91.6%	92.0%	--
Percent of visitors who say they are very likely to return within the next two years	66.8%	69.2%	73.6%	68.0%	73.9%	70.2%	77.3%
Real estate assessment growth rates:							
▪ Total (existing and new construction)	5.4%	5.1%	5.8%	8.7%	8.4%	13.3%	22.0%
▪ Appreciation	3.7%	3.4%	4.3%	6.5%	6.6%	11.5%	19.8%
Developable Land North of the Greenline (Acres)					4,660	4,560	4,250
Change in assessed value of:							
▪ Commercial Real Estate				2.7%	3.7%	9.9%	11.6%
▪ Residential Real Estate				7.0%	7.2%	11.5%	21.7%
▪ Unemployment Rate	2.2%	2.9%	3.6%	3.8%	3.6%	3.4%	2.9%

In comparing some of these indicators to other cities in the Hampton Roads area, our unemployment rate remains lowest in the region and Virginia Beach's per capita income is the highest.

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Unemployment rate (December 2007)	07	2.9	3.2	4.5	4.6	3.6	4.0	4.1
Percent of job growth (2 nd qtr FY 2006 - 2 nd qtr FY 2007)	07	0.5%	0%	0.2%	0.7%	2.5%	0.4%	1.3%
Per capita income	05	\$37,839	\$33,302	\$30,528	\$27,799	\$29,661	\$30,389	\$28,436
Moody's Bond Rating for Municipalities	06	Aa1*	Aa2	A1	A1	Aa2	Aa2	Aa3

* Virginia Beach has an AAA bond rating from Standard and Poors

Key departmental performance measures for this business area are shown below:

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Adopted FY 2008-09	Approved FY 2009-10
Graffiti cases	--	--	314	345	344	344
Section 8 Program	1,700	1,800	1,750	1,900	1,900	1,900
New employment opportunities	1,200	1,300	1,300	1,500	1,300	1,500
Hotel room nights generated	80,000	85,000	90,000	92,000	94,000	96,000
Return on City investment in resort area	41.8%	15.8%	13.7%	14.0%	15.0%	18.0%
Number of acres in ARP	7,000	7,250	7,260	7,760	8,260	8,760

Family and Youth Opportunities

While the economic indicators for the community as a whole are on the rise, there are concerns about the health and welfare of lower income populations within the City. The City Council goals of “growing the economy” and “creating a financially sustainable City providing excellent services” have real meaning for families and children that have to rely on City services on a daily basis. The Departments of Human Services and Health support this business area and are proposed to receive \$114.4 million in funding for FY 2008-09.

Community Indicator: Family & Youth Opportunities	2000	2001	2002	2003	2004	2005	2006
Percent of population receiving food stamps	3.1%	3.0%	3.0%	3.2%	3.6%	2.4%	3.7%
Percent of low birth weight babies	7.1%	7.2%	7.7%	7.7%	8.7%	8.4%	--
Number of teen births per 1,000 population	30.0	29.0	28.9	33.2	28.8	24.6	--
Students receiving free or reduced lunch	24.4%	25.4%	26.1%	28.0%	28.3%	28.3%	26.3%
Percentage of school age dropouts	2.6%	2.5%	2.0%	2.2%	2.1%	1.8%	1.9%

In comparisons to other local cities, the City fares quite well, possessing the lowest percentage of population on food stamps. Our infant mortality rate, which has historically been the lowest among the major cities in the region, spiked in the most recent year for which data is available. However, one year does not constitute a trend.

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Percentage of population receiving food stamps	08	4.1%	5.8%	13.5%	14.8%	9.4%	8.7%	11.5%
Infant mortality rate per 1,000 births	06	10.4	7.5	11.1	12.0	6.7	11.8	7.1

Key departmental performance measures for this business area are shown below:

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Adopted FY 2008-09	Approved FY 2009-10
Temporary assistance to needy families (TANF) cases	1,319	1,267	1,140	1,082	1,125	1,180
Food stamp cases	7,200	7,403	7,256	7,765	8,140	8,350
Child protective service complaints investigated	3,265	3,200	2,737	2,785	2,810	2,910
Children leaving foster care per month	5.8	6.0	6.8	9.2	8.5	8.0
Welfare recipients who obtain employment	58.2%	56.6%	51.4%	58%	59%	60%
Children receiving immunizations	3,759	4,522	5,766	6,000	6,000	6,000
Restaurant inspections per year	5,823	5,823	5,457	6,000	6,000	6,000
Cost per contact with senior service patients	\$18.50	\$18.50	\$20.81	\$21.23	\$21.86	\$22.51
Cost per restaurant inspection	\$4.07	\$4.07	\$4.34	\$4.73	\$4.73	\$4.73

Quality Physical Environment

The Departments of Planning and Community Development, Public Works, and Public Utilities support this business area, and over \$179.5 million is appropriated in the FY 2008-09 Operating Budget to support these functions.

Community Indicator: Quality Physical Environment	2000	2001	2002	2003	2004	2005	2006
Citizen satisfaction with appearance	92.8%	--	--	89.2%	--	91.4%	--
Census tracts open space per 1,000 population	9.24	9.32	12.86	13.42	13.52	13.73	15.14
Percent of roads that are in the two lowest grades for transportation efficiency (new measure)							18.0%
Percentage of street system meeting minimum physical condition rating						79%	74%
Mass transit ridership (in millions)			1.915	1.745	1.997	2.005	2.034
Percent of residential waste stream recycled	27.0%	27.0%	32.0%	31.0%	31.0%	31.0%	32.0%
Visitor's perception of City's appearance (1 - 4, with 1 = extremely visually appealing)	1.59	1.54	1.43	1.51	1.50	1.56	1.60

For comparisons within this functional area, the one measure readily available for other cities is the household participation rate for recycling. Virginia Beach compares very favorably, with only Hampton obtaining a higher rate. The City's curbside program is very flexible (accepts a broad range of recyclable items and these can be combined in one container). Our high rate may also be a reflection of the educational attainment of our citizens.

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Household Participation Rate for Recycling	07	62	34	55	0	21	85	56

Key departmental performance measures for this business area are shown below:

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Adopted FY 2008-09	Approved FY 2009-10
Waste collections made to residential customers	6,405,152	6,448,000	6,405,152	6,448,000	6,474,000	6,500,000
Tons of waste recycled	39,195	39,195	39,587	39,983	39,587	39,983
Roadway resurfacing cycle	19.8 years	24.14 years	20.60 years	21.70 years	20.60 years	21.70 years
Water quality samples taken	2,704	2,750	2,700	2,700	2,700	2,700
Linear feet of sanitary sewer pipe rehabilitated, replaced or repaired	33,195	16,500	33,195	40,000	43,000	46,000
Sanitary sewer system defects per 1,000 miles of main	544	710	550	550	550	550
On-time arrival of sanitary sewer crew – within 2 hours of call	95.1%	95.0%	95.0%	95.0%	95.0%	95.0%
Yearly sanitary sewer overflows reported per 100 miles of mains	4.8	6.8	4.8	4.3	4.1	3.9
Water meters replaced	4,073	5,765	7,000	7,000	7,000	7,000
Building permits issued	50,708	42,572	50,708	51,000	47,400	47,400
Zoning inspections	31,032	33,059	32,988	27,612	27,500	27,500

Cultural & Recreational Opportunities

The Departments of Museums, Parks and Recreation and Cultural Affairs office support this business area, and over \$52.2 million is appropriated in the FY 2008-09 Operating Budget to support these functions.

Community Indicator: Cultural & Recreational Opportunities	2000	2001	2002	2003	2004	2005	2006
Citizen satisfaction with cultural opportunities	92.8%	Data NA	Data NA	94.2%	--	94.0%	--
Citizen satisfaction with recreational opportunities	96.4%	Data NA	Data NA	95.6%	--	94.0%	--
Participation/attendance in:							
• Parks					2,355,298	2,513,179	3,272,606
• Recreation Centers					1,720,727	1,703,088	1,609,047
• Historic Homes/Museums					630,828	625,911	647,437
Number of open space acres acquired	7.2	1503.0	22.0	5.2	112.4	18.0	99.8
Percent of population with recreational facility cards	11.0%	10.8%	11.0%	11.2%	11.4%	10.0%	10.0%

	Year	Virginia Beach	Chesa-peake	Norfolk	Ports-mouth	Suffolk	Hampton	Newport News
Square feet of full service City recreation center space / 10,000 population	07	8,939	0	318	0	0	2,057	4,384
Acres of parkland per 10,000 population (survey from State in 2000)	00	142.3	65.7	99.5	73.0	1,020.1	125.0	613.7

Key departmental performance measures for this business area are shown below:

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Adopted FY 2008-09	Approved FY 2009-10
School visits at historic homes	11,906	12,344	11,935	14,500	11,200	11,200
Student visits to the aquarium	57,362	55,239	46,347	45,000	60,000	65,000
Visitors to the IMAX theater	168,321	194,985	179,860	170,000	198,000	215,000
Visitors to Virginia Aquarium	601,533	620,299	643,091	575,000	660,000	715,000
Imax theater revenue	820,024	1,033,816	1,016,932	915,050	1,042,550	1,119,690
Virginia Aquarium revenue	5,382,253	5,806,657	6,043,288	5,507,024	7,327,000	7,803,642
Arts and cultural grants awarded	30	40	36	36	34	34
Event days at Sandler Center	--	--	--	296	317	326
Mowing cycles for divided roadways	26.45	24.52	15.25	18	18	18
Park visits	4,267,836	2,817,724	3,713,490	2,547,836	3,370,784	3,471,908
Satisfaction with parks	92.80%	92.80%	92.80%	95%	95%	95%

Quality Education and Lifelong Learning

The Schools and the Library Department support this business area, and over \$839.5 million is appropriated in the FY 2008-09 Operating Budget to support these functions.

Community Indicators: Quality Education and Lifelong Learning	2000	2001	2002	2003	2004	2005	2006
Percentage of Schools fully accredited:							
▪ Elementary	--	--	--	78.2%	98.2%	100.0%	100.0%
▪ Middle	--	--	--	93.3%	93.3%	100.0%	100.0%
▪ High School	--	--	--	84.6%	84.6%	100.0%	100.0%
High school graduates who continue their education	85.1%	82.4%	85.4%	83.6%	82.1%	84.4%	84.4%
Percentage of adults over age 25 that have an undergraduate degree	28.1%	--	--	--	--	--	31.1%
Percentage of adults over age 25 that have a graduate degree	8.9%	--	--	--	--	--	10.7%
Elementary school attendance	95.9%	96.0%	96.0%	95.5%	95.9%	95.9%	96.0%
High school graduation rate	--	--	--	80.3%	81.5%	82.5%	82.7%
Number of high school industry certifications (new measure)	--	--	--	-	--	--	2,032
Library visitation:							
▪ In person	1,371,978	1,437,324	1,327,869	1,367,785	1,538,178	1,572,800	1,622,871
▪ Virtual	165,084	170,570	268,905	314,614	403,602	477,055	466,482

In regards to other cities, the City compares very well in the pass rate for Standards of Learning, in the middle for library books circulation per capita, but places last for books per capita.

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Library book circulation per capita	07	6.1	9.0	3.6	3.8	3.2	4.2	3.8
Library books per capita	07	1.7	2.9	2.4	2.9	2.6	1.9	1.9
Percentage of 5 th graders who passed the English reading Standards of Learning	07	90%	91%	88%	84%	90%	82%	85%

Key departmental performance measures for this business area are shown below:

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Adopted FY 2008-09	Approved FY 2009-10
Drop out rate	1.29	1.22	1.15	1.00	1.00	1.00
Student enrollment	74,651	73,448	71,721	70,682	69,771	69,118
Gifted Program students	11.55%	11.02%	11.88%	12.00%	12.00%	12.00%
Math mean scores	504	505	504	500	500	500
Verbal mean scores	506	497	496	500	500	500
Ready to learn pre-school attendance	1,703	1,996	1,038	16,000	17,000	18,000
Library program attendance	57,280	80,556	73,072	80,422	72,387	75,514
Circulation and in-library use	5.345m	5.684m	5.877m	6.028m	5.601m	6.117m

Safe Community

The City continues to be a safe place with the lowest Part 1 Crime Rate (murders, rapes, aggravated assault, robbery, etc) per 1,000 population in Hampton Roads. In FY 2007-08, the City is projected to have its lowest Part 1 Crime Rate in the last 20 years which is another indication of how safe the City is. This business area directly relates to the City Council goal of “revitalizing neighborhoods”, but more than that it is a critical underpinning for achieving all of the Council’s goals. Without a safe community, it would be difficult to “grow the economy;” “be a competitive, first class resort;” or “improve transportation systems.” The departments that support this business area include the traditional public safety departments of Police, Fire, and Emergency Medical Services, but it also includes the Courts, the Commonwealth’s Attorney’s Office, and Sheriff and Corrections. Resources allocated to this business area for FY 2008-09 total \$190.3 million.

Key community indicators to monitor this business area are how safe people feel in their neighborhoods and schools. Part 1 Crimes are the most violent crimes and it is a good sign that the number of these types of crimes are continuing to decline.

Community Indicator: Safe Community	2000	2001	2002	2003	2004	2005	2006
Percent of residents who believe their neighborhood is safe	94.2%	--	--	96.4%	--	94.8%	--
Number of Part 1 Crimes 1,000 population	41.8	38.1	37.6	36.7	33.8	33.6	32.2
Perception of safety in public schools:							
• 4th Grade	81.7%	80.0%	79.7%	82.2%	81.8%	83.2%	--
• 7th Grade	52.4%	53.0%	54.0%	52.6%	52.8%	50.8%	--
• 11th Grade	65.6%	62.6%	69.2%	66.0%	65.8%	68.9%	--

Key departmental performance measures for this business area are shown below:

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Adopted FY 2008-09	Approved FY 2009-10
Cost per inmate per day	\$53.55	\$56.97	\$57.24	\$58.67	\$60.14	\$61.64
Inmates per day in jail	1,277	1,365	1,544	1,606	1,678	1,754
Response time for police calls	6.1 minutes	6.3 minutes	6.5 minutes	6.3 minutes	6.4 minutes	6.4 minutes
Clearance rate for violent crimes	62.6%	51.5%	54.2%	57.8%	55%	55%
Arson incidents	245	163	158	165	170	170
Arson cases cleared	40%	59%	23%	20%	20%	20%
Time that 9 ambulances are staffed	--	85%	84%	82%	80%	80%
Children placed in less secure detention	228	240	254	255	255	255
General District Court cases tried per judge	3,350	3,267	3,350	3,566	3,659	3,732
Bail hearings conducted by magistrates	29,567	32,721	31,793	36,075	37,157	38,272
Community service hours provided	58,928	62,000	65,100	65,100	65,100	65,100
Complaints handled by City Consumer Affairs Office	810	905	620	600	500	550
Conviction rate for domestic violence (50% is national average)	69%	67%	64%	65%	65%	65%
Conviction rate for violent felonies (83% is national average)	96%	97%	97%	95%	95%	95%

We have the lowest crime rate per 1,000 of any City in Hampton Roads and have been consistently ranked as the safest City of its size by the FBI.

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Crime rate per 1,000 population	07	31.9	--	57.2	59.6	33.7	37.6	47.8
Percentage of violent crimes solved	07	57.8%	--	--	--	--	69.2%	--
Average daily jail population	08	1,535	1,057	1,669	506	1,237	379	621

Quality Organization

The City continues to be a well run organization with recognition from a variety of sources. The FY 2006-07 and FY 2007-08 Biennial Operating Budget and the 2006-07 Comprehensive Annual Financial Report (CAFR) both received the distinguished presentation award from the Government Finance Officers Association. The Quality Organization business area is supported by the departments of City Council; City Clerk; City Manager; City Attorney; Finance; Human Resources; City Treasurer (elected official); Commissioner of the Revenue (elected official); City Real Estate Assessor; General Registrar; Management Services; Communications and Information Technology; and Audit Services. It has \$85.7 million in resources in FY 2008-09 which will be used to address the City Council's goal to "create a financially sustainable City providing excellent services." This business area provides the "back office" support needed to have a viable City organization that can efficiently and effectively deliver quality services. Payroll, technology, personnel management are all integral to the delivery of services to our community.

As the community indicators illustrate below, the City monitors its impact on the community through citizen satisfaction surveys, use of volunteers, and the cost of government services as a percentage of per capita incomes. As a percentage of per capita income, the cost of delivering government services has remained relatively flat over the six years, increasing only four tenths of one percent.

Community Indicator:	2000	2001	2002	2003	2004	2005	2006
Quality Organization							
Citizen satisfaction with services	91.6%	--	--	93.2%	--	92.6%	--
Value of volunteer service (millions)	\$20.10	\$16.40	\$15.90	\$16.60	\$16.3	\$16.8	\$14.1
Per capita government expenditures as a percent of per capita income	6.7%	6.7%	6.8%	6.9%	7.2%	7.1%	--
Number of City employees per capita	12.25	12.83	13.3	13.45	13.66	14.07	14.7

Virginia Beach is the only AAA bond rated community by Standard and Poor's in the Hampton Roads region and is ranked highly by Moody's as well. Given the size of the City's Capital Improvement Program as the largest in the region, we also have one of the highest debt per capita rates on a comparable basis with like size cities across the country, Virginia Beach's Debt per Capita rate is the second lowest of the eleven cities over 250,000 in Standard and Poor's January 2008 report. The City is financially very conservative, well managed and that is reflected in the bond ratings and in the City's ability to sell uninsured municipal debt to achieve the City Council's objectives.

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
General Government per capita expenditure	07	3,036	3,199	3,445	3,455	2,841	3,230	--
Real estate assessment to actual property sales ratio	06	63.1	95.6	70.5	79.9	87.0	81.0	70.0
Voter participation rate (November 2006)	06	47.4	51.0	47.0	48.2	50.0	50.8	44.0
Municipal debt per capita	07	\$2,197	\$1,741	\$2,016	\$1,874	\$2,533	\$1,410	\$2,176
Moody's Bond Rating for Municipalities	06	Aa1	Aa2	A1	A1	Aa2	Aa2	Aa3

Key departmental performance measures for this business area are illustrated by the wide diversity of services provided to support the other business areas in achieving City Council goals.

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	Adopted FY 2008-09	Approved FY 2009-10
Leased space	236,174sq'	250,146sq'	257,646sq'	257,646sq'	272,646sq'	272,646sq'
Use of cash in capital program	49%	53.27%	58.24%	55.71%	58.24%	55.71%
Citizens who feel safe in their neighborhoods	97%	93.6%	92.8%	95%	95%	95%
Cost per hour for in-house attorney services	--	\$97	\$106	\$108	\$108	\$108
Citizen complaints to Human Rights Commission	19	32	23	20	25	30
Qualified employees hired within 60 days	65%	65%	70%	70%	65%	70%
Registered voters	258,446	261,000	264,537	270,000	280,000	275,000
Civil Insurance claims against the City	1,100	1,125	1,450	1,450	1,450	1,450
Workman's compensation claims filed	1,400	1,325	1,325	1,325	1,325	1,325
Calls received to 911	284,295	239,419	227,788	258,000	285,000	285,000
Priority 1 calls processed within 120 seconds or less	--	79%	81%	83%	85%	85%
Business License audits	5,500	3,000	1,879	2,200	2,500	3,000
Yield on city investments	2.2%	4.0%	5.14%	4.5%	4.25%	4.25%
Real estate parcels assessed per appraiser	8,513	8,659	9,000	9,000	5,990	5,990
Value of volunteer hours	\$16.4 million	\$14.1 million	\$14.5 million	\$17.1 million	\$17.1 million	\$17.1 million

Capital Improvement Program

The Capital Improvement Program identifies the funding needed for construction of City facilities, modernization of Schools, acquisition of major pieces of equipment and computer systems, construction of roadways, infrastructure maintenance, and economic development projects. This program covers the years from FY 2008-09 through FY 2013-14, although only the first year is actually appropriated. The remaining years are for planning purposes. The following table provides a snapshot of revenue sources and the functional allocation for the adopted Capital Improvement Program over the six year period.

Sources of Funding

Type of Financing	Total Resources	Appropriations to Date*	Capital Budget	
			Year 1 FY 2008-09	Years 2 thru 6
Pay-As-You-Go **	\$ 781,634,972	\$ 279,292,539	\$ 70,014,731	\$ 432,327,702
General Fund Undesignated Fund Balance	12,210,556	-	12,210,556	-
Other Fund Balance/Retained Earnings	311,849,117	208,213,450	24,755,251	78,880,416
State	293,510,167	168,822,040	24,172,525	100,515,602
Federal	13,585,143	10,585,143	1,860,000	1,140,000
Bonds/Lease Purchases	877,054,841	380,819,877	83,489,005	412,745,959
Other	28,224,622	19,838,622	3,721,000	4,665,000
Total Financing - All Sources	\$ 2,318,069,418	\$ 1,067,571,671	\$ 220,223,068	\$ 1,030,274,679

* Appropriations to date reflect allocations from previous years, much of which has already been spent.

** Reflects pay-as-you-go financing supported revenues in the Operating Budget that are dedicated and/or State revenue that is transferred to the CIP.

The increased pay-as-you-go funding relates directly to the proposed tax increases needed to fund dredging and Strategic Growth Area projects and the Sanitary Sewer Regional Consent Order. It also reflects the additional funding provided by the School system.

During the next fiscal year, the City will spend over \$220 million on its capital construction needs, with nearly \$60 million going to School construction and another \$46 million into transportation.

Summary of Project Estimates

Project Class	Estimated Total Cost	Appropriations to Date	Capital Budget	
			Year 1 FY 2008-09	Years 2 thru 6
Schools	\$ 635,153,851	\$ 273,221,953	\$ 59,838,916	\$ 302,092,982
Roadways	540,403,588	259,092,219	46,041,572	235,269,797
Buildings	169,114,555	95,662,253	17,015,015	56,437,287
Parks and Recreation	93,284,730	26,561,613	10,391,990	56,331,127
Utilities	428,939,545	197,038,543	39,318,547	192,582,455
Coastal	132,526,425	87,207,415	7,063,402	38,255,608
Economic and Tourism Development	212,282,567	87,694,746	21,250,649	103,337,172
Communications and Information Technology	106,364,157	41,092,929	19,302,977	45,968,251
Total Capital Improvement Program	\$ 2,318,069,418	\$ 1,067,571,671	\$ 220,223,068	\$ 1,030,274,679

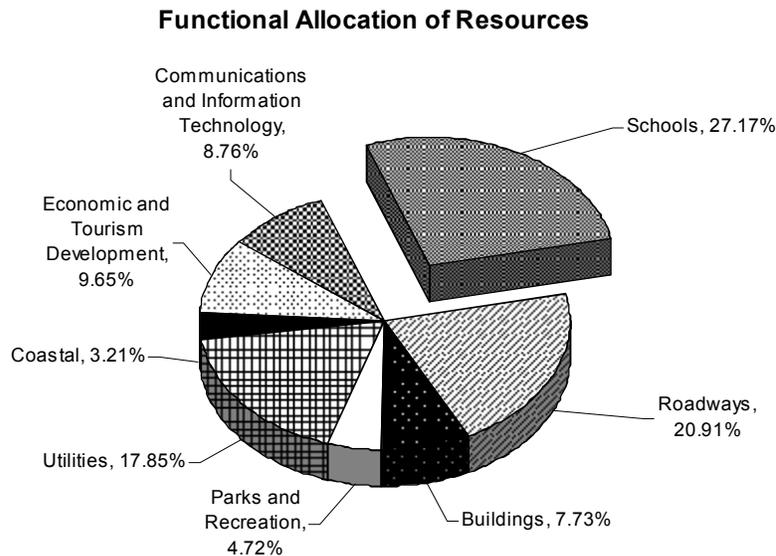
There are five broad principal areas of focus for the adopted FY 2008-09 to FY 2013-14 Capital Improvement Program:

1. **Municipal Infrastructure** – This category includes annual initiatives such as maintenance of current assets; but, it also includes some critical new projects that address safety issues or mandates, such as the Large Vehicle Repair Shop and the Landfill #2 Phase I Closure. This category also encompasses Schools projects

that include Kellam High School and Princess Anne High School replacements. Additional funding has also been provided in the Adopted Capital Improvement Program for Street Lighting Improvements.

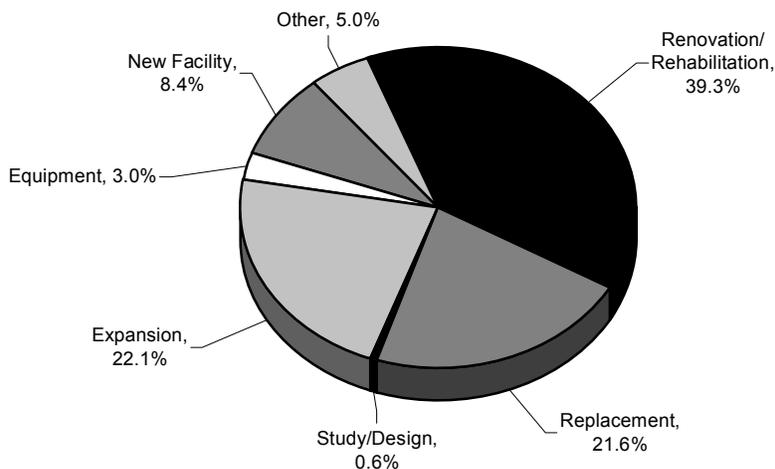
2. **Roadways** – Includes annual maintenance funding, continued participation in the First Cities Program and incorporates critical initiatives, such as Nimmo Parkway Phase V and Princess Anne Road Phase IV. As mentioned in the City Manager’s Transmittal Letter, the impacts of State cuts to transportation are significant, and will be refined as final decisions are made by the General Assembly and the Virginia Department of Transportation.
3. **Utilities** – This category is increasing 19% compared to the amended Capital Improvement Program adopted by City Council in May 2007. There are several factors driving this increase, including an unfunded State and Federal mandate regarding sanitary sewer rehabilitation and critical infrastructure enhancements to the City’s Storm Water Management System.
4. **Public Safety** – This category focuses about 95% of the allocated funding on the replacement, renovation and rehabilitation of facilities and equipment. There are some notable increases to the program to address deterioration, maintenance and mission-related requirements. These include full funding for the replacements of the Thalia Fire and Rescue Station and the Chesapeake Beach Fire and Rescue Station, funding for the renovation of Fire Station #19 – Stumpy Lake/Salem, as well as two Police-related projects for the replacement of the Animal Control and Police K-9 facilities and a consolidated facility for Police Special Operations, Forensics, and Property and Evidence.
5. **Productivity Enhancements** – Involves investments in technology to improve services and enhance efficiency. This includes leveraging Federal grants to provide emergency communications upgrades, investing in records management solutions, and advancing in replacements for legacy technology systems individual applications into enterprise configurations.

The graph below shows the percentage of funding allocated to the various functional areas for the first year of the Capital Improvement Program.



Over the adopted six-year CIP program, projects that focus on the rehabilitation, renewal, and replacement of current City assets represent an investment of an additional \$679 million through FY 2013-14. The following graph illustrates the distribution of capital improvement projects by type for FY 2008-09.

Capital Improvement Project by Type



As depicted in the graph, the primary focus of the Capital Improvement Program continues to be maintaining, updating, renovating and replacing aging infrastructure; the renovation, replacement and expansion categories alone represent 83% of the total funding. However, the reduced level of revenue growth from both the stressed economy and the significant reductions approved by the General Assembly has affected the City’s ability to address the ongoing infrastructure demands of our maturing City without relying on debt. The City has limited debt capacity available and together the City and Schools have a \$3 billion documented backlog of needed capital projects. Despite allocating about \$60 million annually to address the capital needs of the Schools, they are still unable to implement their full capital improvement plan, which represented a more aggressive replacement and renovation schedule.

Another remaining critical area of concern is the reduction in transportation funding by the State by \$56 million over the six-year Capital Improvement Program. This reduction has necessitated shifting funding among projects, causing delays and elimination of some projects. In conjunction with the recent Virginia Supreme Court decision on the Regional Transportation Authority, this reduction has had immense impact on the ability to continue to address the transportation infrastructure, within the City and throughout the region.

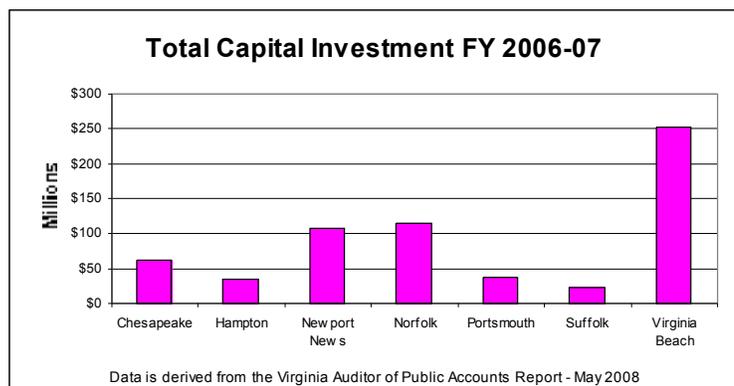
With limited financing resources available to provide solutions, the City is exploring alternative funding strategies outside of the approved budget to address other essential capital projects. In addition, the City Manager’s transmittal letter approves targeted tax increases to address some important infrastructure needs and implement funded strategic initiatives. This financing strategy includes:

- A proposal raising the Cigarette and the Machinery and Tools taxes to initiate the Strategic Growth Area Program, which implements the vision of the Comprehensive Plan and the City Council and is an investment growing the economy of our City. This proposal was adopted by the City Council on May 13; however, given the uncertainty in the economy, concerns arose regarding the impact that increasing this tax may have on the viability of local businesses. These concerns prompted City Council to reduce the rate back to \$1.00 per \$100, impacting the Economic Development Investment Program for FY 2008-09. This issue will be further evaluated during FY 2008-09 regarding a long-term resolution.

- VDOT reimbursement funding that had previously been allocated to the Storm Water Utility Fund was returned to the General Fund to support dredging.
- Water and Sewer Utility increases to fees charged to developers to recover the actual cost for the capital investment in sanitary sewer pump stations and sewer facilities and implementing the final phases of fee increases related to meeting the unfunded State and Federal consent order (an unfunded mandate) regarding the analysis of and comprehensive rehabilitation of the sanitary sewer system.
- Storm Water Utility increases of two cents per year for the next three years will provide additional funding to address the Storm Water Infrastructure Rehabilitation and Water Quality Enhancements projects, as well as pay debt service on bonds issued for the Rosemont Forest Drainage Improvements.
- Strategies include a land-swap proposal for the relocation and replacement of the Parks and Recreation Department's Citywide and Lynnhaven Maintenance Facilities, the Public Works Department's Beach Maintenance Facility, Euclid Yard Building Replacement, and possibly the Dam Neck Yard Facility. The City Council has been briefed on this plan and will be informed as plans progress.
- The Dome Site Development and Headquarters Hotel projects are also being pursued outside of the budget process as a public/private partnership. The City is in the process of reviewing proposals that attempt to address the needs and will be bringing forward recommendations to the City Council in the coming months.

It is important to note that there are several City Council and citizen requests that are not moving forward. Most notably is the Bayside Community Center project that is in the preliminary design phase at this time. While this project has the support of the City Council and demand from the public, funding is not available to construct, staff or operate an additional center at this time. There also are no funds budgeted to address other Bayside community requests for interim services. Funding is also not available to advance other popular initiatives, such as fully implementing the Bikes and Trails Plan or acquiring and maintaining historic homes. Staff did develop alternative funding strategies for these initiatives; however, implementing these strategies rely on new funding sources.

Despite the funding constraints and slowing economic trends, it is worthwhile to emphasize that the proposed capital program does represent the City and School's commitment to maintaining infrastructure and public facilities. Based on the State Auditor of Public Accounts, the City has the largest Capital Improvement Program of any City in the State. The analysis of the most recent information available indicates that the FY 2006-07 CIP Program for our City exceeded the investment being made by Chesapeake, Norfolk, Portsmouth and Suffolk combined. We are providing significant annual investment in rehabilitating and upgrading aging public infrastructure and facilities; but the City is still struggling to make ample progress toward eliminating the \$3 billion backlog of City and School capital needs.



Overall, the Capital Improvement Program includes the following projects additions and/or enhancements in the six-year program:

Economic Vitality:

- 9-035 Town Center Pedestrian Bridge (Pending improvements to Pembroke Mall and establishment of a TIF District)
- 9-081 Strategic Growth Area Program (Funded by in part by increases in the Cigarette Tax)

Public Safety:

3-054 Animal Control and K-9 Unit Replacements (New Revenue)
3-058 EMS Great Neck Rescue Station Site Improvements
3-104 Fire Station 19, Stumpy Lake/Salem – Repairs
3-244 Fire and Rescue Station – Chesapeake Beach
3-317 Police/Special Ops/Forensics/Evidence Complex

Infrastructure:

2-109 Pembroke Area Transportation Improvements
2-118 Shore Drive Corridor Improvements – Phase IV
2-143 Laskin Road Gateway – Phase I – A
2-168 Lesner Bridge Replacement (Partial Funding)
2-121 Nimmo Parkway – Phase V – A
2-305 Princess Anne Road – Phase IV
3-368 Various Site Acquisitions
4-070 Open Space Program Site Acquisition – Phase II (Dedicated Tax)
8-005 Western Branch Lynnhaven River Dredging
9-082 Oceanfront Garage Capital Maintenance (Parking Fee Revenue)
9-083 Town Center Garage and Plaza Capital Maintenance (Special Service District Revenue)

Education Facilities:

1-106 Kellam High School Replacement
1-107 Princess Anne High School Replacement

In addition, numerous Water/Sewer and Storm Water projects are funded with an emphasis on Regional Consent Order compliance within the Sanitary Sewer program and additional storm water projects, including #7-033 Rosemont Forest Drainage.

With an emphasis on improving productivity, the Capital Improvement Program includes numerous communication and information technology projects, which are funded, in many cases, by dedicated funding streams.

Even with the projects listed, there is still a huge backlog of projects. The following is a sample, and a more extensive list can be found in the Requested-but-Not-Funded section of the Capital Improvement Program:

2-116 Shore Dr. Corridor Imp. (needs \$10 million in funding beyond CIP)
2-117 Shore Dr. Corridor Imp. (needs \$8.4 million in funding beyond CIP)
2-256 Indian River Rd. – Phase VII (needs \$34.3 million in funding beyond CIP)
2-165 Laskin Rd. – Phase II (needs \$11.5 million in funding beyond CIP)
2-195 Princess Anne Rd. – Phase VII (needs \$12.4 million in funding beyond CIP)
3-041 Virginia Aquarium Elevated Crosswalk
3-418 Beach Maintenance Facility
3-339 Dam Neck Yard Facility – PW Improvements – Phase I
3-236 Fire and Rescue Station – Courthouse (Replacement)
3-249 Fire and Rescue Station – Landstown (Transition Area)
4-048 Red Wing Lake Golf Course Clubhouse Replacement
4-077 Princess Anne Commons Cycling and Fitness Trail
9-058 Rudee Walk – Phase I
7-044 Resort Area Drainage Project

APPENDICES

Status of Blue Ribbon Tax, Fee, and Spending Task Force Recommendations

At the end of last year's budget process the City Council appointed a citizen taskforce to review the City's Operating Budget process, expenditure strategies and reliance on the Real Estate tax revenue. This task force presented their reports to City Council in January after months of intense work. The matrix below is intended to identify the status of the report's recommendations as they relate to this biennial budget.

	Complete	Under Review	City Council Decision
Expenditure Subcommittee's Recommendations:			
3.1 Strategic Plan			
City Council involved Plan with community involvement			X
Link all City plans (Comprehensive Plan, Budget, CIP, etc.) to the Strategic Plan	X		
Objectively measure the success of programs linked to the Strategic Plan		X	
3.2 Cap on Spending			
City Council should keep spending in line with overall economy rather than rely on an absolute spending cap			X
3.2 Revise Budget Process			
Make budget process easier for City Council and stakeholders to comprehend		X	
Incorporate a fixed and variable expenditure analysis of all budget line items	X		
Increase efforts to obtain citizen input and participation early in the budget process	X	X	
Improve efforts to educate citizens		X	
Direct staff to provide quarterly reports to City Council and stakeholders	X		
Review funding formulas annually	X		
Require new ordinances to identify funding sources	X		
Create on-going budget commission to assist City Council			X
Encourage School System to conduct similar review of their budgetary and business processes			X
Institute and integrated automated system for tracking expenditures	X		
3.4 Business Processes, Efficiency, and Increased Labor			
Adopt Lean Six Sigma Approach		X	
Set specific benchmarks for continual increases in process efficiency and productivity gains	X	X	
Consider consolidating cost centers		X	X
Increase the use of automation and technology to simplify processes and improve efficiency		X	
Engage public and staff to identify and resolve problems on an on-going basis		X	
Streamline the process for implementing new technology	X		
Apply a sunset clause to all programs		X	
Ensure that all budget policies are in writing and reviewed regularly		X	
Reward efficient practices and suggestions	X		
Encourage entrepreneurial innovation rather than traditional bureaucracy		X	
Create a hotline where by the public and City employees can suggest specific ideas		X	

	Complete	Under Review	City Council Decision
Identify and remove factors or policies that encourage counter-productive behavior		X	
3.5 “Green” Processes and Energy Efficiency			
Conduct comprehensive energy audit of all City and School resources		X	
Provide rewards and incentives for staff to save energy	X		
Encourage staff and public to identify potential cost saving solutions		X	
Adopt “Green Roof” technology in renovations and new construction of government buildings		X	
Evaluate potential benefits of moving to variable-rate pricing with peak load management. This strategy could help reduce overall electricity bill.	X		
3.6 Economic Development			
Develop an economic plan that evaluates workforce needs and business growth incentives	X		
Link funding of economic development to defined outcomes	X		
Encourage private-sector entities to invest in economic development efforts	X		
Encourage businesses within each region of the City to compete for City’s limited resources		X	
3.7 Decision-Making Processes			
Proffers should identify any increased maintenance costs	X		
Require that all major construction or redevelopment projects include an analysis for financial impacts on public safety and infrastructure	X		
Evaluate “best practices” nationally from both the public and private sectors		X	
3.8 Under-funded Mandates			
Make a request for funding unfunded or underfunded mandates a part of the City’s legislative package each year			X
3.9 Capital Expenditures			
Integrate CIP projects with Schools	X		
Proactively plan future for capital expenditures		X	
Perform a cost/benefit analysis for any new program or capital expenditure in excess of \$500,000	X		
3.10 Miscellaneous			
Freeze salary supplements for City Treasurer and Commissioner of the Revenue and evaluate combining functions under the City Finance Department			X
Evaluate combining administrative functions of Fire and Emergency Medical Services			X
Introduce a cost recovery program for lost or damaged equipment		X	
Appoint a comptroller to provide accounting review and assistance to the City Council	X		
3.11 Next Steps			
Use consultants to obtain an independent and objective analysis of ideas presented by the Blue Ribbon Taskforce	X		
Consider phasing in the implementation of a Homestead Provision and identify potential savings to offset anticipated revenue shortfalls			X
Develop policies to address fiscal impact of Virginia Beach’s aging population	X		
Identify examples of what other communities have done to improve their budget process	X		
Study financial impact of addressing City’s aging infrastructure	X		

	Complete	Under Review	City Council Decision
4.2 Employee Compensation			
Bring compensation plans more in line with the private sector			X
o Replace "best paid employees" policy with "attract and retain qualified and motivated employees"	X		
o Limit total direct salary expenditures including merit increases		X	
o Change policies under which employees receive merit pay (approximately 97% currently receive merit pay)		X	
o End the current policy of providing uniform pay increases to all City employees-tie pay to performance		X	
o Provide City Manager with flexibility to recognize and differentiate levels or employee performance		X	
o For State positions, pass through State pay raises, but apply the City's new performance based program to the City portion of these salaries			X
Gradually shift from defined-benefits to defined contribution benefits as used in the private sector			X
o Unfunded obligation should be disclosed as a part of the budget	X		
o Consider capping the City's contribution of retiree's health insurance premiums as an absolute dollar value in budget	X		
o Consider Health Savings Accounts (HSA's) and Health Retirement Accounts (HRA's) as used in the private sector		X	
Reduce overall number of City employees (1% reduction in full time employees would save \$3 million)			X
o Evaluate opportunities to outsource City services	X		
o Undertake a Commercial Activities Program or Competitive Source Program (require City services to compete with private sector companies)	X		
o Explore recruitment of retired public employees to return on a part-time or contractual basis	X		
o Maintain and expand the City's current volunteer programs which actively reduce costs	X		
o Review each position that has been vacated or is to be vacated before rehiring	X		
Task the City Manager with increasing staff productivity by one percent each year	X		
Review overtime costs and determine ways to control them	X		
Evaluate the City's current "no layoff" policy		X	
Create a process for review of disability retirements and worker's compensation claims	X		
Require parties that are disabled from one type of work in the City to seek other available City jobs rather than disability retire	X		
Reduce the number of paid holidays provided to City employees from 11.5 to 10 to match Federal employees		X	
Discontinue policy of giving employees a paid day off on their birthday		X	
Conduct a cost/benefit analysis of combining sick and annual leave into a universal leave system		X	
Request that the State Legislature require the State Compensation Board to realistically adjust pay scales and benefits to match compatible salaries in the region			X
Cap City's salary and benefits contributions to existing State positions at their current level			X
Revenue Subcommittee's Recommendations:			
8.1 and 8.2 Homestead Provision			

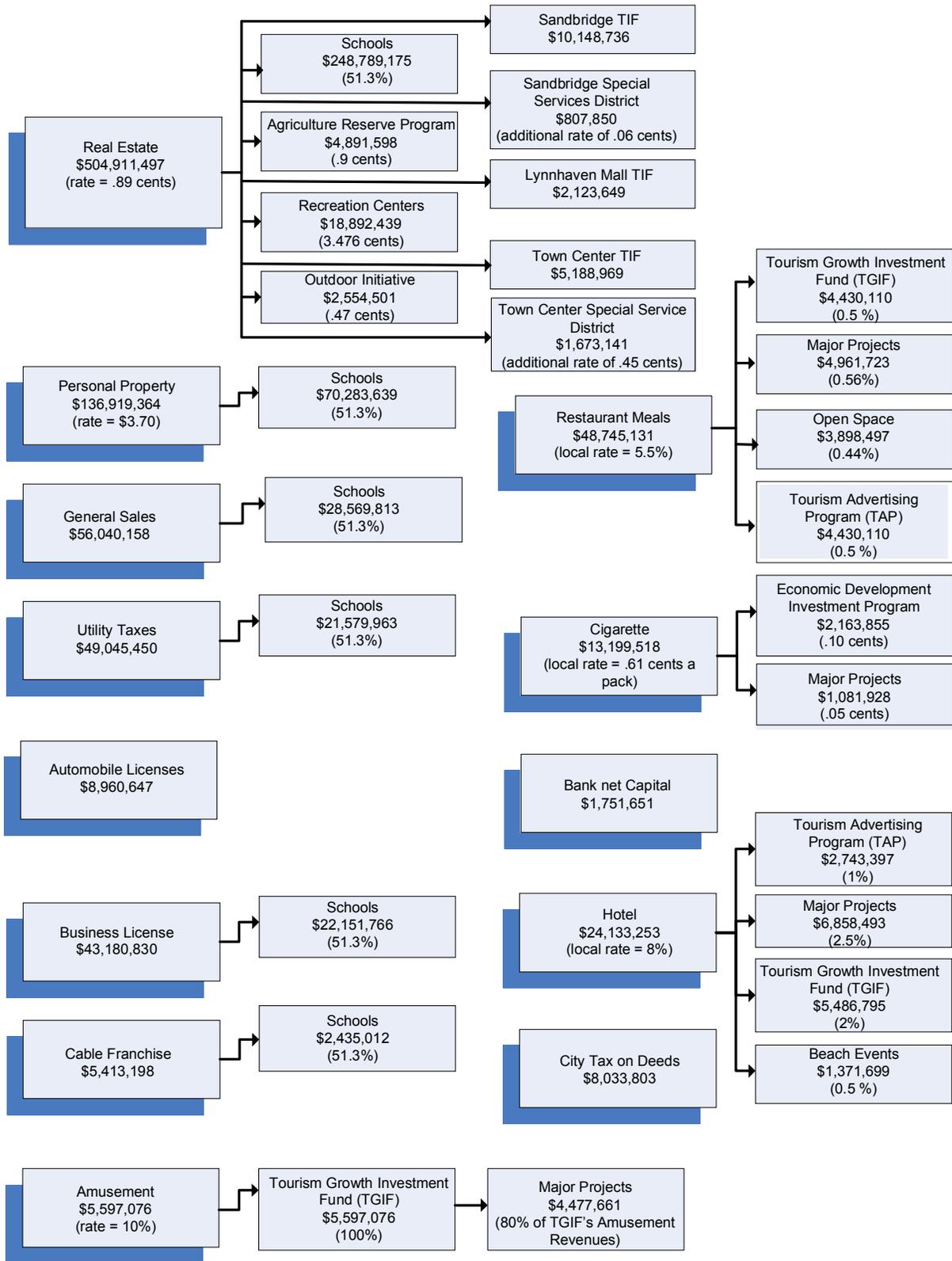
	Complete	Under Review	City Council Decision
Regardless of the passage of the homestead provision City Council should consider options to lower the real estate tax rate			X
○ Offset some real estate tax revenue loss through expenditure reductions			X
○ Pursue General Assembly authority to have a local income or sales tax to generate revenue to partially offset the reduction			X
Do not adopt the Homestead Provision without identifying a strategy to address the impacts either through expenditure reductions or offsetting revenues			X
8.3 Surplus Property			
Consider selling surplus property for capital investments		X	X
8.4 Equity Concerns			
Where there are equity issues, identify by the subcommittee, the City Council needs to consider making those revenue adjustments	X		X
8.5 Fees and Charges			
Fees should be adjusted at least biennially for inflation to ensure cost recovery	X		X
8.6 Stimulate Economic Growth			
Work with strategic partners	X		
Identify needed assets: transportation, land, and buildings	X		
Use first rate advisors in analysis and negotiation of investment opportunities	X		

Summary of Adopted Fee Adjustments

Department	Old Fee	New Fee	Notes
Fire			
• Inspection Fee	\$0	\$50	Charged to all inspections to recover costs of equipment for inspection
Police			
▪ False Alarm Fee	\$25	\$150 – Residential \$250 – Commercial	Fee will apply only after 2 prior false alarms
Planning			
▪ Moving & Hauling Blanket Permits	\$300	\$500	
▪ Single Trip Permits	\$75	\$100	
• Restricted Permits	\$75	\$100	
▪ Civil Permits	\$75	\$100	
• Logging	\$300	\$500	
▪ Right of Way Permits	\$75	\$100	
• Utility Single Permits	\$75	\$100	
• Utility Blanket Permits	\$300	\$500	
Parks & Recreation			
• Operations & Services	\$5	\$6	Little Island Park Fishing Pier Admission
• Operations & Services	\$5	\$6	Munden Point Boat Ramp Launch
• Lynnhaven Boat Ramp	\$6	\$7	Boat Ramp Launch (\$12-\$14 without a saltwater fishing license)
• Athletics	\$450	\$500	Adult Softball Teams
▪ Athletics	\$450	\$475	Church Basketball Teams
• Athletics	\$350	\$375	Law Enforcement Basketball Teams
▪ Athletics	\$375	\$400	Adult Volleyball Teams
• Athletics	\$250	\$300	Girls Fast Pitch Softball Teams
• Owl Creek Tennis Center	\$6.30 per hour	\$8.75 per hour	Open Court Rental
• Owl Creek Tennis Center	\$5 per hour	\$7 per hour	VBTPA Court Rental
• Recreation Centers	\$55	\$66	Annual Membership – Adult
▪ Recreation Centers	\$44	\$53	Annual Membership - Senior
• Recreation Centers	\$22	\$27	Annual Membership – Youth
▪ Recreation Centers	\$187	\$280	Annual Membership – Non Resident
• Recreation Centers	\$59	\$98	3 Month Membership – Non Resident
▪ Community Recreation Services	\$68 bi-weekly	\$79 bi-weekly	KidzQuest – Afterschool Program
• Community Recreation Services	\$77 per week	\$89 per week	KidzQuest – Summer Camp Program

Department	Old Fee	New Fee	Notes
<ul style="list-style-type: none"> ▪ Community Recreation Services 	\$87 per week	\$89 per week	Middle School Mania – Summer Camp Program
<ul style="list-style-type: none"> • Recreation Centers 	\$100 bi-weekly	\$118 bi-weekly	Afterschool Program
<ul style="list-style-type: none"> ▪ Recreation Centers 	\$115 per week	\$125 per week	Summer Camp Program
<ul style="list-style-type: none"> • Recreation Centers 	\$130 per week	\$135 per week	Teen Summer Camp Program
<ul style="list-style-type: none"> • Recreation Centers 	\$2 per hour	\$3 per hour	Aerobics
<ul style="list-style-type: none"> • Recreation Centers 	Various	All sessions 20% increase	Personal Training
Housing & Neighborhood Preservation			
<ul style="list-style-type: none"> • Administrative Fee 	\$100	\$150	Clearing & Contract Nuisance Abatement
<ul style="list-style-type: none"> ▪ Inoperable Vehicles 	\$0	\$150	Towing Inoperable Vehicles
<ul style="list-style-type: none"> • Rental Inspection Fee 	\$0	\$50	Certificate of Compliance
Public Utilities			
<ul style="list-style-type: none"> • Sewer Fees 	\$325	\$756 / \$1,187	Sewer Pump Station Flow Fees
<ul style="list-style-type: none"> ▪ Pump Fees 	\$1,000	\$1,333 / \$1,666	Portable Pump Fees
<ul style="list-style-type: none"> • Landscaping 	\$1,000	\$1,570 / \$1,639	Contributions – Pump Station Landscaping
<ul style="list-style-type: none"> • Drainage Fixture Unit Fees 	\$56	\$59	Sewer Main Extensions
<ul style="list-style-type: none"> • Drainage Fixture Unit Fees 	\$66	\$79 \$92	Water Resource Recovery Fees
<ul style="list-style-type: none"> ▪ Delinquent Fees 	\$0	\$1.50	Water
<ul style="list-style-type: none"> • Sale of Water 	\$3.80	\$3.95 / \$4.10	Water Usage per 1,000 gallons
<ul style="list-style-type: none"> ▪ Monthly Sewer 	\$17.72	\$18.61 / \$19.54	Monthly Sewer Charges
Museums			
<ul style="list-style-type: none"> • Cultural & Recreational 	\$0	\$4.50	IMAX Theater Admission – 4D
Convention and Visitors Bureau			
<ul style="list-style-type: none"> ▪ Convention Center 	15%	20%	3 rd Party Provider Markup
<ul style="list-style-type: none"> • Visitor Information Center 	\$0	10% and 20% of Gross Ticket Prices	Sales Outlet to Major Area Attractions
Public Works			
<ul style="list-style-type: none"> ▪ Yard Waste Containers 	\$30 per day	\$40 Monday-Thursday \$75 Weekends (Friday – Sunday)	
<ul style="list-style-type: none"> ▪ Storm Water ERU Rate 	\$0.181 per day	\$0.201 / \$0.221	City Council approved an increase of .02 cents per day in each of the next three years

Dedication of Local Revenues



Additions and Reductions of Positions for FY 2008-09

The chart below indicates the overall change in City positions (both additions and reductions) in FY 2008-09 as a result of the current budget.

Department	FTE Additions	FTE Reductions	Net Change from FY 2007-08
Agriculture		<ul style="list-style-type: none"> • Farmers Market Manager 	-1 FTE
City Manager	<ul style="list-style-type: none"> • Additional Hours for Administrative Support (0.07 FTE) 	<ul style="list-style-type: none"> • MCG Administrator • Chief Operating Officer • Executive Assistant I 	-2.93 FTE
City Treasurer	<ul style="list-style-type: none"> • Revenue Investigator III (0.6 FTE) 	<ul style="list-style-type: none"> • Deputy Treasurer (2 FTE) • Account Clerk I (0.25 FTE) • Clerk I (0.08 FTE) 	-1.73 FTE
ComIT	<ul style="list-style-type: none"> ▪ GIS Data Analyst 	<ul style="list-style-type: none"> • Printer I • Division Manager • Administrative Analyst 	-2 FTE
Commissioner of the Revenue	<ul style="list-style-type: none"> • Account Clerk I (0.98 FTE) 		+0.98 FTE
Commonwealth Attorney		<ul style="list-style-type: none"> • Victim Witness Caseworker (0.5 FTE) 	-0.5 FTE
Convention & Visitor Bureau		<ul style="list-style-type: none"> • General Supervisor 	-1 FTE
Finance		<ul style="list-style-type: none"> • Account Clerk III • Accountant III 	-2 FTE
Fire	<ul style="list-style-type: none"> • Additional Hours for Storekeeper (0.18 FTE) 		+0.18 FTE
Health		<ul style="list-style-type: none"> • Reduce part-time hours (0.12 FTE) 	-0.12 FTE
Human Resources		<ul style="list-style-type: none"> • Health Manager ▪ HR Analyst 	-2 FTE
Human Services	<ul style="list-style-type: none"> ▪ Administrative Specialist • MH/MR Clinician Specialist I (2 FTE) • MH/MR Clinician Specialist IV • Convert part-time employees (0.02 FTE) 	<ul style="list-style-type: none"> ▪ Reduce Administrative Specialist (0.5 FTE) 	+3.52 FTE
Library		<ul style="list-style-type: none"> • Library Technician Specialist • Librarian III • Part-time hours (0.01 FTE) 	-2.01 FTE
Management Services		<ul style="list-style-type: none"> • Grants Coordinator 	-1 FTE

Department	FTE Additions	FTE Reductions	Net Change from FY 2007-08
Museums		• Museum Sales Clerk I	-1 FTE
Non-Departmental		• Systems Analyst II (2 FTE)	-2 FTE
Parks & Recreation	<ul style="list-style-type: none"> • Afterschool Program (2.37 FTE) • Teen Camp (2.06 FTE) • Golf Aide ▪ Lake Edward Summer Camp (2.10 FTE) 	• Golf Supervisors (3 FTE)	+4.53 FTE
Planning		<ul style="list-style-type: none"> • Planning Aide • Code Inspector 	-2 FTE
Police	<ul style="list-style-type: none"> • Part-time Police Officer (1.6 FTE) • Account Clerk II (1.75 FTE) 	<ul style="list-style-type: none"> • Administrative Assistant • Background Investigator (0.93 FTE) • Courtesy Patrol (7.88 FTE) • Community Service Officers (2.7 FTE) 	-9.16 FTE
Real Estate Assessor	• Appraiser I (3 FTE)		+ 3 FTE
Public Utilities	• Engineer III (2 FTE)		+ 2 FTE
Public Works	<ul style="list-style-type: none"> • Custodial I (3 FTE) * • Custodial II (6 FTE) * 	<ul style="list-style-type: none"> • Waste Management Operator II • Electrician II • Custodial Worker II • Engineer III • Construction Inspector III 	+ 4 FTE
Sheriff	• Systems Analyst I		+1 FTE
TOTAL:	+32.73 FTE	-43.97 FTE	-11.24 FTE

* Replacing contracted personnel

Demographic Information

The table below highlights available information from the last three Censuses for Virginia Beach as well as the Census' 2006 American Community Survey:

Demographic Characteristic	1980	1990	2000	2006
Sex:				
Male	50.8%	50.8%	49.5%	48.9%
Female	49.2%	49.2%	50.5%	51.1%
Age:				
Below 18	30.7%	28.0%	27.5%	26.2%
65+	4.5%	5.9%	8.4%	9.8%
Peak Earning Years (Age 35 to 54)	23.1%	24.9%	30.5%	31.5%
Median Age	26.9	28.9	32.7	36.0
Dependency Pop. (Under 18 and 65+)	35.2%	33.9%	35.9%	35.5%
Race:				
White	86.5%	80.5%	71.4%	70.2%
Black/African American	10.0%	13.9%	19.0%	19.5%
American Indian/Alaskan	.2%	.4%	.4%	0.2%
Asian/Hawaiian/Pacific	2.5%	4.3%	5.0%	5.6%
Other Race	.7%	.9%	1.5%	1.2%
Two or More Races*	N/A	N/A	2.7%	3.3%
Hispanic**	2.0%	3.1%	4.2%	5.1%
Households:				
Family Household	79.2%	75.4%	71.8%	70.1%
Married Couple Family	66.6%	62.9%	55.7%	53.6%
Female Householder	10.3%	9.5%	12.4%	13.2%
Non-Family Household	20.9%	24.6%	28.2%	29.9%
Households with Children under 18	N/A	44.8%	42.1%	37.6%
Housing Occupancy: Owner	64.2%	62.5%	65.6%	69.6%
Renter	35.8%	37.5%	34.4%	30.4%
Average Household Size	2.97	2.82	2.70	2.62
Average Family Size	3.35	3.21	3.21	3.12
Migration:				
% who lived in VB 5 years ago	56.0%	59.9%	70.1%	N/A
Marital Status:				
Single, Never Married	26.5%	24.7%	25.5%	27.3%
Married	61.0%	58.4%	57.1%	54.0%
Separated	3.0%	5.4%	3.2%	2.6%
Widowed	4.0%	4.0%	4.7%	5.2%
Divorced	5.5%	7.6%	9.5%	10.9%
Median Household Income				
	\$20,203	\$36,271	\$48,705	\$61,333
Median Family Income				
	\$21,809	\$39,112	\$53,242	\$67,468
Poverty:				
Persons	8.9%	5.9%	6.5%	7.2%
Families	7.7%	4.3%	5.1%	5.4%
Children under 18	13.0%	7.6%	8.6%	10.0%
65+	10.3%	8.0%	4.7%	2.6%
Female Householder	38.9%	20.2%	18.9%	18.4%
With Children	45.8%	26.5%	23.1%	25.4%

Demographic Characteristic	1980	1990	2000	2006
Housing Expenses:				
Owner Expenses Exceeding 30% of Income	26.3%	30.7%	27.4%	31.9%
Renter Expenses Exceeding 30% of Income	37.8%	39.0%	37.9%	47.8%
Percent of Homeowners Mortgage Free	11.1%	11.4%	13.9%	17.9%
Education Attainment:				
High School Graduate	80.0%	88.0%	90.4%	92.0%
College Graduate	22.4%	25.5%	28.1%	31.1%
Labor Force:				
Total Labor Force Population Rate	71.2%	76.8%	72.9%	72.8%
Total Female Participation Rate	55.8%	65.9%	65.5%	66.1%
% of Labor Force in Armed Forces	18.2%	18.6%	13.3%	8.9%
% Unemployed	5.3%	4.7%	4.1%	3.9%
Percent Who Drive Alone	67.5%	78.4%	82.0%	81.8%
Percent Who Car Pool	21.2%	12.0%	10.8%	9.3%
Mean Travel Time	21.9 min.	22.7 min.	23.9 min.	22.2 min.

Notes:

* New category in 2000

** Can be of any race

Totals may not equal 100% due to rounding.

Source: Census Bureau

Fiscal Year 2008-09 and 2009-10 Expenditure Summary

City Department	FY 2006-07	FY 2007-08	FY 2008-09	%	FY 2009-10	%
	Actuals	Adjusted Budget	Total Adopted	Change	Total Approved	Change
Agriculture	\$ 1,033,713	\$ 1,194,804	\$ 1,042,014	-14.7%	\$ 1,009,032	-3.2%
Audit Services	509,379	542,715	532,949	-1.8%	545,068	2.3%
Capital Projects	47,131,919	49,742,528	56,078,423	11.3%	66,566,123	18.7%
City Manager	3,585,214	3,848,401	3,619,081	-6.3%	3,702,821	2.3%
City Real Estate Assessor	2,719,361	2,861,261	3,142,332	8.9%	3,213,787	2.3%
City Treasurer	4,825,482	5,157,783	5,146,689	-0.2%	5,257,326	2.1%
Commissioner of the Revenue	3,930,901	3,905,054	3,929,241	0.6%	4,008,111	2.0%
Commonwealth's Attorney	6,702,702	7,629,689	7,922,932	3.7%	8,097,827	2.2%
Communications and Information Technology	27,535,058	30,832,316	31,135,402	1.0%	31,766,691	2.0%
Convention and Visitor Bureau	22,022,984	24,640,928	24,887,058	1.0%	25,512,972	2.5%
Courts and Courts' Support	7,491,751	7,259,839	6,733,320	-7.8%	6,820,291	1.3%
Debt Service	73,419,838	93,028,452	100,027,282	7.0%	104,263,203	4.2%
Economic Development	3,230,797	3,271,154	4,137,535	20.9%	4,149,992	0.3%
Emergency Medical Services	6,897,226	7,215,622	7,301,342	1.2%	7,475,968	2.4%
FY 2007 Outstanding Encumbrances	10,091,498	0	0	0.0%	0	0.0%
Finance	4,836,483	4,965,633	4,420,631	-12.3%	4,546,228	2.8%
Fire	39,701,633	43,440,426	43,308,729	-0.3%	44,446,717	2.6%
Future C.I.P. Commitments	0	13,381,913	11,529,372	-16.1%	11,587,914	0.5%
General Registrar	1,039,992	1,451,362	1,379,042	-5.2%	1,271,821	-7.8%
Health	3,117,911	3,382,713	3,399,228	0.5%	3,498,846	2.9%
Housing and Neighborhood Preservation	18,782,607	22,050,721	22,527,203	2.1%	21,254,956	-5.6%
Human Resources	4,458,305	4,934,697	4,636,972	-6.4%	4,736,383	2.1%
Human Services	92,880,165	107,633,691	110,881,338	2.9%	115,431,495	4.1%
Law	3,562,434	3,775,037	3,894,926	3.1%	3,985,293	2.3%
Legislative	1,183,001	1,208,856	1,209,226	0.0%	1,227,505	1.5%
Library	15,690,722	17,069,498	16,873,619	-1.2%	17,232,219	2.1%
Management Services	3,493,623	4,141,893	4,011,285	-3.3%	4,010,821	0.0%
Museums	8,704,404	7,975,693	9,173,990	13.1%	9,784,824	6.7%
Non-Departmental	21,138,518	30,152,650	31,185,201	3.3%	32,554,778	4.4%
Parks and Recreation	38,368,291	42,053,497	42,983,859	2.2%	43,823,805	2.0%
Planning and Community Development	12,413,852	13,258,164	14,005,331	5.3%	14,193,992	1.3%
Police	80,726,279	88,413,459	87,535,820	-1.0%	89,417,705	2.1%
Public Utilities	63,948,743	68,552,281	68,464,336	-0.1%	70,009,890	2.3%
Public Works	93,175,939	94,449,673	97,016,660	2.6%	98,167,633	1.2%
Reserve for Contingencies	0	15,376,397	11,151,000	-37.9%	11,976,527	7.4%
Sheriff and Corrections	33,284,859	34,701,026	36,769,449	5.6%	35,823,293	-2.6%
TOTAL CITY EXPENDITURES	\$ 761,635,584	\$ 863,499,826	\$ 881,992,817	2.3%	\$ 911,371,857	3.3%
Education						
Operating	\$ 669,873,569	\$ 707,162,127	\$ 721,316,182	2.0%	\$ 734,059,879	1.8%
Debt Service	40,282,967	41,402,094	41,154,429	-0.6%	43,831,667	6.5%
Pay-As-You-Go	12,936,308	12,108,658	13,936,308	13.1%	13,936,308	0.0%
Grants	39,739,050	54,956,635	54,872,411	-0.2%	50,820,784	-7.4%
Other Funds	39,041,560	46,381,733	46,240,782	-0.3%	45,234,014	-2.2%
TOTAL EDUCATION EXPENDITURES	\$ 801,873,454	\$ 862,011,247	\$ 877,520,112	2.0%	\$ 887,882,652	1.2%
TOTAL EXPENDITURES	\$1,563,509,038	\$ 1,725,511,073	\$ 1,759,512,929	2.0%	\$ 1,799,254,509	2.3%

Fiscal Year 2008-09 and 2009-10 Personnel Summary

City Department	FY 2006-07	FY 2007-08	FY 2008-09		FY 2009-10	
	Actuals	Adjusted Budget	Total Adopted	% Change	Total Approved	% Change
Agriculture	15.00	15.00	14.00	-6.7%	14.00	0.0%
Audit Services	6.00	6.00	6.00	0.0%	6.00	0.0%
City Manager	32.19	32.63	29.70	-9.0%	29.70	0.0%
City Real Estate Assessor	35.35	35.35	38.35	8.5%	38.35	0.0%
City Treasurer	76.81	77.41	75.68	-2.2%	75.68	0.0%
Commissioner of the Revenue	64.28	62.63	63.61	1.6%	63.61	0.0%
Commonwealth's Attorney	82.90	91.90	91.40	-0.5%	91.40	0.0%
Communications and Information Technology	308.80	309.80	313.80	1.3%	313.80	0.0%
Convention and Visitor Bureau	135.84	136.73	135.73	-0.7%	135.73	0.0%
Courts and Courts' Support	76.00	76.00	76.00	0.0%	76.00	0.0%
Economic Development	16.00	17.00	17.00	0.0%	17.00	0.0%
Emergency Medical Services	56.50	56.50	56.50	0.0%	56.50	0.0%
Finance	64.00	63.00	57.00	-9.5%	57.00	0.0%
Fire	472.91	469.66	469.84	0.0%	481.84	2.6%
General Registrar	12.03	12.03	12.03	0.0%	12.03	0.0%
Health	11.19	11.19	11.07	-1.1%	11.07	0.0%
Housing and Neighborhood Preservation	69.00	69.00	69.00	0.0%	69.00	0.0%
Human Resources	57.13	58.13	54.13	-6.9%	54.13	0.0%
Human Services	1,013.82	1,075.57	1,079.09	0.3%	1,082.59	0.3%
Law	43.00	43.00	43.00	0.0%	43.00	0.0%
Legislative	18.00	18.00	18.00	0.0%	18.00	0.0%
Library	264.86	264.86	262.85	-0.8%	262.85	0.0%
Management Services	22.00	22.00	21.00	-4.5%	21.00	0.0%
Museums	141.18	152.43	151.43	-0.7%	151.43	0.0%
Non-Departmental	5.00	5.00	3.00	-40.0%	3.00	0.0%
Parks and Recreation	868.97	872.72	877.25	0.5%	876.25	-0.1%
Planning and Community Development	128.00	127.00	125.00	-1.6%	125.00	0.0%
Police	1,016.02	1,015.02	1,005.86	-0.9%	1,005.86	0.0%
Public Utilities	399.50	399.50	401.50	0.5%	404.50	0.7%
Public Works	874.38	873.38	877.38	0.5%	877.38	0.0%
Sheriff and Corrections	512.12	523.37	524.37	0.2%	524.37	0.0%
TOTAL CITY POSITIONS	6,898.78	6,991.81	6,980.57	-0.2%	6,998.07	0.3%
Education						
Instruction	7,390.35	7,315.85	7,286.65	-0.4%	7,256.35	-0.4%
Administration	290.10	291.50	297.30	2.0%	297.30	0.0%
Transportation	667.13	667.13	667.13	0.0%	667.13	0.0%
Operations	1,217.50	1,226.50	1,233.50	0.6%	1,233.50	0.0%
Grants	577.50	545.50	539.50	-1.1%	497.50	-7.8%
School Cafeteria	490.89	493.89	493.89	0.0%	493.89	0.0%
Textbook	1.50	1.50	1.50	0.0%	1.50	0.0%
TOTAL EDUCATION POSITIONS	10,634.97	10,541.87	10,519.47	-0.2%	10,447.17	-0.7%
Totals						
Total City Full-Time Positions	6,228.00	6,306.00	6,295.00	-0.2%	6,312.00	0.3%
Total City Part-Time Positions	659.78	674.81	674.57	0.0%	675.07	0.1%
Total City Council Members	11.00	11.00	11.00	0.0%	11.00	0.0%
Total Education Positions	10,634.97	10,541.87	10,519.47	-0.2%	10,447.17	-0.7%
TOTAL BUDGETED POSITIONS	17,533.75	17,533.68	17,500.04	-0.2%	17,445.24	-0.3%