# VIRGINIA BEACH

**City of Virginia Beach**
**Adopted Operating Budget**
**Fiscal Year 2012-13**

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# HOW TO READ THE DOCUMENT

# Purpose and Document Changes

## Purpose

The operating budget outlines the proposed expenditures, personnel resources, and revenues needed for financing the operations of the government, and the policies/priorities and circumstances on which allocation decisions are based. This document provides the citizens and governing body with an insight to the past, present, and future services and programs of the City as well as anticipated program outcomes.

The City continues to be committed to the strategic planning process and the development of an operating budget based on that process. The City Council has developed a set of "Destination Points" to define their vision of a strong, healthy and vibrant City with a greater quality of life for everyone. The planning process starts as the City Council assesses the current conditions of the City and articulates their priorities to the City staff. In turn, City staff devises a strategy document as the official plan to implement the goals of the City Council. This plan focuses the collective efforts of staff on City Council's priorities and those strategic issues that will help close the gap between where the City is today and the community that it strives to become. In concert with the ongoing delivery of programs and services, this plan provides a strategic focus for the next year. The strategic planning process responds to both short and long-term goals envisioned by City Council by dividing the City's major program activities into seven strategic issue areas: Economic Vitality, Safe Community, Quality Physical Environment, Cultural and Recreational Opportunities, Quality Education and Lifelong Learning, Family and Youth Opportunities, and Quality Organization. This budget document is subdivided and organized according to these seven strategic business areas.

# Format of the Budget

To assist the reader in understanding the contents of this financial document, the following is a brief description of the main sections.

- Introduction – This section contains three parts including the: (1) How to Read The Document section; (2) Summaries showing expenditures and revenues, and inter-fund transfers; and (3) a detailed revenue section.

- Economic Vitality – This section includes the departments of: Agriculture, Convention and Visitors Bureau, Economic Development, Housing and Neighborhood Preservation, and Strategic Growth Area Office. The mission is to develop strategic options and alternatives to create, enhance, and sustain public/private wealth and income in Virginia Beach, consistent with the overall well being and quality of the community.

- Safe Community – This section includes the departments of: Commonwealth's Attorney, Courts and Courts' Support, Emergency Communications and Citizen Services, Emergency Medical Services, Fire, Police, and Sheriff and Corrections. The mission of this business area is to prevent or respond to threats to the safety of persons or property and taking the necessary action(s) to restore the environment.

- Quality Physical Environment – This section includes the departments of: Planning, Public Utilities, and Public Works. The mission of this business area is to create a shared vision of a quality physical environment for the City.

- Cultural and Recreational Opportunities – This section includes the departments of: Museums, Office of Cultural Affairs, and Parks and Recreation. The mission of this business area is to create, nurture and strengthen accessible and sustainable opportunities which are diverse, customer-valued, and provide for the enrichment, refinement, and rejuvenation of the mind, body, and spirit.

- Quality Education and Lifelong Learning – This section includes the departments of: Education and Library. The mission of this business area is to create and continually enhance a cooperative network of lifelong learning, facilitate access to that network, and promote a community focus on the importance of education and continued development of individuals.

- Family and Youth Opportunities – This section includes the departments of: Health and Human Services (the consolidated Department of Mental Health, Social Services, and Comprehensive Services Act). The mission of this business area is to develop, coordinate, and recommend strategic options which foster, through families, the health, economic vitality, safety, and well-being of individuals in the city.

- Quality Organization – This section includes the departments of: City Attorney, City Auditor, City Clerk, City Manager, City Real Estate Assessor, City Treasurer, Commissioner of the Revenue, Communications and Information Technology, Finance, General Registrar, Human Resources, Management Services, Municipal Council, and Non-Departmental (Benefits Administration, Citywide Leases, Employee Special Benefits, Revenue Reimbursements, Community Organization Grants, Independent Financial Services, Regional Participation, and Vehicle Replacements).

- Debt Service – Description, analysis and summaries of the debt service program are included in this section.

- Ordinances – This section contains ordinances that adopt the annual operating budget, sets rates for the property taxes, and miscellaneous amendments to the City Code.

- Appendix – This section contains an overview of the Resource Management Plan, accounting and budgeting basis, various policies and administrative directives, real estate tax rate history, relationships of boards and commissions to departments, as well as a glossary, a description of major City funds, and a list of commonly used acronyms.

On the following three pages is an example of information contained in the seven strategic business area sections of the Operating Budget document including: a performance report, major changes, departmental overview, trends and issues, and a resource summary.

City Auditor - Departmental Performance Report

| City Auditor | | | | | | |
|---|---|---|---|---|---|---|
| The primary mission of the City Auditor is to promote accountability and integrity in City operations by providing quality audit services. | | | | | | |
| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
| **Customer** | | | | | | |
| **Promote Governmental Accountability** | | | | | | |
| Audits Completed within Budgeted Hours | % | 85.0 | 98.0 | | | |
| Recommendations Accepted | % | 90.0 | 90.0 | 90.0 | 90.0 | 90.0 |
| **Provide Audit Services to City Departments, Agencies and Programs** | | | | | | |
| Hours of Direct Audit Services Provided | # | 7,100.0 | 7,300.0 | 7,206.0 | 7,326.0 | 7,326.0 |

This section identifies the key mission statement of the department.

This section identifies the key objectives of the department in meeting its mission. This section identifies the performance of the department toward achieving its objectives and provides an explanation of any changes in performance. Objectives are identified in bold with related performance measures below. The objectives are divided into one of several categories "customer", "financial", "internal process" and "learning and growth".

**Note:**
This City document provides financial and programmatic information for one fiscal year. Financial data is required for the last completed fiscal year and the current budget.

This section describes the major changes in the programs for the department.

**Major Changes**

In total, the City Auditor's budget for FY 2012-13 is $623,735. There have been no major changes to the department. The Office of the City Auditor will continue to provide the same level of service.

**Departmental Overview**

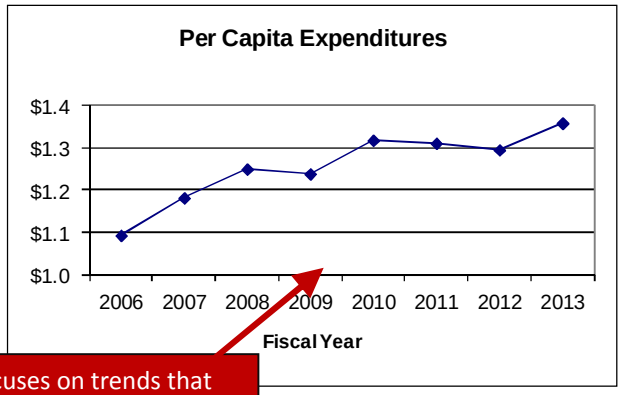
The City Auditor is an independent appraisal function responsible for financial, attestation engagements and performance audits of City programs, functions and activities; conducting investigations, providing techn special projects; and oversight and management of the City's external audit contract.

This section describes the basic programs of the department and how it is financed.

**Trends and Issues**

- The increase in the per capita expenditures beginning in FY 2005-06 illustrates the costs as State mandated fraud hotline and the increased costs for implementing the City's related Integrity Connection Program. These programs have been fully implemented and costs and began leveling off; the increase in FY 2012-13 is due to the increase in retirement, life insurance, and health care benefits, and departmental promotions.

- The Integrity Connection Program has provided an opportunity to promote awareness of the City's organizational values and code of ethics to 4,937 City employees. This program offers employees an opportunity to ask questions about ethical behavior and report possible fraudulent activities. In relation to this program, a State mandated fraud hotline has been established. This hotline provides citizens and employees an additional confidential means to report and ask questions about fraudulent activities. Prior to this program, th annual fraudulent reports to the office were between eight and ten per year; however, since this program was implemen the office has reviewed over 154 allegations.




This section focuses on trends that are affecting funding and results. It will generally include a graph on per capita expenditures and explain any change over the period. This section may also include a graph and explanation on key concerns.

- The City of Virginia Beach is mandated by law external auditor. The City Auditor is responsible for the task of finding an extern this service. Additionally, the City Auditor plays a significant role in the adminis it.

**City Auditor - Departmental Resource Summary**

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Proposed | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| 002 General Fund | | | | |
| Expenditures | | | | |
| City Auditor | 574,241 | 601,776 | 623,735 | 21,959 |
| Total Expenditures | 574,241 | 601,776 | 623,735 | 21,959 |
| General City Support | 574,241 | 601,776 | 623,735 | 21,959 |
| Total Department E | 574,241 | 601,776 | 623,735 | 21,959 |
| Total Department Revenue | 0 | 0 | 0 | 0 |
| Total General City Support | 574,241 | 601,776 | 623,735 | 21,959 |
| **Position Summary by Program** | | | | |
| 002 General Fund | | | | |
| City Auditor | 6.00 | 6.00 | 6.00 | 0.00 |
| Total | 6.00 | 6.00 | 6.00 | 0.00 |
| Total Position Summary | 6.00 | 6.00 | 6.00 | 0.00 |

This section identifies expenditures and revenues by program unit that supports the department's mission.

This section identifies the amount of funding the City's overall revenue streams like real estate and personal property taxes provides the department.

Also identified is the total personnel allocated to the department by program unit.

**Note:**

1. Position counts are expressed in terms of full-time equivalents or FTEs. This is the total number of hours worked divided by the number of hours for a full-time employee. This allows a more accurate count of positions by standardizing various work schedules for part-time employees.
2. Once city Council votes to adopt the Resource Management Plan, changes that affect the department section will be included as a Council Amendment at the end of each department write-up.

# SUMMARIES

# Financial Structure

The City of Virginia Beach's budgetary policies conform to generally accepted accounting principles as applicable to governmental accounting. A summary of the City's financial structure follows.

The accounting system used by the City is organized and operated on a fund basis. A fund is defined as a separate, self-balancing set of accounts which is segregated for the purpose of carrying on specific activities or attaining certain objectives. Each fund is comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The City's resources are accounted for in individual funds based upon the purposes for which they are to be spent and controlled.

There are basically three fund categories used by the City of Virginia Beach: Governmental, Proprietary, and Fiduciary Funds.

## Governmental Funds

Most of the governmental functions of the City are financed in governmental funds. These funds focus on the sources and uses of the City's current expendable financial resources for the purpose of determining financial position. The following are the City's governmental fund types:

General Fund – This is the chief operating fund of the City. General Fund revenues are derived from property and other local taxes, permits, privilege fees, regulatory licenses, fines and forfeitures, use of property fees, charges for services, State and Federal government aids, and transfers from other funds. (See Glossary of Terms for definition of revenue terms).

Special Revenue Funds – These funds are used to account for all resources which are restricted for specific purposes. Examples: Community Development Special Revenue Fund, Grants Consolidated Special Revenue Fund, and Sheriff's Department Special Revenue Fund. Beginning July 1, 2010, this requirement from the Governmental Accounting Standards Board completely changed the reporting requirements for Special Revenue Funds (e.g., Agriculture Reserve Program, Parks and Recreation Special Revenue fund, etc.) making revenues the determining factor in the budgeting of these funds. Under GASB 54, Special Revenue Funds are required to have their own unique source of revenue; transfers can no longer serve as the primary source of revenues, and the actual source of the revenue must be shown.

Capital Projects Funds – Financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds) are accounted for in these funds. Examples: School General Revenue Capital Projects Fund; General Government Capital Projects Fund; Water and Sewer Capital Projects Fund; and Storm Water Capital Projects Fund.

## Proprietary Funds

City activities that function primarily as investor-owned business enterprises are generally set up as proprietary funds. The measurement focus of these funds is to determine their net income, financial position, and changes in financial position. There are two types of proprietary funds used:

Enterprise Funds – The Enterprise funds are used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriated for capital maintenance, public policy, management control, accountability, or other purposes. Examples: Parking Enterprise Fund, and Storm Water Utility Enterprise Fund.

Internal Service Funds – These funds are used for the financing of goods or services provided by one City department or agency to other departments or agencies, or to other governments, on a cost-reimbursement basis. Examples: Print Shop Internal Service Fund, and City Garage Internal Service Fund.

## Fiduciary Funds

Trust and Agency Funds – These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Example: Health Insurance Trust Fund.

# Financial Management

The following policies have been employed by the government to be used as the basis for guiding short- and long-term budget and Capital Improvement Program planning:

## Resource Direction and Guidance

The City's current fiscal condition is excellent. City Council continues to improve that condition, allowing the community to look toward strategic goals from a position of strength. Indicators of our excellent fiscal condition include: a healthy fund balance; an AAA bond rating; and relatively low per capita spending. The Resource Management Plan will continue City Council's basic fiscal policies for fiscal year 2012-13:

- Maintain, to the extent possible, existing services, levels of service, and infrastructure.
- Position the City to withstand local and regional economic disruptions.
- Meet the demands of natural growth, decline, and change.
- Help maintain the City's ability to shape its fiscal and community future.
- Ensure that the citizens understand and support the need for fiscal sustainability and the policies through which it is achieved.
- Maintain a diverse tax structure that provides for quality basic services and minimizes the need for future real estate tax rate increases.
- Maintain the debt policies established by Council and monitor them, making recommended changes as circumstances demand.
- Provide for special services and projects through special dedicated revenue generation (i.e., Tourism Investment Program Fund and Tourism Advertising Program Special Revenue Fund).

## Resource Process

The City uses a modified zero base budget approach centered on programs with supporting performance measures. Additional details about the processes used to develop the City's Operating Budget and Capital Improvement Program are shown in more detail in the Resource Management Process Overview in the Appendix section of this document. During the budget process, departments are provided with an annual funding target based on revenues that are forecasted to be available, guidelines and training for budget and CIP development, and are asked to submit their budget requests that meet the funding targets and also relay additional resources needed to support increasing demand for current services and/or new and/or expanded programs.

Once these budget requests are submitted to the department of Management Services, account clerks audit the budget proposal for mathematical accuracy and consistency with established budgeting guidelines for certain types of costs, such as internal service fund charges. Then, analysts make any adjustments to expenditures or revenues to bring the request in line with funding targets, and review budget requests to determine if the amount of funding requested is appropriate based on the following criteria: Is the request supported by the change in performance measures? Does it further a Council goal? Does it further the City's strategic plan? Is it a State or Federal mandate? Is it supported by other revenue sources? Is it a public safety or health issue? Will it provide savings in the future?

Once budget requests have been thoroughly reviewed by the department of Management Services, a recommendation is forwarded to the Management Leadership Team (i.e., the City Manager and his three Deputy City Managers) and the respective department director. Thereafter, budget hearings are held whereby the requesting agency, Management Services and the MLT discuss the agency's budget request and any unfunded issues requiring further consideration. After all

of the budget hearings are completed, the MLT will meet with the leadership of Management Services to work through the issues and develop a funding strategy. The MLT makes a final decision on what items are included in the budget that is presented to City Council.

The Capital Improvement Program follows a similar process. In place of departmental level budget hearings, the agencies that administer the CIP (e.g. Public Works, Parks and Recreation, Communications and Information Technology, Public Utilities, and Strategic Growth Area Office) present their CIP requests to a CIP Caucus comprised of the MLT, directors of the CIP's managing agencies and team leaders of the remaining Strategic Issue Teams (see Glossary in the Appendix). Requests for additional funding for existing projects or new projects are prioritized by the CIP Caucus and used by the MLT in making the final decisions as to what to include in the CIP that is presented to City Council.

## Operating Budget Policies

- The budget will be balanced on current revenue to expenditure basis.

- Attrition funding will be used to cover overtime expenses, unplanned holidays, and if required due to economic conditions, to provide funding for the following years operating budget through the use of fund balance.

- Unencumbered budget appropriations, except for those for capital projects and grants, will lapse at the close of the fiscal year.

- The appropriation ordinance establishes the legal level of budgetary control. Other levels of budgetary control may be set by the City Manager (see the Appendix section of the Operating Budget for a current copy of this policy).

- The City will seek to provide for adequate maintenance and replacement of capital equipment and facilities over time (see the Appendix section of the Operating Budget for a current copy of this policy).

- The City will seek to maintain a diversified and stable revenue system so that it can mitigate short-term fluctuations in one type or source of revenue and avoid over-dependency on any single source.

- The City will set fees and user charges for each self-supporting enterprise fund (e.g., Water and Sewer and Storm Water) at a level that fully supports the costs of the fund to include operation, maintenance, capital replacement, indirect cost, depreciation, renewals, and debt service. It will also regularly review all fees/charges, including those in the General Fund, and will seek where appropriate, to base fees/charges on costs and/or on the rates charged by the private sector.

- The City shall annually prepare a five-year forecast of revenues and expenditures and its implications for services and policies.

- The City Manager may include in the budget a general fund regular reserve for contingencies of ½ or 1% of the General Fund budget.

## Fund Balance Policies

- The budget will include an estimate of the Unassigned Fund Balance.

- The Unassigned Fund Balance or Net Assets of any fund shall not be used to finance continuing expenditures.

- Following the Government Finance Officers Association recommendation that general-purpose governments maintain unreserved fund balance in their general fund of no less than 5% to 15% of regular general fund operating revenues, the City shall maintain an undesignated fund balance of 8% to 12% of the following year's projected revenues. This level equates to approximately one month of operating expenses. For additional details on fund balance policies, see Summary of Purpose and Fund Balance Policy for Funds in the Operating Budget in the Appendix in this document.

## Capital Improvement Program Policies

- To qualify as a capital project, a project must be a major expenditure for: design and/or construction of fixed works, structures, additions, replacements, major alterations, modernizations, or renovations; or purchase of land and existing structures, including right-of-ways, title searches; replacement, rehabilitation or expansion of communication and information technology infrastructure; acquisition of major pieces of equipment; and similar activities. Other specialized projects may also be considered for the CIP if it is ongoing in nature or requires multi-year funding. The project must have a cost over $50,000 or be of such a significant nature as to prevent its funding through the operating budget.

- The City generally uses bond financing once all other available funding sources have been appropriated. Charter bonds are allocated based on legal limits, and public facility bonds and lease/purchase financing are allocated when projects are considered essential and when the City Manager believes the costs are not prohibitive and that the interest of the government is served.

- A project is eligible for lease/purchase financing if it is considered an essential project or is a non-essential project not requiring referendum funding, and when the City Manager believes that costs are not prohibitive and that the interest of the government is served.

- The City will program at least 25% of the annual capital program for the Water and Sewer system from non-borrowed funds for the financing of capital improvements. The City will seek to increase those amounts where feasible. This policy was exceeded in the FY 2011-12 CIP with the use of $13 million in the $40 million Water and Sewer CIP from Pay-As-You-Go and Fund Balance from the Water and Sewer Utility Fund.

- Any tax rate increases adopted in conjunction with voter-approved bond referendums or by dedicated City Council policy will be structured and used to support all costs associated with the projects, including debt service, and appropriate operating and maintenance costs.

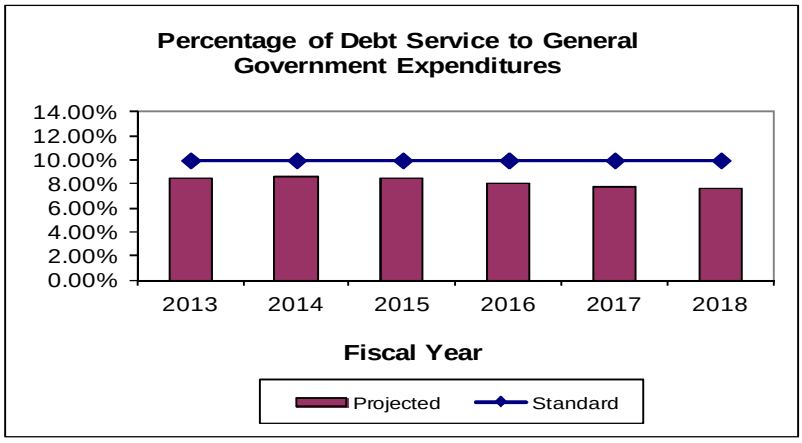
- Project balances that have been closed out in the City's financial system, which are supported by revenues will be reallocated as needed in the Capital Improvement Program.

## Debt Management Policies

- The City issues bonds for capital improvements with a cost in excess of $250,000, or which cannot be financed from current revenues.

- When the City finances capital projects by issuing bonds, it will retire the debt within a period not to exceed the expected-useful life of the projects. The City has not historically issued, and does not anticipate issuing short-term debt in the form of tax or revenue anticipation notes. Rather, the City shall maintain sufficient cash balances. Such short-term debt may be issued where normal cash flow has been disrupted due to natural disaster or unexpected delays in the receipt of Federal or State revenues.

- The FY 2012-13 Capital Improvement Program leaves approximately $77.9 million of projected general obligation bond authorization unused, mainly in the last three years of the six-year program. In order to present the full impact, the calculations in the following graphs show projected debt indicators, which assume full use of the annual bond authorization.

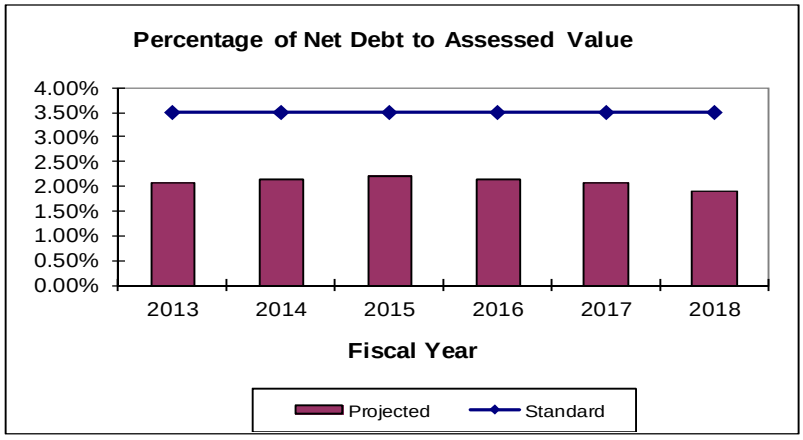



- The threshold of debt service for general government supported debt as a percentage of general government expenditures is 10%.

- Total General Obligation Net Debt will not exceed 3.5% of assessed value.

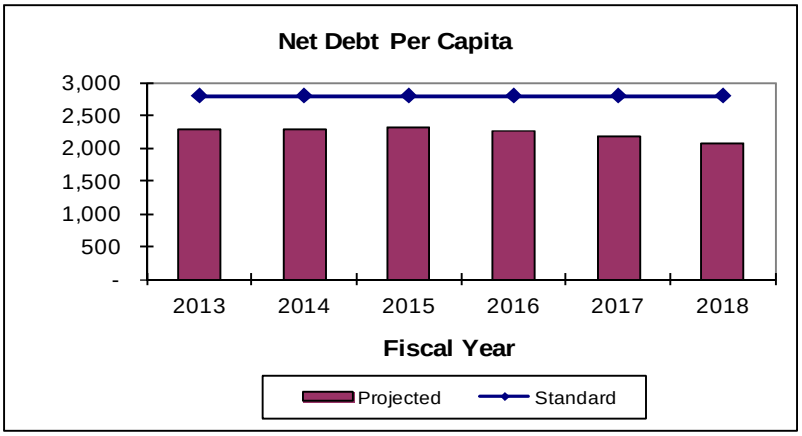
- Where possible, the City will develop, authorize, and issue revenue, special fee, or other self-supporting debt instruments instead of General Obligation Bonds.

- The debt structure of the government will be managed in a manner that results in minimal deviation from the indicators listed in this policy.

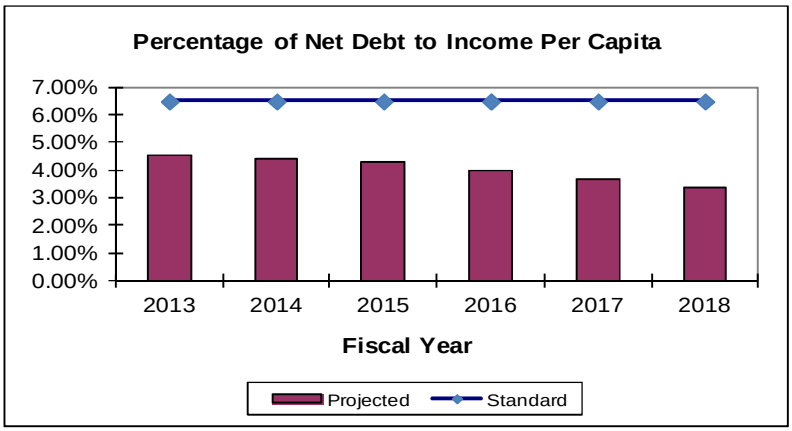



- The City will regularly evaluate its adherence to its debt policies. It will promote effective communications with bond rating agencies and others in the market place based upon full disclosure.

- Total Net Debt per capita will not exceed $2,800 per capita beginning in FY 2011-12. From FY 2004-05 through FY 2011-12, the net debt per capita standard was $2,400. A backlog of needed capital projects exist as well as focusing on needed projects in the Strategic Growth Areas of the City. Given the City's historical record of prudent financial management, this level of debt can be supported without negatively impacting the City's bond rating. It is further important to note that the City's population growth has unexpectedly slowed considerably since the initial policy decision was made to issue this debt. This affects the calculation in that debt is spread over a smaller than anticipated population. As noted in the graph, if debt associated with the Convention Center, Theater, and Open Space Program are excluded, the City would barely exceed its old, very conservative threshold.



- Also, Net Debt to Income Per Capita should not exceed 6.5%, and is comfortably below this threshold for each year.



# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **002 General Fund** | | | |
| **Appropriation Units:** | | | |
| Agriculture | 727,053 | 794,155 | 757,224 |
| Benefits Administration | 662,283 | 662,283 | 662,283 |
| Board of Equalization | 9,354 | 15,808 | 15,846 |
| Circuit Court | 976,766 | 999,202 | 1,034,008 |
| City Attorney | 3,577,826 | 3,670,409 | 3,819,468 |
| City Auditor | 574,241 | 601,776 | 623,735 |
| City Clerk | 587,781 | 561,355 | 576,749 |
| City Manager | 2,481,839 | 2,630,334 | 2,658,037 |
| City Real Estate Assessor | 2,770,166 | 2,984,324 | 3,175,280 |
| City Treasurer | 4,756,509 | 5,069,587 | 5,111,193 |
| Clerk of the Circuit Court | 2,748,414 | 3,076,577 | 3,041,507 |
| Commissioner of the Revenue | 3,668,500 | 3,947,309 | 4,035,389 |
| Commonwealth's Attorney | 6,862,036 | 7,122,755 | 7,491,148 |
| Communications and Information Technology | 19,290,942 | 22,543,681 | 22,842,774 |
| Community Organization Grants | 393,257 | 439,308 | 426,343 |
| Convention and Visitor Bureau | 8,276,087 | 8,720,917 | 8,839,297 |
| Cultural Affairs | 2,408,585 | 2,398,597 | 2,358,924 |
| Debt Service | 44,609,831 | 44,862,754 | 48,083,117 |
| Director of Finance | 4,599,474 | 4,762,402 | 4,939,761 |
| Economic Development | 2,155,423 | 2,239,163 | 2,561,326 |
| Emergency Communications and Citizen Services | 8,317,591 | 10,363,077 | 10,453,477 |
| Emergency Medical Services | 6,855,562 | 7,268,031 | 7,726,688 |
| Employee Special Benefits | 3,826,486 | 5,040,436 | 5,266,655 |
| Fire | 41,002,298 | 42,723,314 | 44,588,074 |
| General District Court | 360,086 | 365,424 | 359,618 |
| General Registrar | 1,036,814 | 1,127,977 | 1,378,340 |
| Health | 2,934,899 | 2,868,109 | 2,991,428 |
| Housing and Neighborhood Preservation | 1,679,919 | 1,637,461 | 1,680,366 |
| Human Resources | 3,745,573 | 4,270,234 | 4,291,809 |
| Human Services | 104,501,392 | 109,584,987 | 106,030,865 |
| Independent Financial Services | 117,682 | 153,878 | 153,878 |
| Juvenile and Domestic Relations District Court | 149,704 | 140,243 | 137,438 |
| Juvenile Probation | 1,935,487 | 1,796,775 | 1,781,767 |
| Leases | 1,604,481 | 1,630,484 | 1,673,225 |
| Library | 14,948,459 | 15,550,783 | 17,392,209 |
| Magistrates | 96,837 | 94,864 | 95,514 |
| Management Services | 1,484,154 | 1,506,753 | 1,514,382 |
| Mass Transit Operations | 3,222,909 | 3,519,145 | 4,472,679 |
| Municipal Council | 516,811 | 542,671 | 545,118 |
| Museums | 8,783,734 | 9,582,098 | 10,039,310 |
| Outstanding Encumbrances | 7,996,558 | 0 | 0 |
| Parks and Recreation | 12,094,615 | 12,561,045 | 13,233,825 |
| Planning | 9,351,001 | 9,500,391 | 9,969,591 |
| Police | 84,371,388 | 88,550,191 | 92,000,136 |
| Public Works | 59,529,281 | 62,939,235 | 63,639,425 |
| Regional Participation | 1,997,669 | 1,933,213 | 1,993,213 |
| Reserve for Contingencies | 0 | 3,426,977 | 2,927,122 |
| Revenue Reimbursements | 15,473,208 | 15,741,537 | 15,957,439 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **002 General Fund** | | | |
| **Appropriation Units:** | | | |
| Strategic Growth Area | 1,131,026 | 926,865 | 952,992 |
| Transfer to Other Funds | 430,568,419 | 409,922,618 | 439,453,041 |
| Vehicle Replacements | 4,739,061 | 4,111,914 | 5,111,914 |
| Fund 002 Appropriation Totals | 946,509,471 | 947,483,426 | 990,864,947 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Automobile License | 9,017,872 | 9,275,877 | 9,627,435 |
| Business License | 41,092,975 | 41,342,542 | 42,423,932 |
| Charges for Services | 33,399,822 | 33,149,382 | 34,175,279 |
| Cigarette Tax | 11,135,553 | 10,872,856 | 11,218,625 |
| Fines and Forfeitures | 6,652,683 | 5,900,060 | 6,043,373 |
| From the Use of Money and Property | 4,585,709 | 5,117,130 | 5,095,499 |
| General Sales Tax | 51,743,905 | 52,958,340 | 54,098,252 |
| Hotel Room Tax | 5,540,304 | 5,514,670 | 5,622,146 |
| Miscellaneous Revenue | 6,458,904 | 6,301,765 | 6,062,974 |
| Other Taxes | 15,720,969 | 14,677,555 | 16,690,556 |
| Permits, Privilege Fees, and Regulatory Licenses | 3,670,662 | 3,807,700 | 4,476,243 |
| Personal Property | 118,736,185 | 123,689,318 | 132,412,895 |
| Real Estate | 443,713,831 | 421,768,846 | 438,975,636 |
| Restaurant Meal Tax | 32,273,758 | 32,933,261 | 35,146,135 |
| Utility Tax | 46,129,301 | 45,661,307 | 44,979,473 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 87,008,943 | 89,854,567 | 91,966,749 |
| Revenue from the Federal Government | 22,400,097 | 21,663,376 | 16,730,201 |
| Specific Fund Reserves | 0 | 6,236,739 | 21,087,917 |
| Transfers from Other Funds | 25,421,392 | 16,758,135 | 14,031,627 |
| Fund 002 Revenue Totals | 964,702,865 | 947,483,426 | 990,864,947 |
| **098 School Reserve Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Transfer to Other Funds | 13,000,000 | 13,300,000 | 11,000,000 |
| Fund 098 Appropriation Totals | 13,000,000 | 13,300,000 | 11,000,000 |
| **Revenue Sources:** | | | |
| Specific Fund Reserves | 0 | 13,300,000 | 11,000,000 |
| Transfers from Other Funds | 11,248,211 | 0 | 0 |
| Fund 098 Revenue Totals | 11,248,211 | 13,300,000 | 11,000,000 |
| **106 School Technology Category Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Technology | 35,458,721 | 23,321,181 | 26,881,028 |
| Fund 106 Appropriation Totals | 35,458,721 | 23,321,181 | 26,881,028 |
| **Revenue Sources:** | | | |
| Transfers from Other Funds | 23,096,262 | 23,321,181 | 26,881,028 |
| Fund 106 Revenue Totals | 23,096,262 | 23,321,181 | 26,881,028 |

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **107 School Equipment Replacement Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Reserve for Contingencies | 157,984 | 0 | 902,602 |
| Fund 107 Appropriation Totals | 157,984 | 0 | 902,602 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 6,928 | 0 | 0 |
| Specific Fund Reserves | 0 | 0 | 902,602 |
| Fund 107 Revenue Totals | 6,928 | 0 | 902,602 |
| **108 School Instructional Technology Fund** | | | |
| **Appropriation Units:** | | | |
| Instructional Technology | 3,787,354 | 8,125,463 | 0 |
| Transfer to Other Funds | 0 | 3,793,767 | 0 |
| Fund 108 Appropriation Totals | 3,787,354 | 11,919,230 | 0 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 232,448 | 0 | 0 |
| Specific Fund Reserves | 0 | 11,919,230 | 0 |
| Fund 108 Revenue Totals | 232,448 | 11,919,230 | 0 |
| **109 School Vending Operations Fund** | | | |
| **Appropriation Units:** | | | |
| Athletic | 316,489 | 327,011 | 329,561 |
| Fund 109 Appropriation Totals | 316,489 | 327,011 | 329,561 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 1,621 | 10,000 | 0 |
| Miscellaneous Revenue | 231,643 | 180,000 | 192,550 |
| Specific Fund Reserves | 0 | 137,011 | 137,011 |
| Fund 109 Revenue Totals | 233,264 | 327,011 | 329,561 |
| **112 School Communication Tower Technology Fund** | | | |
| **Appropriation Units:** | | | |
| Instructional Technology | 193,664 | 585,000 | 600,000 |
| Fund 112 Appropriation Totals | 193,664 | 585,000 | 600,000 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 442,189 | 260,000 | 260,000 |
| Specific Fund Reserves | 0 | 325,000 | 340,000 |
| Fund 112 Revenue Totals | 442,189 | 585,000 | 600,000 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **114 School Cafeteria Fund** | | | |
| **Appropriation Units:** | | | |
| Cafeteria | 25,904,161 | 27,696,532 | 28,343,127 |
| Fund 114 Appropriation Totals | 25,904,161 | 27,696,532 | 28,343,127 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 13,145,182 | 14,240,472 | 14,030,889 |
| From the Use of Money and Property | 8,386 | 36,000 | 8,091 |
| Miscellaneous Revenue | 131,232 | 140,000 | 130,000 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 486,856 | 330,000 | 485,000 |
| Revenue from the Federal Government | 13,194,628 | 12,596,628 | 13,361,841 |
| Specific Fund Reserves | 0 | 353,432 | 327,306 |
| Fund 114 Revenue Totals | 26,966,284 | 27,696,532 | 28,343,127 |
| **115 School Operating Fund** | | | |
| **Appropriation Units:** | | | |
| Administration, Attendance, and Health | 18,279,084 | 21,588,883 | 21,325,235 |
| City Manager Adjustment | 0 | 0 | 0 |
| Debt Service | 0 | 44,812,083 | 44,747,986 |
| Instruction | 485,196,877 | 499,401,832 | 519,982,919 |
| Operations and Maintenance | 86,228,342 | 85,545,718 | 86,274,376 |
| Pupil Transportation | 33,859,385 | 29,596,527 | 29,800,231 |
| Fund 115 Appropriation Totals | 623,563,688 | 680,945,043 | 702,130,747 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 2,431,356 | 2,159,938 | 2,183,837 |
| From the Use of Money and Property | 702,350 | 465,000 | 465,000 |
| Miscellaneous Revenue | 1,058,452 | 657,000 | 657,000 |
| Schools Risk Management Fund | 0 | 5,500,000 | 0 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 238,607,646 | 235,353,367 | 241,055,084 |
| State Shared Sales Tax | 70,058,126 | 72,311,348 | 69,064,589 |
| Revenue from the Federal Government | 15,493,976 | 16,636,723 | 17,141,085 |
| Transfers from Other Funds | 349,070,830 | 347,861,667 | 371,564,152 |
| Fund 115 Revenue Totals | 677,422,736 | 680,945,043 | 702,130,747 |
| **116 School Grants Fund** | | | |
| **Appropriation Units:** | | | |
| Grants | 52,164,645 | 96,887,512 | 68,401,312 |
| Fund 116 Appropriation Totals | 52,164,645 | 96,887,512 | 68,401,312 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Miscellaneous Revenue | 2,920,140 | 2,970,691 | 3,202,852 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 5,809,697 | 15,158,419 | 15,373,206 |
| Revenue from the Federal Government | 43,097,413 | 78,758,402 | 49,825,254 |
| Fund 116 Revenue Totals | 51,827,250 | 96,887,512 | 68,401,312 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| **117 School Textbook Fund** | | | | |
| **Appropriation Units:** | | | | |
| Textbook | | 2,485,368 | 10,271,771 | 15,117,601 |
| | Fund 117 Appropriation Totals | 2,485,368 | 10,271,771 | 15,117,601 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 93 | 0 | 0 |
| From the Use of Money and Property | | 83,042 | 100,000 | 100,000 |
| Miscellaneous Revenue | | 95,213 | 10,000 | 10,000 |
| Revenue from the Commonwealth | | | | |
| Other Sources from the Commonwealth | | 2,160,229 | 1,671,771 | 3,790,074 |
| Specific Fund Reserves | | 0 | 8,490,000 | 11,217,527 |
| | Fund 117 Revenue Totals | 2,338,577 | 10,271,771 | 15,117,601 |
| **119 School Athletic Special Revenue Fund** | | | | |
| **Appropriation Units:** | | | | |
| Athletic | | 4,642,587 | 4,941,085 | 4,810,642 |
| | Fund 119 Appropriation Totals | 4,642,587 | 4,941,085 | 4,810,642 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 526,184 | 494,000 | 489,000 |
| From the Use of Money and Property | | 11,327 | 45,000 | 45,000 |
| Miscellaneous Revenue | | 4,197,085 | 4,202,085 | 4,066,642 |
| Specific Fund Reserves | | 0 | 200,000 | 210,000 |
| | Fund 119 Revenue Totals | 4,734,596 | 4,941,085 | 4,810,642 |
| **130 Law Library Fund** | | | | |
| **Appropriation Units:** | | | | |
| Library | | 230,848 | 218,212 | 224,869 |
| Outstanding Encumbrances | | 486 | 0 | 0 |
| Reserve for Contingencies | | 0 | 2,336 | 2,329 |
| Transfer to Other Funds | | 57,252 | 57,252 | 57,252 |
| | Fund 130 Appropriation Totals | 288,586 | 277,800 | 284,450 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 325,071 | 270,000 | 270,000 |
| From the Use of Money and Property | | 4,534 | 7,800 | 4,450 |
| Miscellaneous Revenue | | 35 | 0 | 0 |
| Specific Fund Reserves | | 0 | 0 | 10,000 |
| | Fund 130 Revenue Totals | 329,640 | 277,800 | 284,450 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **142 DEA Seized Property Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Commonwealth's Attorney | 55,876 | 200,000 | 200,000 |
| Outstanding Encumbrances | 47,229 | 0 | 0 |
| Police | 81,913 | 0 | 0 |
| Fund 142 Appropriation Totals | 185,018 | 200,000 | 200,000 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 9,573 | 0 | 0 |
| Miscellaneous Revenue | 4,286 | 0 | 0 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 591,051 | 0 | 0 |
| Revenue from the Federal Government | 419,157 | 0 | 0 |
| Specific Fund Reserves | 0 | 200,000 | 200,000 |
| Fund 142 Revenue Totals | 1,024,067 | 200,000 | 200,000 |
| **144 Waste Management Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Public Works | 41,591,264 | 44,958,292 | 41,455,404 |
| Fund 144 Appropriation Totals | 41,591,264 | 44,958,292 | 41,455,404 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 14,802,610 | 21,994,950 | 26,345,070 |
| From the Use of Money and Property | 124,177 | 150,000 | 125,000 |
| Miscellaneous Revenue | 65,189 | 0 | 0 |
| Permits, Privilege Fees, and Regulatory Licenses | 181,186 | 200,000 | 175,000 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 0 | 44,000 | 35,390 |
| Transfers from Other Funds | 26,418,102 | 22,569,342 | 14,774,944 |
| Fund 144 Revenue Totals | 41,591,264 | 44,958,292 | 41,455,404 |
| **147 Federal Section 8 Program Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Housing and Neighborhood Preservation | 16,275,179 | 17,258,061 | 17,474,801 |
| Outstanding Encumbrances | 2,026 | 0 | 0 |
| Fund 147 Appropriation Totals | 16,277,205 | 17,258,061 | 17,474,801 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 10,874 | 15,000 | 20,733 |
| From the Use of Money and Property | 5,433 | 10,165 | 0 |
| Miscellaneous Revenue | 36,294 | 30,000 | 32,000 |
| Revenue from the Federal Government | 15,696,146 | 16,764,426 | 16,986,704 |
| Specific Fund Reserves | 0 | 331,953 | 192,591 |
| Transfers from Other Funds | 81,001 | 106,517 | 242,773 |
| Fund 147 Revenue Totals | 15,829,748 | 17,258,061 | 17,474,801 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **149 Sheriff's Department Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Outstanding Encumbrances | 251,624 | 0 | 0 |
| Sheriff and Corrections | 34,823,166 | 36,570,384 | 38,935,820 |
| Transfer to Other Funds | 24,551 | 146,147 | 24,551 |
| Fund 149 Appropriation Totals | 35,099,341 | 36,716,531 | 38,960,371 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 3,695,340 | 3,688,127 | 4,422,511 |
| From the Use of Money and Property | 18,355 | 17,500 | 17,500 |
| Miscellaneous Revenue | 31,353 | 10,000 | 10,000 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 17,532,842 | 17,607,506 | 17,359,747 |
| Revenue from the Federal Government | 659,756 | 901,155 | 1,149,750 |
| Specific Fund Reserves | 0 | 2,033,705 | 1,255,833 |
| Transfers from Other Funds | 11,822,545 | 12,458,538 | 14,745,030 |
| Fund 149 Revenue Totals | 33,760,191 | 36,716,531 | 38,960,371 |
| **151 Parks and Recreation Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Debt Service | 0 | 563,591 | 1,889,313 |
| Future C.I.P. Commitments | 0 | 4,531,592 | 1,597,465 |
| Outstanding Encumbrances | 241,286 | 0 | 0 |
| Parks and Recreation | 25,586,582 | 26,345,961 | 28,364,155 |
| Public Works | 2,321,722 | 2,413,510 | 2,772,645 |
| Transfer to Other Funds | 304,355 | 361,281 | 2,573,615 |
| Fund 151 Appropriation Totals | 28,453,945 | 34,215,935 | 37,197,193 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 12,768,701 | 11,997,001 | 12,938,096 |
| From the Use of Money and Property | 1,322,012 | 1,415,656 | 1,477,888 |
| Miscellaneous Revenue | 15,469 | 3,000 | 2,500 |
| Permits, Privilege Fees, and Regulatory Licenses | 2,349 | 0 | 700 |
| Real Estate | 12,227,077 | 17,216,969 | 16,749,009 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 55,912 | 11,000 | 26,000 |
| Revenue from the Federal Government | 996 | 0 | 0 |
| Specific Fund Reserves | 0 | 0 | 526,082 |
| Transfers from Other Funds | 3,244,604 | 3,572,309 | 5,476,918 |
| Fund 151 Revenue Totals | 29,637,120 | 34,215,935 | 37,197,193 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **152 Tourism Investment Program Fund** | | | |
| **Appropriation Units:** | | | |
| Convention and Visitor Bureau | 85,724 | 100,000 | 100,000 |
| Cultural Affairs | 50,500 | 50,500 | 50,500 |
| Debt Service | 25,437,364 | 25,897,074 | 26,252,872 |
| Mass Transit Operations | 590,000 | 590,000 | 590,000 |
| Outstanding Encumbrances | 23,236 | 0 | 0 |
| Parks and Recreation | 26,498 | 273,780 | 275,485 |
| Public Works | 774,833 | 885,572 | 915,684 |
| Reserve for Contingencies | 0 | 317,827 | 0 |
| Strategic Growth Area | 3,064,965 | 3,495,585 | 3,522,454 |
| Transfer to Other Funds | 3,083,593 | 4,030,115 | 4,326,391 |
| Fund 152 Appropriation Totals | 33,136,713 | 35,640,453 | 36,033,386 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Amusement Tax | 5,314,873 | 5,579,451 | 5,800,563 |
| Charges for Services | 8,644 | 0 | 0 |
| Cigarette Tax | 927,963 | 906,071 | 934,885 |
| Fines and Forfeitures | 802,052 | 972,755 | 776,000 |
| From the Use of Money and Property | 587,626 | 691,792 | 593,277 |
| Hotel Room Tax | 13,754,975 | 14,065,132 | 14,333,141 |
| Permits, Privilege Fees, and Regulatory Licenses | 127,310 | 72,091 | 90,000 |
| Restaurant Meal Tax | 9,709,824 | 9,974,074 | 10,604,887 |
| Specific Fund Reserves | 0 | 0 | 2,650,633 |
| Transfers from Other Funds | 250,000 | 3,379,087 | 250,000 |
| Fund 152 Revenue Totals | 31,483,267 | 35,640,453 | 36,033,386 |
| **157 Sandbridge Special Service District Spec Rev Fd** | | | |
| **Appropriation Units:** | | | |
| Transfer to Other Funds | 4,570,000 | 5,414,361 | 4,804,405 |
| Fund 157 Appropriation Totals | 4,570,000 | 5,414,361 | 4,804,405 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 14,299 | 20,000 | 7,100 |
| Hotel Room Tax | 1,213,583 | 986,090 | 1,306,790 |
| Real Estate | 652,582 | 614,599 | 581,621 |
| Specific Fund Reserves | 0 | 1,934,567 | 631,522 |
| Transfers from Other Funds | 2,028,722 | 1,859,105 | 2,277,372 |
| Fund 157 Revenue Totals | 3,909,186 | 5,414,361 | 4,804,405 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **161 Agriculture Reserve Program Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Agriculture | 148,053 | 159,994 | 215,950 |
| Debt Service | 3,919,525 | 3,296,134 | 3,643,024 |
| Reserve for Contingencies | 0 | 0 | 477,652 |
| Transfer to Other Funds | 4,000,000 | 2,600,000 | 0 |
| Fund 161 Appropriation Totals | 8,067,578 | 6,056,128 | 4,336,626 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Real Estate | 0 | 4,459,324 | 4,336,626 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 210,580 | 0 | 0 |
| Specific Fund Reserves | 0 | 1,595,132 | 0 |
| Transfers from Other Funds | 4,383,730 | 1,672 | 0 |
| Fund 161 Revenue Totals | 4,594,310 | 6,056,128 | 4,336,626 |
| **163 Tourism Advertising Program Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Convention and Visitor Bureau | 9,072,722 | 10,385,302 | 10,084,811 |
| Outstanding Encumbrances | 6,758 | 0 | 0 |
| Transfer to Other Funds | 56,838 | 56,838 | 56,838 |
| Fund 163 Appropriation Totals | 9,136,318 | 10,442,140 | 10,141,649 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 170,434 | 100,950 | 201,970 |
| From the Use of Money and Property | 43,140 | 48,442 | 42,730 |
| Hotel Room Tax | 4,790,673 | 4,986,076 | 4,846,444 |
| Miscellaneous Revenue | 43,591 | 40,000 | 48,200 |
| Restaurant Meal Tax | 4,580,106 | 4,704,752 | 5,002,305 |
| Specific Fund Reserves | 0 | 550,000 | 0 |
| Transfers from Other Funds | 0 | 11,920 | 0 |
| Fund 163 Revenue Totals | 9,627,944 | 10,442,140 | 10,141,649 |
| **165 Lynnhaven Mall Tax Increment Financing Fund** | | | |
| **Appropriation Units:** | | | |
| Tax Increment Financing | 1,043,194 | 2,100,000 | 0 |
| Fund 165 Appropriation Totals | 1,043,194 | 2,100,000 | 0 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 4,706 | 0 | 0 |
| Real Estate | 1,759,442 | 1,807,709 | 0 |
| Specific Fund Reserves | 0 | 292,291 | 0 |
| Fund 165 Revenue Totals | 1,764,148 | 2,100,000 | 0 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **166 Sandbridge Tax Increment Financing Fund** | | | |
| **Appropriation Units:** | | | |
| Future C.I.P. Commitments | 0 | 8,000,000 | 7,113,616 |
| Transfer to Other Funds | 8,000,000 | 281,671 | 0 |
| Fund 166 Appropriation Totals | 8,000,000 | 8,281,671 | 7,113,616 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 41,896 | 48,510 | 15,300 |
| Real Estate | 7,845,752 | 7,445,845 | 7,098,316 |
| Specific Fund Reserves | 0 | 787,316 | 0 |
| Fund 166 Revenue Totals | 7,887,648 | 8,281,671 | 7,113,616 |
| **169 Central Business District-South TIF (Twn Cntr) Fd** | | | |
| **Appropriation Units:** | | | |
| Debt Service | 5,369,321 | 5,566,817 | 5,588,312 |
| Future C.I.P. Commitments | 0 | 511,788 | 0 |
| Transfer to Other Funds | 150,000 | 150,000 | 150,000 |
| Fund 169 Appropriation Totals | 5,519,321 | 6,228,605 | 5,738,312 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 3,522 | 15,000 | 3,000 |
| Hotel Room Tax | 0 | 500,000 | 500,000 |
| Real Estate | 5,299,472 | 5,241,159 | 4,976,213 |
| Specific Fund Reserves | 0 | 472,446 | 259,099 |
| Transfers from Other Funds | 500,000 | 0 | 0 |
| Fund 169 Revenue Totals | 5,802,994 | 6,228,605 | 5,738,312 |
| **172 Open Space Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Debt Service | 2,444,749 | 2,456,342 | 2,433,043 |
| Outstanding Encumbrances | 404 | 0 | 0 |
| Parks and Recreation | 470,567 | 474,559 | 490,838 |
| Public Works | 0 | 15,300 | 15,300 |
| Transfer to Other Funds | 2,340,000 | 2,340,000 | 2,026,724 |
| Fund 172 Appropriation Totals | 5,255,720 | 5,286,201 | 4,965,905 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 11,804 | 47,090 | 14,560 |
| Restaurant Meal Tax | 4,030,493 | 4,140,181 | 4,402,029 |
| Specific Fund Reserves | 0 | 1,087,857 | 549,316 |
| Transfers from Other Funds | 0 | 11,073 | 0 |
| Fund 172 Revenue Totals | 4,042,297 | 5,286,201 | 4,965,905 |
| **173 Major Projects Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Transfer to Other Funds | 1,323,077 | 3,129,087 | 0 |
| Fund 173 Appropriation Totals | 1,323,077 | 3,129,087 | 0 |
| **Revenue Sources:** | | | |
| Specific Fund Reserves | 0 | 3,129,087 | 0 |
| Fund 173 Revenue Totals | 0 | 3,129,087 | 0 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **174 Town Center Special Service District** | | | |
| **Appropriation Units:** | | | |
| Parks and Recreation | 31,564 | 53,000 | 29,367 |
| Public Works | 0 | 0 | 0 |
| Town Center Special Tax District | 1,219,257 | 1,685,576 | 1,580,361 |
| Transfer to Other Funds | 0 | 313,564 | 337,197 |
| Fund 174 Appropriation Totals | 1,250,821 | 2,052,140 | 1,946,925 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 4,199 | 5,475 | 2,600 |
| Real Estate | 1,726,154 | 1,689,868 | 1,476,231 |
| Specific Fund Reserves | 0 | 206,797 | 318,094 |
| Transfers from Other Funds | 150,000 | 150,000 | 150,000 |
| Fund 174 Revenue Totals | 1,880,353 | 2,052,140 | 1,946,925 |
| **180 Community Development Special Revenue Fund** | | | |
| **Appropriation Units:** | | | |
| Housing and Neighborhood Preservation | 2,389,771 | 2,233,914 | 2,058,899 |
| Transfer to Other Funds | 128,858 | 128,858 | 128,858 |
| Fund 180 Appropriation Totals | 2,518,629 | 2,362,772 | 2,187,757 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 48,000 | 70,000 | 70,000 |
| Miscellaneous Revenue | 3,115 | 0 | 0 |
| Revenue from the Federal Government | 1,702,699 | 1,578,634 | 1,405,417 |
| Transfers from Other Funds | 619,325 | 714,138 | 712,340 |
| Fund 180 Revenue Totals | 2,373,139 | 2,362,772 | 2,187,757 |
| **181 CD Loan and Grant Fund** | | | |
| **Appropriation Units:** | | | |
| Debt Service | 0 | 186,418 | 0 |
| Housing and Neighborhood Preservation | 66,037 | 555,506 | 595,488 |
| Transfer to Other Funds | 130,000 | 0 | 0 |
| Fund 181 Appropriation Totals | 196,037 | 741,924 | 595,488 |
| **Revenue Sources:** | | | |
| Non-Revenue Receipts | 51,034 | 125,000 | 100,000 |
| Revenue From Local Sources | | | |
| From the Use of Money and Property | 4,487 | 0 | 0 |
| Miscellaneous Revenue | 24,785 | 0 | 0 |
| Revenue from the Federal Government | -14,268 | 616,924 | 370,488 |
| Transfers from Other Funds | 0 | 0 | 125,000 |
| Fund 181 Revenue Totals | 66,038 | 741,924 | 595,488 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| **182 Federal Housing Assistance Grant Fund** | | | | |
| **Appropriation Units:** | | | | |
| Housing and Neighborhood Preservation | | 178,238 | 1,478,998 | 899,400 |
| | Fund 182 Appropriation Totals | 178,238 | 1,478,998 | 899,400 |
| **Revenue Sources:** | | | | |
| Non-Revenue Receipts | | 57,748 | 125,000 | 70,000 |
| Revenue From Local Sources | | | | |
| Charges for Services | | 225 | 0 | 0 |
| From the Use of Money and Property | | 9,841 | 0 | 0 |
| Miscellaneous Revenue | | 4,677 | 0 | 0 |
| Revenue from the Federal Government | | 276,549 | 1,350,257 | 829,400 |
| Transfers from Other Funds | | 0 | 3,741 | 0 |
| | Fund 182 Revenue Totals | 349,040 | 1,478,998 | 899,400 |
| **183 Grants Consolidated Fund** | | | | |
| **Appropriation Units:** | | | | |
| Commonwealth's Attorney | | 308,296 | 321,067 | 333,680 |
| Emergency Medical Services | | 84,294 | 375,000 | 375,000 |
| Fire | | 54,995 | 760,595 | 757,260 |
| Housing and Neighborhood Preservation | | 930,258 | 1,201,146 | 1,281,227 |
| Human Services | | 2,097,856 | 2,295,242 | 1,677,882 |
| Police | | 35,918 | 72,765 | 75,866 |
| Public Works | | 0 | 15,000 | 15,000 |
| Reserve for Contingencies | | 0 | 100,000 | 100,000 |
| Transfer to Other Funds | | 401,176 | 400,000 | 400,000 |
| | Fund 183 Appropriation Totals | 3,912,793 | 5,540,815 | 5,015,915 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 18,293 | 35,000 | 39,735 |
| Revenue from the Commonwealth | | | | |
| Other Sources from the Commonwealth | | 2,945,617 | 2,953,917 | 2,953,917 |
| Revenue from the Federal Government | | 1,366,411 | 2,095,863 | 1,498,154 |
| Transfers from Other Funds | | 424,083 | 456,035 | 524,109 |
| | Fund 183 Revenue Totals | 4,754,404 | 5,540,815 | 5,015,915 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **241 Water and Sewer Fund** | | | |
| **Appropriation Units:** | | | |
| Debt Service | 8,172,608 | 17,763,841 | 20,050,544 |
| Outstanding Encumbrances | 752,849 | 0 | 0 |
| Public Utilities | 69,669,228 | 76,211,021 | 75,674,801 |
| Reserve for Contingencies | 0 | 1,309,761 | 1,072,393 |
| Transfer to Other Funds | 14,603,623 | 17,943,400 | 18,249,158 |
| Fund 241 Appropriation Totals | 93,198,308 | 113,228,023 | 115,046,896 |
| **Revenue Sources:** | | | |
| Non-Revenue Receipts | 4,290,114 | 2,756,130 | 2,665,095 |
| Revenue From Local Sources | | | |
| Charges for Services | 99,124,841 | 105,220,346 | 108,727,428 |
| From the Use of Money and Property | 642,758 | 941,491 | 559,447 |
| Miscellaneous Revenue | 1,005,103 | 308,619 | 330,218 |
| Revenue from the Federal Government | 0 | 0 | 1,017,733 |
| Specific Fund Reserves | 0 | 3,361,943 | 1,088,296 |
| Transfers from Other Funds | 264,233 | 639,494 | 658,679 |
| Fund 241 Revenue Totals | 105,327,049 | 113,228,023 | 115,046,896 |
| **253 Parking Enterprise Fund** | | | |
| **Appropriation Units:** | | | |
| Debt Service | 690,992 | 725,012 | 725,012 |
| Outstanding Encumbrances | 153,742 | 0 | 0 |
| Reserve for Contingencies | 0 | 545,503 | 282,477 |
| Strategic Growth Area | 1,301,458 | 1,617,346 | 1,631,798 |
| Transfer to Other Funds | 272,099 | 415,130 | 433,428 |
| Fund 253 Appropriation Totals | 2,418,291 | 3,302,991 | 3,072,715 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 3,200,540 | 3,126,000 | 3,050,215 |
| From the Use of Money and Property | 24,232 | 67,000 | 22,500 |
| Transfers from Other Funds | 219,983 | 109,991 | 0 |
| Fund 253 Revenue Totals | 3,444,755 | 3,302,991 | 3,072,715 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **255 Storm Water Utility Enterprise Fund** | | | |
| **Appropriation Units:** | | | |
| Debt Service | 1,770,522 | 2,484,430 | 2,359,776 |
| Outstanding Encumbrances | 874,496 | 0 | 0 |
| Public Works | 10,273,811 | 14,954,511 | 16,183,127 |
| Reserve for Contingencies | 0 | 73,985 | 220,000 |
| Transfer to Other Funds | 10,047,870 | 12,359,097 | 15,764,934 |
| Fund 255 Appropriation Totals | 22,966,699 | 29,872,023 | 34,527,837 |
| **Revenue Sources:** | | | |
| Non-Revenue Receipts | 7,606,882 | 0 | 0 |
| Revenue From Local Sources | | | |
| Charges for Services | 21,134,583 | 27,695,768 | 32,278,283 |
| From the Use of Money and Property | 107,270 | 285,000 | 125,000 |
| Miscellaneous Revenue | 194,608 | 0 | 0 |
| Permits, Privilege Fees, and Regulatory Licenses | 51 | 0 | 0 |
| Revenue from the Commonwealth | | | |
| Other Sources from the Commonwealth | 2,656,916 | 0 | 0 |
| Revenue from the Federal Government | 0 | 0 | 288,259 |
| Transfers from Other Funds | 72,258 | 1,891,255 | 1,836,295 |
| Fund 255 Revenue Totals | 31,772,568 | 29,872,023 | 34,527,837 |
| **310 Old Donation Creek Area Dredging SSD** | | | |
| **Appropriation Units:** | | | |
| Transfer to Other Funds | 0 | 51,489 | 68,652 |
| Fund 310 Appropriation Totals | 0 | 51,489 | 68,652 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Real Estate | 0 | 51,489 | 68,652 |
| Fund 310 Revenue Totals | 0 | 51,489 | 68,652 |
| **311 Bayville Creek Neighborhood Dredging SSD Fund** | | | |
| **Appropriation Units:** | | | |
| Transfer to Other Funds | 0 | 0 | 50,508 |
| Fund 311 Appropriation Totals | 0 | 0 | 50,508 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Real Estate | 0 | 0 | 50,508 |
| Fund 311 Revenue Totals | 0 | 0 | 50,508 |
| **540 General Government Capital Projects Fund** | | | |
| **Appropriation Units:** | | | |
| Building Capital Projects | 1,159,951 | 1,016,000 | 965,000 |
| Coastal Capital Projects | 4,570,000 | 5,773,857 | 6,138,895 |
| Communications and Information Technology Projects | 325,000 | 4,884,162 | 560,329 |
| Economic and Tourism Development Capital Projects | 9,998,556 | 4,371,732 | 5,824,859 |
| Parks and Recreation Capital Projects | 2,022,901 | 4,437,089 | 7,373,332 |
| Roadways Capital Projects | 2,043,448 | 2,000,000 | 2,590,000 |
| Fund 540 Appropriation Totals | 20,119,856 | 22,482,840 | 23,452,415 |
| **Revenue Sources:** | | | |
| Transfers from Other Funds | 20,119,856 | 22,482,840 | 23,452,415 |
| Fund 540 Revenue Totals | 20,119,856 | 22,482,840 | 23,452,415 |

| | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| **541 Water and Sewer Capital Projects Fund** | | | | |
| **Appropriation Units:** | | | | |
| Water and Sewer Capital Projects | | 5,000,000 | 8,000,000 | 8,000,000 |
| | Fund 541 Appropriation Totals | 5,000,000 | 8,000,000 | 8,000,000 |
| **Revenue Sources:** | | | | |
| Transfers from Other Funds | | 5,000,000 | 8,000,000 | 8,000,000 |
| | Fund 541 Revenue Totals | 5,000,000 | 8,000,000 | 8,000,000 |
| **555 Storm Water Capital Projects Fund** | | | | |
| **Appropriation Units:** | | | | |
| Storm Water Capital Projects | | 8,626,574 | 10,836,635 | 14,202,870 |
| | Fund 555 Appropriation Totals | 8,626,574 | 10,836,635 | 14,202,870 |
| **Revenue Sources:** | | | | |
| Transfers from Other Funds | | 8,626,574 | 10,836,635 | 14,202,870 |
| | Fund 555 Revenue Totals | 8,626,574 | 10,836,635 | 14,202,870 |
| **604 Print Shop Internal Service Fund** | | | | |
| **Appropriation Units:** | | | | |
| Communications and Information Technology | | 2,361,506 | 2,051,822 | 0 |
| Reserve for Contingencies | | 0 | 325,832 | 0 |
| | Fund 604 Appropriation Totals | 2,361,506 | 2,377,654 | 0 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 2,081,081 | 2,375,154 | 0 |
| From the Use of Money and Property | | 1,319 | 2,500 | 0 |
| Miscellaneous Revenue | | 30,377 | 0 | 0 |
| | Fund 604 Revenue Totals | 2,112,777 | 2,377,654 | 0 |
| **606 City Garage Internal Service Fund** | | | | |
| **Appropriation Units:** | | | | |
| Public Works | | 10,545,579 | 9,491,752 | 10,646,769 |
| Reserve for Contingencies | | 0 | 418,138 | 0 |
| | Fund 606 Appropriation Totals | 10,545,579 | 9,909,890 | 10,646,769 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 10,056,081 | 9,909,890 | 10,616,769 |
| From the Use of Money and Property | | 18,336 | 0 | 0 |
| Miscellaneous Revenue | | 134,773 | 0 | 30,000 |
| | Fund 606 Revenue Totals | 10,209,190 | 9,909,890 | 10,646,769 |
| **607 Risk Management Internal Service Fund** | | | | |
| **Appropriation Units:** | | | | |
| Director of Finance | | 9,930,995 | 11,528,230 | 11,071,818 |
| | Fund 607 Appropriation Totals | 9,930,995 | 11,528,230 | 11,071,818 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 9,172,329 | 9,161,698 | 11,026,818 |
| From the Use of Money and Property | | 44,366 | 0 | 30,000 |
| Miscellaneous Revenue | | 150 | 15,000 | 15,000 |
| Specific Fund Reserves | | 0 | 2,351,532 | 0 |
| | Fund 607 Revenue Totals | 9,216,845 | 11,528,230 | 11,071,818 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|
| **610 Capital Projects Internal Service Fund** | | | |
| **Appropriation Units:** | | | |
| Communications and Information Technology | 0 | 202,170 | 197,364 |
| Director of Finance | 0 | 58,578 | 164,434 |
| Economic Development | 0 | 72,297 | 80,671 |
| Public Works | 0 | 228,721 | 283,348 |
| Fund 610 Appropriation Totals | 0 | 561,766 | 725,817 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 0 | 561,766 | 725,817 |
| Fund 610 Revenue Totals | 0 | 561,766 | 725,817 |
| **613 School Landscaping Internal Service Fund** | | | |
| **Appropriation Units:** | | | |
| Parks and Recreation | 5,167,637 | 3,867,990 | 3,676,911 |
| Fund 613 Appropriation Totals | 5,167,637 | 3,867,990 | 3,676,911 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 3,867,990 | 3,867,990 | 3,676,911 |
| From the Use of Money and Property | 2,098 | 0 | 0 |
| Miscellaneous Revenue | 53,745 | 0 | 0 |
| Fund 613 Revenue Totals | 3,923,833 | 3,867,990 | 3,676,911 |
| **614 School Risk Management Fund** | | | |
| **Appropriation Units:** | | | |
| School Risk Management | 20,413,687 | 11,488,946 | 11,488,946 |
| Fund 614 Appropriation Totals | 20,413,687 | 11,488,946 | 11,488,946 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Charges for Services | 6,069,357 | 5,965,209 | 11,465,209 |
| Miscellaneous Revenue | 163,447 | 23,737 | 23,737 |
| Specific Fund Reserves | 0 | 5,500,000 | 0 |
| Fund 614 Revenue Totals | 6,232,804 | 11,488,946 | 11,488,946 |
| **615 City and School Health Insurance Fund** | | | |
| **Appropriation Units:** | | | |
| City and School Health Insurance | 110,100,322 | 124,831,160 | 132,851,160 |
| Fund 615 Appropriation Totals | 110,100,322 | 124,831,160 | 132,851,160 |
| **Revenue Sources:** | | | |
| Revenue From Local Sources | | | |
| Miscellaneous Revenue | 109,532,628 | 107,161,957 | 132,851,160 |
| Specific Fund Reserves | 0 | 17,669,203 | 0 |
| Fund 615 Revenue Totals | 109,532,628 | 124,831,160 | 132,851,160 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| **616 Fuels Internal Service Fund** | | | | |
| **Appropriation Units:** | | | | |
| Public Works | | 6,412,405 | 5,512,210 | 7,009,359 |
| Reserve for Contingencies | | 0 | 233,474 | 0 |
| | Fund 616 Appropriation Totals | 6,412,405 | 5,745,684 | 7,009,359 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 6,702,723 | 5,745,684 | 6,876,428 |
| From the Use of Money and Property | | 4,056 | 0 | 0 |
| Specific Fund Reserves | | 0 | 0 | 132,931 |
| | Fund 616 Revenue Totals | 6,706,779 | 5,745,684 | 7,009,359 |
| **620 Telecommunications Internal Service Fund** | | | | |
| **Appropriation Units:** | | | | |
| Communications and Information Technology | | 2,397,383 | 2,104,344 | 2,807,772 |
| Reserve for Contingencies | | 0 | 617,891 | 447,320 |
| | Fund 620 Appropriation Totals | 2,397,383 | 2,722,235 | 3,255,092 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 2,975,473 | 2,722,235 | 3,255,092 |
| From the Use of Money and Property | | 4,435 | 0 | 0 |
| Miscellaneous Revenue | | 4,606 | 0 | 0 |
| | Fund 620 Revenue Totals | 2,984,514 | 2,722,235 | 3,255,092 |
| **621 Subscriptions Internal Service Fund** | | | | |
| **Appropriation Units:** | | | | |
| Communications and Information Technology | | 2,102,017 | 3,509,495 | 2,606,092 |
| Reserve for Contingencies | | 0 | 0 | 998,781 |
| | Fund 621 Appropriation Totals | 2,102,017 | 3,509,495 | 3,604,873 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Charges for Services | | 2,504,757 | 2,622,515 | 2,491,901 |
| From the Use of Money and Property | | 57,762 | 0 | 0 |
| Specific Fund Reserves | | 0 | 886,980 | 1,112,972 |
| | Fund 621 Revenue Totals | 2,562,519 | 3,509,495 | 3,604,873 |
| **908 City Beautification Fund** | | | | |
| **Appropriation Units:** | | | | |
| Outstanding Encumbrances | | 2,902 | 0 | 0 |
| Parks and Recreation | | 31,614 | 72,500 | 72,500 |
| | Fund 908 Appropriation Totals | 34,516 | 72,500 | 72,500 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Miscellaneous Revenue | | 35,131 | 72,500 | 72,500 |
| | Fund 908 Revenue Totals | 35,131 | 72,500 | 72,500 |

# City of Virginia Beach, Virginia
## Expenditures and Revenues

| | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| **909 Library Gift Fund** | | | | |
| **Appropriation Units:** | | | | |
| Library | | 6,540 | 7,000 | 7,000 |
| | Fund 909 Appropriation Totals | 6,540 | 7,000 | 7,000 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Miscellaneous Revenue | | 36,916 | 7,000 | 7,000 |
| | Fund 909 Revenue Totals | 36,916 | 7,000 | 7,000 |
| **910 Parking Meters - Homeless Donation Fund** | | | | |
| **Appropriation Units:** | | | | |
| Housing and Neighborhood Preservation | | 0 | 0 | 10,000 |
| | Fund 910 Appropriation Totals | 0 | 0 | 10,000 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| Miscellaneous Revenue | | 0 | 0 | 10,000 |
| | Fund 910 Revenue Totals | 0 | 0 | 10,000 |
| **911 Parks and Recreation Gift Fund** | | | | |
| **Appropriation Units:** | | | | |
| Parks and Recreation | | 33,170 | 155,000 | 55,000 |
| | Fund 911 Appropriation Totals | 33,170 | 155,000 | 55,000 |
| **Revenue Sources:** | | | | |
| Revenue From Local Sources | | | | |
| From the Use of Money and Property | | 570 | 0 | 0 |
| Miscellaneous Revenue | | 40,314 | 155,000 | 55,000 |
| | Fund 911 Revenue Totals | 40,884 | 155,000 | 55,000 |

### Grand Total Of All Funds

| | | | |
|---|---|---|---|
| Total Appropriations for all Funds | 2,236,023,415 | 2,410,611,256 | 2,451,630,308 |
| Less Internal Service Funds | 169,431,531 | 176,543,050 | 184,330,745 |
| Less Interfund Transfers | 493,061,711 | 477,194,675 | 499,905,552 |
| Net Appropriations Totals | 1,573,530,173 | 1,756,873,531 | 1,767,394,011 |
| Revenue Sources Totals | 2,291,844,030 | 2,410,611,256 | 2,451,630,308 |
| Less Internal Service Funds | 153,481,889 | 176,543,050 | 184,330,745 |
| Less Interfund Transfers | 493,061,711 | 477,194,675 | 499,905,552 |
| Net Revenue Totals | 1,645,300,430 | 1,756,873,531 | 1,767,394,011 |

# City of Virginia Beach, Virginia

## Interfund Transfer Summary

| Receiving Fund Code and Name | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| 161 | Agriculture Reserve Program Special Revenue Fund | 4,383,730 | 1,672 | 0 |
| 169 | Central Business District-South TIF (Twn Cntr) Fd | 222,222 | 0 | 0 |
| 180 | Community Development Special Revenue Fund | 619,325 | 714,138 | 712,340 |
| 182 | Federal Housing Assistance Grant Fund | 0 | 3,741 | 125,000 |
| 147 | Federal Section 8 Program Special Revenue Fund | 81,001 | 106,517 | 242,773 |
| 540 | General Government Capital Projects Fund | 12,628,856 | 13,440,755 | 12,962,952 |
| 183 | Grants Consolidated Fund | 424,083 | 456,035 | 524,109 |
| 150 | Inmate Services Special Revenue Fund | 0 | 7,378 | 0 |
| 172 | Open Space Special Revenue Fund | 0 | 11,073 | 0 |
| 151 | Parks and Recreation Special Revenue Fund | 3,244,604 | 3,572,309 | 5,476,918 |
| 115 | School Operating Fund | 336,070,830 | 330,767,900 | 360,564,152 |
| 098 | School Reserve Special Revenue Fund | 11,248,211 | 0 | 0 |
| 106 | School Technology Category Special Revenue Fund | 23,096,262 | 23,321,181 | 26,881,028 |
| 149 | Sheriff's Department Special Revenue Fund | 11,822,545 | 12,451,160 | 14,745,030 |
| 255 | Storm Water Utility Enterprise Fund | 58,648 | 1,862,236 | 1,807,276 |
| 163 | Tourism Advertising Program Special Revenue Fund | 0 | 11,920 | 0 |
| 152 | Tourism Investment Program Fund | 250,000 | 250,000 | 250,000 |
| 144 | Waste Management Special Revenue Fund | 26,418,102 | 22,569,342 | 14,774,944 |
| 241 | Water and Sewer Fund | 0 | 375,261 | 386,519 |
| | Total Transfer From Fund 002 | 430,568,419 | 409,922,618 | 439,453,041 |
| **098 School Reserve Special Revenue Fund** | | | | |
| 115 | School Operating Fund | 13,000,000 | 13,300,000 | 11,000,000 |
| | Total Transfer From Fund 098 | 13,000,000 | 13,300,000 | 11,000,000 |
| **108 School Instructional Technology Fund** | | | | |
| 115 | School Operating Fund | 0 | 3,793,767 | 0 |
| | Total Transfer From Fund 108 | 0 | 3,793,767 | 0 |
| **130 Law Library Fund** | | | | |
| 002 | General Fund | 57,252 | 57,252 | 57,252 |
| | Total Transfer From Fund 130 | 57,252 | 57,252 | 57,252 |
| **149 Sheriff's Department Special Revenue Fund** | | | | |
| 002 | General Fund | 24,551 | 146,147 | 24,551 |
| | Total Transfer From Fund 149 | 24,551 | 146,147 | 24,551 |
| **151 Parks and Recreation Special Revenue Fund** | | | | |
| 002 | General Fund | 254,355 | 241,281 | 331,281 |
| 540 | General Government Capital Projects Fund | 50,000 | 120,000 | 2,242,334 |
| | Total Transfer From Fund 151 | 304,355 | 361,281 | 2,573,615 |
| **152 Tourism Investment Program Fund** | | | | |
| 002 | General Fund | 1,881,796 | 2,050,000 | 2,050,000 |
| 253 | Parking Enterprise Fund | 219,983 | 109,991 | 0 |
| 157 | Sandbridge Special Service District Spec Rev Fd | 968,204 | 1,856,105 | 2,262,372 |
| 255 | Storm Water Utility Enterprise Fund | 13,610 | 14,019 | 14,019 |
| | Total Transfer From Fund 152 | 3,083,593 | 4,030,115 | 4,326,391 |
| **157 Sandbridge Special Service District Spec Rev Fd** | | | | |
| 540 | General Government Capital Projects Fund | 4,570,000 | 5,414,361 | 4,804,405 |
| | Total Transfer From Fund 157 | 4,570,000 | 5,414,361 | 4,804,405 |
| **161 Agriculture Reserve Program Special Revenue Fund** | | | | |
| 002 | General Fund | 4,000,000 | 2,600,000 | 0 |
| | Total Transfer From Fund 161 | 4,000,000 | 2,600,000 | 0 |

# City of Virginia Beach, Virginia

## Interfund Transfer Summary

| Receiving Fund Code and Name | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| **163 Tourism Advertising Program Special Revenue Fund** | | | | |
| 002 | General Fund | 56,838 | 56,838 | 56,838 |
| | Total Transfer From Fund 163 | 56,838 | 56,838 | 56,838 |
| **166 Sandbridge Tax Increment Financing Fund** | | | | |
| 002 | General Fund | 8,000,000 | 0 | 0 |
| 540 | General Government Capital Projects Fund | 0 | 281,671 | 0 |
| | Total Transfer From Fund 166 | 8,000,000 | 281,671 | 0 |
| **169 Central Business District-South TIF (Twn Cntr) Fd** | | | | |
| 174 | Town Center Special Service District | 150,000 | 150,000 | 150,000 |
| | Total Transfer From Fund 169 | 150,000 | 150,000 | 150,000 |
| **172 Open Space Special Revenue Fund** | | | | |
| 002 | General Fund | 149,000 | 149,000 | 26,724 |
| 540 | General Government Capital Projects Fund | 2,191,000 | 2,191,000 | 2,000,000 |
| | Total Transfer From Fund 172 | 2,340,000 | 2,340,000 | 2,026,724 |
| **173 Major Projects Special Revenue Fund** | | | | |
| 169 | Central Business District-South TIF (Twn Cntr) Fd | 277,778 | 0 | 0 |
| 157 | Sandbridge Special Service District Spec Rev Fd | 1,045,299 | 0 | 0 |
| 152 | Tourism Investment Program Fund | 0 | 3,129,087 | 0 |
| | Total Transfer From Fund 173 | 1,323,077 | 3,129,087 | 0 |
| **174 Town Center Special Service District** | | | | |
| 002 | General Fund | 0 | 15,000 | 38,633 |
| 540 | General Government Capital Projects Fund | 0 | 283,564 | 283,564 |
| 255 | Storm Water Utility Enterprise Fund | 0 | 15,000 | 15,000 |
| | Total Transfer From Fund 174 | 0 | 313,564 | 337,197 |
| **180 Community Development Special Revenue Fund** | | | | |
| 002 | General Fund | 128,858 | 128,858 | 128,858 |
| | Total Transfer From Fund 180 | 128,858 | 128,858 | 128,858 |
| **181 CD Loan and Grant Fund** | | | | |
| 540 | General Government Capital Projects Fund | 130,000 | 0 | 0 |
| | Total Transfer From Fund 181 | 130,000 | 0 | 0 |
| **183 Grants Consolidated Fund** | | | | |
| 002 | General Fund | 1,176 | 0 | 0 |
| 540 | General Government Capital Projects Fund | 400,000 | 400,000 | 400,000 |
| | Total Transfer From Fund 183 | 401,176 | 400,000 | 400,000 |
| **241 Water and Sewer Fund** | | | | |
| 002 | General Fund | 9,603,623 | 9,943,400 | 9,939,158 |
| 540 | General Government Capital Projects Fund | 0 | 0 | 310,000 |
| 541 | Water and Sewer Capital Projects Fund | 5,000,000 | 8,000,000 | 8,000,000 |
| | Total Transfer From Fund 241 | 14,603,623 | 17,943,400 | 18,249,158 |
| **253 Parking Enterprise Fund** | | | | |
| 002 | General Fund | 106,880 | 112,130 | 118,428 |
| 540 | General Government Capital Projects Fund | 150,000 | 300,000 | 300,000 |
| 157 | Sandbridge Special Service District Spec Rev Fd | 15,219 | 3,000 | 15,000 |
| | Total Transfer From Fund 253 | 272,099 | 415,130 | 433,428 |
| **255 Storm Water Utility Enterprise Fund** | | | | |
| 002 | General Fund | 1,157,063 | 1,258,229 | 1,259,904 |
| 540 | General Government Capital Projects Fund | 0 | 0 | 30,000 |

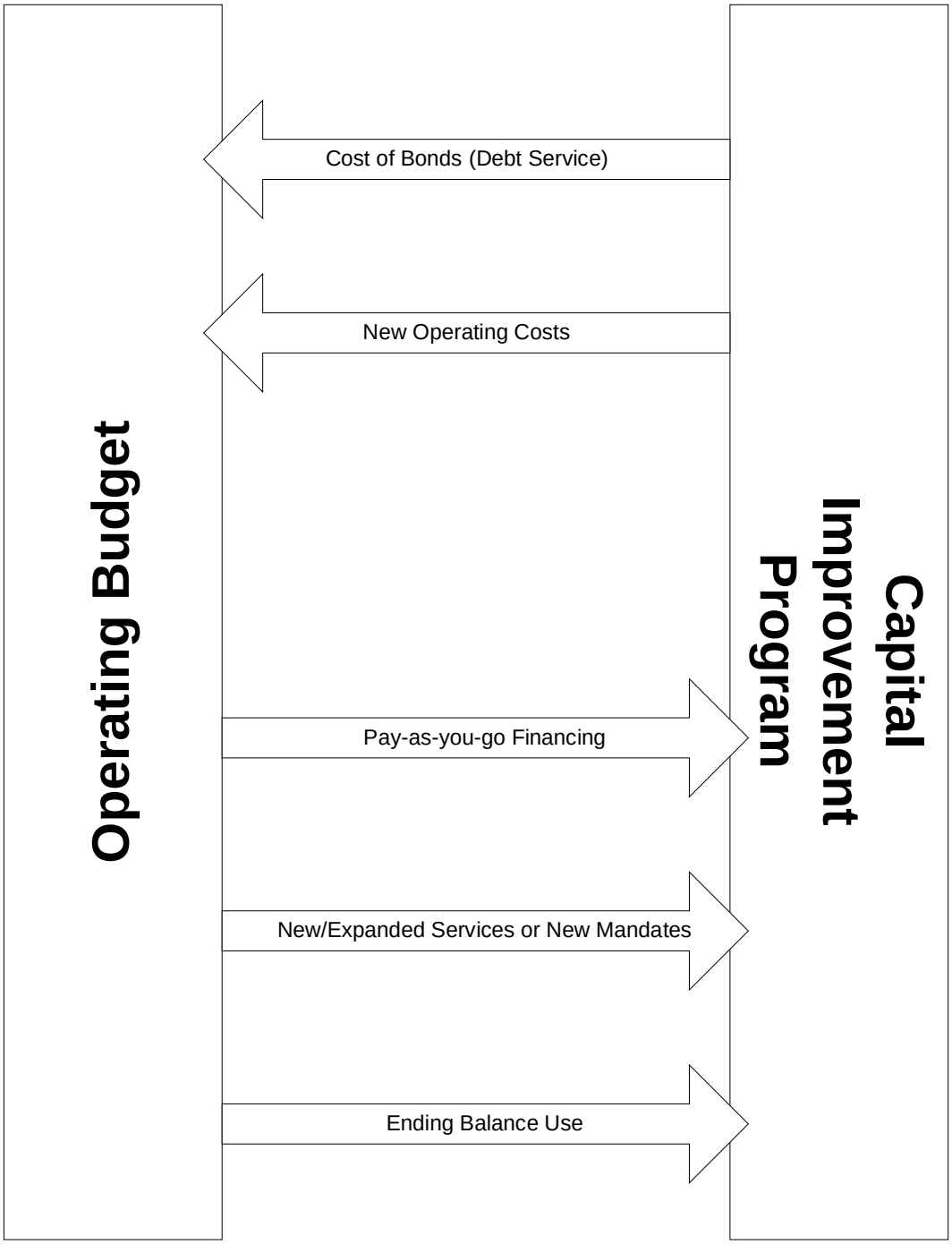
# City of Virginia Beach, Virginia

## Interfund Transfer Summary

| Receiving Fund Code and Name | | FY 2010-11 Actuals | FY 2011-12 Adjusted Budget | FY 2012-13 Total Adopted |
|---|---|---|---|---|
| 555 | Storm Water Capital Projects Fund | 8,626,574 | 10,836,635 | 14,202,870 |
| 241 | Water and Sewer Fund | 264,233 | 264,233 | 272,160 |
| | Total Transfer From Fund 255 | 10,047,870 | 12,359,097 | 15,764,934 |
| **310 Old Donation Creek Area Dredging SSD** | | | | |
| 540 | General Government Capital Projects Fund | 0 | 51,489 | 68,652 |
| | Total Transfer From Fund 310 | 0 | 51,489 | 68,652 |
| **311 Bayville Creek Neighborhood Dredging SSD Fund** | | | | |
| 540 | General Government Capital Projects Fund | 0 | 0 | 50,508 |
| | Total Transfer From Fund 311 | 0 | 0 | 50,508 |
| | TOTAL INTERFUND TRANSFERS FOR ALL FUNDS | 493,061,711 | 477,194,675 | 499,905,552 |

## City of Virginia Beach
## Relationship of the Operating Budget to the Capital Improvement Program

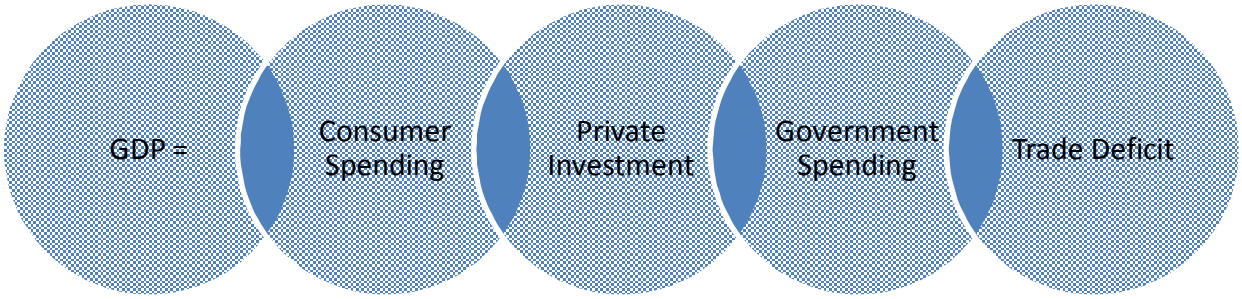
As this graphic illustrates, there is a close linkage between the Operating Budget and Capital Improvement Program. Decisions made in one affect the other. For example, if we decide to open a new Fire Station, we also must plan for hiring new firefighters. Likewise, if we expand recreational programs in the Operating Budget we often must construct new facilities.

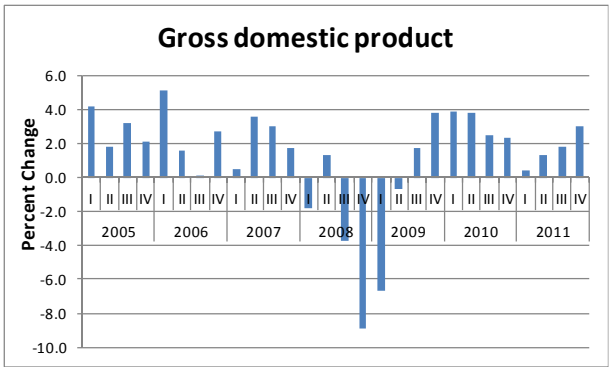


# REVENUES

# Revenues

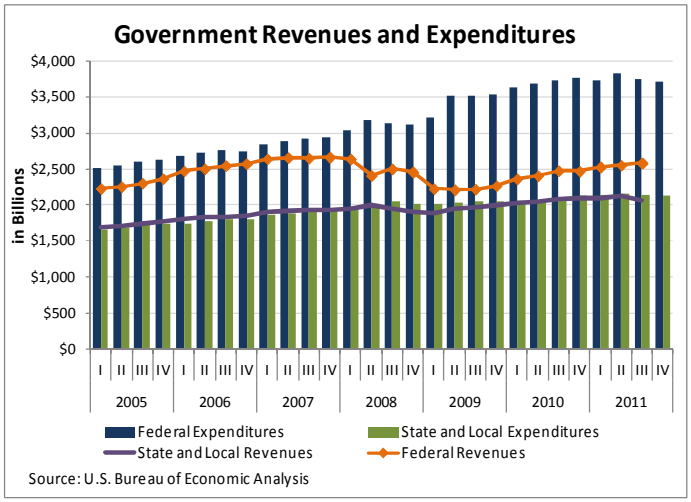
**National Economic Overview -** The U.S. economy had experienced the longest and steepest decline in GDP since the "Great Depression". According to the National Bureau of Economic Research, which serves as the official arbitrator of recessions, the recession lasted eighteen months from December 2007 through June 2009. Over this time period, real GDP fell 4.1% from its peak. Nearly 8.4 million workers lost their jobs in 2008 and 2009, doubling the unemployment rate from 5.0% in December 2007 to 10.1% in October 2009.



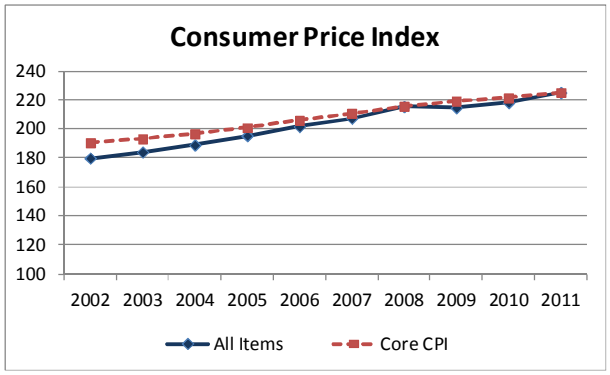




Our national Gross Domestic Product (GDP) measures the value of goods and services produced by the U.S. economy; it measures economic output. Although the recession has ended and the economy is growing, the recovery has been lethargic by historical standards. For context, since the recession ended, average quarterly growth in GDP has been 3.0% compared to 6.6% following the steep recession in 1981-82 during which the GDP contracted by only 2.7%. As the graph indicates, the U.S. economy has grown for ten straight quarters since the recession officially ended in the summer of 2009; however, a number of factors have contributed to this low growth. The trade deficit (exports – imports) has remained fairly steady between -3% and -4%.

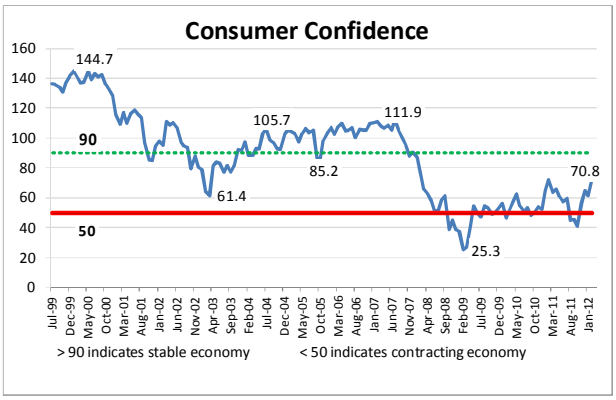
Private investment by business is beginning to increase, particularly larger corporations that have been reporting record profits. This sector is seeing increases in real estate and capital investment, with less emphasis on hiring new workers. Government spending accounts for 20% of GDP, which is causing a drag on economic growth as local, state and federal government spending, continues to decline. According to the U.S. Bureau of Economic Analysis, the decrease in government spending in 2011 was the largest annual decline since 1971. While the national debt and the annual deficits that contribute to it are concerning for the long-term, short term spending cuts will continue to affect economic growth. The lack of consensus in Washington about how to best address our current national economic interests has also affected consumer confidence.




Consumer spending represented 71% of economic output for each quarter of 2011. Several factors influence consumer spending

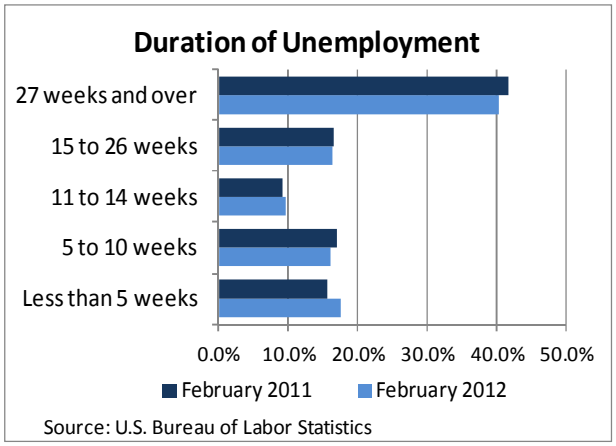


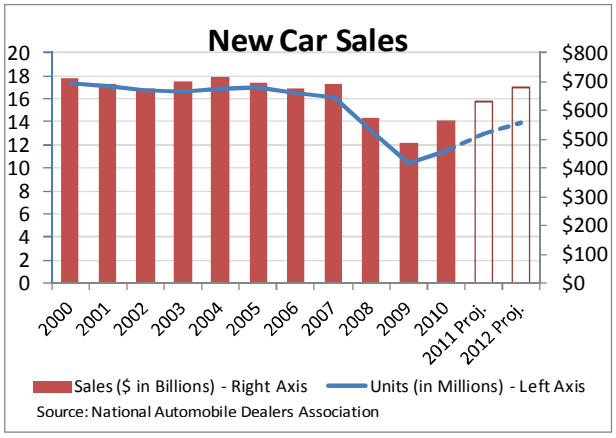

| CPI - Percent Change from Preceding Period | | | | |
|---|---|---|---|---|
| | 2011 | | | |
| | I | II | III | IV |
| Food | 5.9 | 5.7 | 4.2 | 2.8 |
| Energy | 42.4 | 15.0 | 3.2 | -6.5 |
| All Other Items | 2.4 | 2.7 | 1.8 | 1.0 |




Consumer spending is improving and the holiday sales were more positive than original estimates. The continuing difficulties in the housing market will likely hinder the surge in consumer confidence; however, increased spending on vehicles and home goods are providing a positive trend in 2012. Final figures for 2011 sales are not yet available from the National Automobile Dealers Association; however, their chief economist, Paul Taylor, had predicted a 12% increase for 2011 and recent data indicates that the seasonally adjusted annual rate would be even higher. Through the first two months of the year, industry sales for new vehicles have increased by 13.8%. The NADA has a positive outlook for 2012, with a projected 8% increase in new vehicle sales, based on the number of aging vehicles, making replacement necessary versus optional; affordable credit being offered through dealer financing; and aggressive incentives and high trade-in values. The recovery from the recession has been different from any other the U.S. economy has gone through and economic turning points are behaviors. Inflation is rising. Sustained low interest rates and an infusion of cash into the U.S. economy incite rising prices; however, the primary concern of the Federal Reserve will continue to be keeping interest rates low to combat weak growth. Inflation grew at 3.2% for all items in 2011; 1.7% for the "Core CPI," which excludes gas and groceries, which are often more volatile.

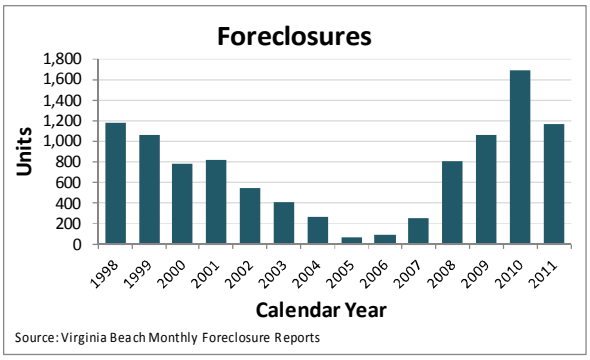
While GDP represents an important measure of economic performance, the one that means the most to citizens is the unemployment rate, and it has remained stubbornly high. The trend is improving. The unemployment rate had been 9.0% or higher for 28 of 29 months between May 2009 and September 2011; it has declined since and stands at 8.3% in February 2012. Each percent of the unemployment rate is approximately 1.5 million jobs and some economic models indicate that GDP growth needs to exceed four percent before there is a substantial impact on unemployment. The consensus forecast is for continued modest growth, which means unemployment is likely to remain at atypically high levels for an economic recovery.

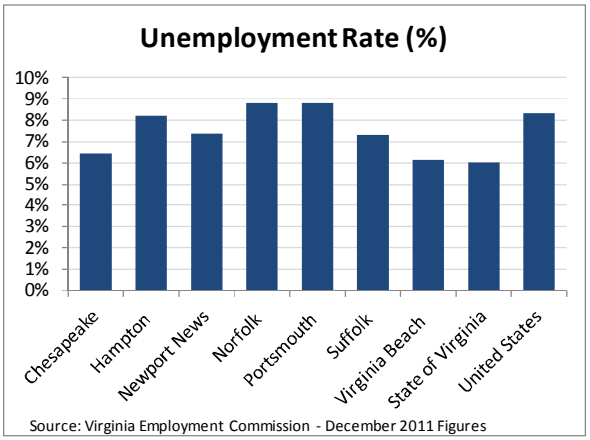


notoriously difficult to predict; but there are a number of trends that indicate the economy is improving.

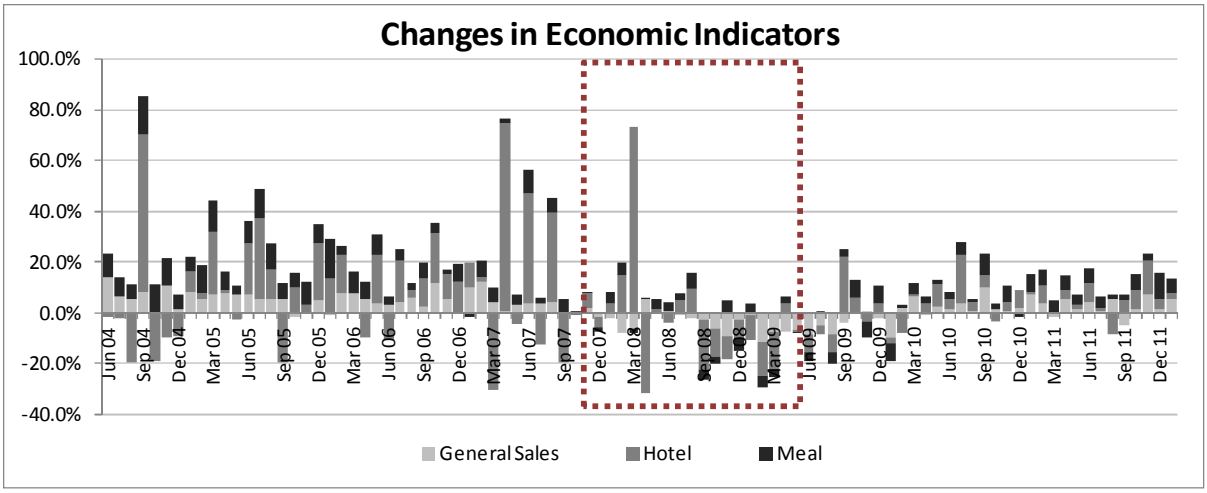
**Virginia Beach Economic Overview -** In all the previous national recessions, save the 1990-91 during which an unusually large number of local military personnel were deployed for the Gulf War, the City's economy remained relatively unscratched by the national fall out. This recession was different, however. Using General Sales and Employment as guideposts, the City's recession ran from December 2007 (same peak as U.S. recession) through January 2010 from a sales perspective, and through July 2010 from an employment perspective (note the national trough was June 2009), eclipsing the national recession by either seven or thirteen months. The percentage increase in the City's unemployment exceeded that of the national increase (156% versus 115%), but not as bad as some areas; however, our unemployment rate is still well below the national figure. The bursting of the City's real estate bubble may have been more pronounced here than the national average. The City's cumulative appreciation from July 2001 through June 2006 was 89.3%, exceeding the national increase over that time space of 65.3% based on the S&P Case-Shiller Home Price Index.




Locally, revenue growth has been modest, and the City is still significantly affected by the continuing decline in real estate assessments. Foreclosures continue to remain a concern. Foreclosures totaled 1,164 units in 2011, down from 1,688 in 2010, and accounted for 26% of sales through the third quarter of 2011. There are three neighborhoods, Woodbridge, Sajo Farms, and Sherwood Lakes, accounting for the bulk of new construction, which will be nearly built out by next year. There is very little commercial or new construction in the pipeline. According to the Real Estate Assessor, positive real estate appreciation is likely several years away. New car sales have rebounded more robustly, but these had dropped dramatically during the recession; used cars are maintaining high values as well. The City's unemployment is 6.1%, compared to 6% for the State and 8.3% nationally. Virginia Beach has the lowest unemployment rate in Hampton Roads.

Aside from real estate, many other revenues are showing continued signs of recovery. The City tracks three revenue streams particularly close to gauge the economic trends. General sales tax, hotel tax, and restaurant meal



tax are the best barometer of the City's economic cycle. All three of these revenues are trending positively, as seen in the graph. General sales tax collections have been positive for 21 of the past 24 months and FY 2010-11 was up 2.9% above FY 2009-10. Last fiscal year was the highest on record for hotel tax collection, up 6.3% over the prior year. Hotel tax has also been positive for 21 of the past 24 months. Restaurant meal tax is also an important indicator of our City's economy; it has been positive for 23 of the past 24 months and was 4.3% higher in FY 2010-11 than the previous fiscal year. With many dual-income families, eating out has become a necessity instead of a luxury. This revenue stream was one of the few that experiences some decline in the growth rate during the recession, but never exhibited negative growth. Looking toward the future, the natural recuperative powers of the economy should bode well for growth. Housing still remains fragile (discussed further in an upcoming section), and our economy is heavily dependent upon government spending that could be impacted by deficit reduction efforts given our high concentration of military and other federal workers.

## Forecasting Methodology

The City uses or has used the following qualitative and quantitative methods to forecast revenues:

- Survey departments regarding trends in revenues.
- Interview local economists concerning the current and future state of the economy, and review national economic forecasting projections.
- Monitor national and local economic trends.
- Examine State and Federal budgets and legislative changes.
- Examine relationships between revenues and economic variables.
- Use the following statistical techniques: Exponential Smoothing; Auto Regressive Integrated Moving Average (ARIMA); Autoregressive Distributed Lag Models; Vector Autoregression (VAR); and Regression Analysis.

The final projections are based upon a combination of the above techniques and educated judgment. The generally accepted public finance forecasting margin of error is 2.0%. For the last twenty-five years, the City's average margin of error has been 0.7%.

## Dedication of Other Local Taxes and Real Estate Taxes for Specific Purposes

**Recent Real Estate Tax Rate Adjustments and Distributional Purpose Historical Perspective -** The table chronicles real estate tax rate changes from FY 1987-88 through FY 2011-12 and identifies the dedications. From FY 1982-83 through FY 1986-87, the City's real estate tax was 80¢ per $100 of assessed valuation. Single asterisk indicators represent voter-approved bond referenda rate increases. Due to unprecedented appreciation, the City Council lowered the tax rate for each year from FY 2004-05 through FY 2007-08, and adjusted the following dedications: The Recreation Center dedication was decreased from 3.8¢ to 3.476¢, and Outdoor Initiative from 0.7¢ to 0.47¢ to mirror the reduction in the real estate rate. In FY 1995-96, the Agriculture Reserve Program dedication was established at 1.5¢. In FY 2004-05, it was lowered to 1¢, and in FY 2006-07, it was lowered to 0.9¢. The adoption of the City/School Revenue Sharing Formula in FY 1997-98, which originally dedicated 53.13% of all Real Estate Taxes (and six other fast growing revenues) to Schools, replaced specific rates for school-related purposes identified below. Due to City Council approved modifications and State revenue changes, the formula percentage changed to 51.3% while maintaining the City's commitment to the School system. The proposed FY 2012-13 budget eliminates the City-School revenue sharing policy and includes a four-cent increase in the real estate tax to offset revenue losses for both the City and Schools.

| | | **Real Estate Tax Adjustment from FY 1986-87's Rate of 80¢** | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Tax Rate Change | General Government | Parks and Recreation | Road Bonds | School Operating Budget | School CIP | Agriculture Reserve Program |
| 1987-88 | 7.7¢ | | | 5¢* | | 2.7¢* | |
| 1988-89 | 3.8¢ | | 3.8¢* | | | | |
| 1989-90 | 6.2¢ | | 0.7¢ | | 5.5¢ | | |
| 1990-91 | 5.5¢ | 0.6¢ | | | | 4.9¢* | |
| 1991-92 | 5.8¢ | | | | 5.8¢ | | |
| 1993-94 | 5.0¢ | -0.7¢ | | | | 5.7¢ | |
| 1995-96 | 4.8¢ | | | | | 3.3¢ | 1.5¢ |
| 1996-97 | 3.2¢ | | | | 3.2¢ | | |
| 2004-05 | -2.36¢ | -2.36¢ | | | | | |
| 2005-06 | -17.25¢ | -16.75¢ | | | | | -0.5¢ |
| 2006-07 | -3.39¢ | -2.99¢ | -0.3¢ | | | | -0.1¢ |
| 2007-08 | -10¢ | -9.746¢ | -0.254¢ | | | | |
| 2012-13 | 4.0¢ | 2.0¢ | | | 2.0 | | |
| TOTAL CHANGE | 13¢ | -29.946¢ | 3.946¢ | 5¢ | 16.5¢ | 16.6¢ | 0.9¢ |

*Note: Originally approved via referendum.

**City/School Revenue Sharing -** In FY 2012-13, after discussions with the School Board and lengthy deliberations, the Virginia Beach City Council rescinded the City-School revenue sharing formula, which previously dedicated 51.3% of seven local revenues to the schools beginning in FY 1997-98. However, the City Council determined that a full understanding of the School System's needs and priorities in relation to other services that are necessary for the community would be required to determine the local funding needed. The City continues to provide the required local contribution of $164 million under the State's Standard of Quality plus an additional $210.8 million, bringing the total local contribution to $374.8 million.

**Other Local Taxes -** The following table indicates selected local tax dedications having specific purposes:

| | | Dedication of Tax | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Tax | Local Rate | General Fund | T.I.P. | T.A.P. | Beach Events | EDIP | Open Space | Tax Elasticity* |
| Amusement Tax | 10.0% | | 10.0% | | | | | 0.65 |
| Hotel Room Tax | 8.0% | 2.0% | 4.5% | 1.0% | 0.5% | | | 0.84 |
| Restaurant Meal Tax | 5.5% | 3.5% | 1.06% | 0.5% | | | 0.44% | 0.96 |
| Cigarette Tax (per pack) | 65¢ | 48¢ | 5¢ | | | 12¢ | | 0.96 |

*Statistical Measure of Tax Elasticity – Elasticity is a measure of how one variable responds to a change in another variable. Using regression analysis in logarithmic form, the elasticity is computed as: Tax Revenues = f(tax rate, other casual variables). A coefficient for the tax rate variable of greater than "1" indicates that this is an elastic tax from the perspective of the government. (From the citizen's perspective the demand for the government service is inelastic; the behavior of the consumer/citizen does not change in response to the higher tax). A coefficient of less than "1" suggests the revenue is inelastic for the government; alternatively, this suggests that the consumer's demand for this service is price elastic (i.e. increases in taxes alter the consumer's behavior). (A coefficient of "1" implies unitary elasticity). Using a specific example, the elasticity for Amusement Tax implies that a 1% increase in this tax will generate a .65% increase in tax revenues. As the elasticities show and as intuition would generally suggest, all of these taxes are inelastic. A caveat is in order. Because specifying and quantifying other causal variables in the equation are both difficult, these results should be interpreted as very approximate values.

Tourism Investment Program (TIP) - This fund combines the previous Tourism Growth Investment Fund (TGIF) and Major Project Fund. These funds received revenue from the hotel room, restaurant meal, admission taxes, cigarette tax, and other miscellaneous tourism-related revenues. These funds were established to achieve similar purposes: to fund specific tourism projects, capital projects, Beach and other special events, maintenance of infrastructure, and to fund the debt service for the Convention Center, the Sandler Center, and the Virginia Aquarium and Marine Science Center.

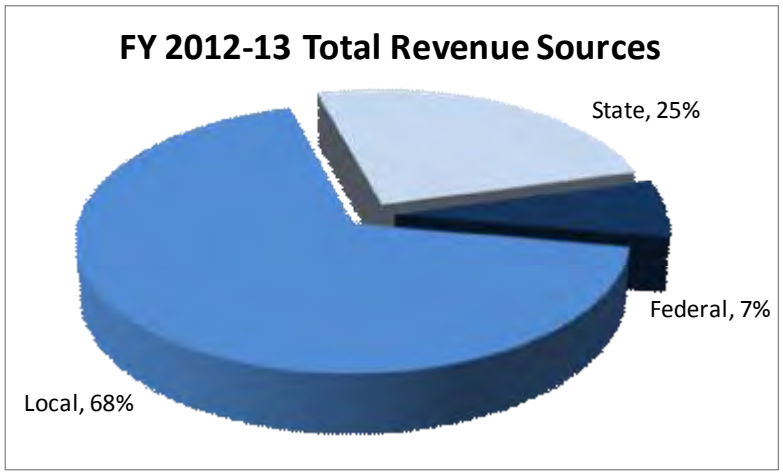
Tourism Advertising Program Fund (TAP) - City Council designated funding for tourism advertising and marketing costs.

Economic Development Investment Program Fund (EDIP) - To support and enhance the City's economic development program and strategic plan, twelve cents (18.5%) of the local Cigarette tax rate is dedicated to this fund. This includes an FY 2010-11 increase of 2¢ dedicated to this program. The program will leverage grant dollars, fund infrastructure, and other case-by-case approved economic development initiatives. A policy to guide the use of these funds has been adopted by City Council.

Open Space - To acquire and preserve land for future generations, this fund provides open space initiative resources. Due to adverse economic circumstances, the FY 2010-11 operating budget recommended a two-year programmatic acquisition moratorium, and the revenues temporarily diverted for other requirements. For additional information, please see the Cultural and Recreational section of the Capital Improvement Program.

## Fees and Charges for FY 2012-13

To recover the cost of various services, the City relies upon various fees and charges. To keep pace with rising costs, each year, fees and charges are reviewed.




The following are the notable changes to City fees for FY 2012-13:

- Parks and Recreation Fees: In response to increased operational costs, this budget assumes increases in certain fees and charges that have not been increased in several years. For a complete list, please see the Parks and Recreation write-up in the Cultural and Recreational Opportunities section of this document.

- The Planning Department is implementing a new technology fee that will charge $5 per transaction to support the Accela Automation System and improve customer service.

- Storm Water Equivalent Residential Unit (ERU) was approved by City Council in FY 2011-12 for a three-year phased increase. In FY 2012-13, the ERU increases 5 cents from $0.316 per day to $0.366 per day. Additional information can be found in the Public Works section of the operating budget.

- A five-year phased sewer rate increase that was approved with the FY 2010-11 Capital Improvement Program. In FY 2012-13, the monthly sewer rate for a single family residence with a typical 5/8" meter and 5,000 gallon usage will increase $2.74, from $22.12 to $24.86. Additional information can be found in the Public Utilities section of the operating budget.

Overall, local sources comprise the largest portion of all revenues (see graph above), and increased from 66.2% of the total revenue last fiscal year due predominantly to the loss of Federal ARRA funding in the Schools. Additional details about the various rate and fee changes can be found in the Executive Summary and in the individual department sections.

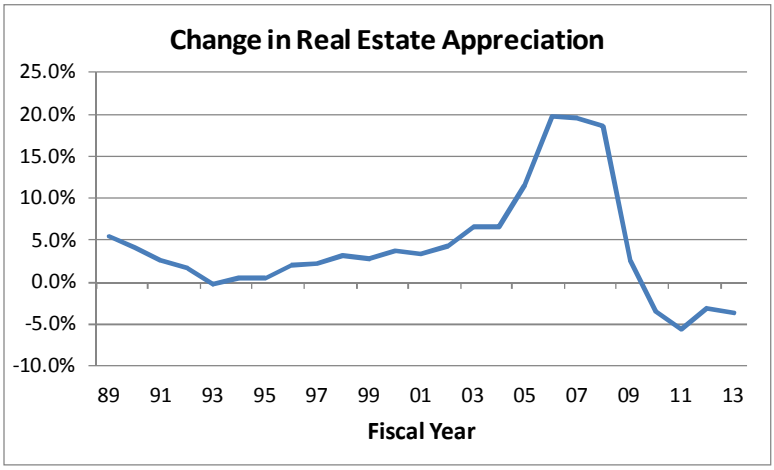
## Changes in Funds

Consolidation/New Funds – A new Waste Management Special Revenue Fund was established in FY 2012-13 to account for the annual operating expenses for the waste related functions, including recycling activities, waste collection, and disposal at the landfill. This will increase the transparency of what services the monthly waste management fee was instituted in FY 2011-12. The Old Donation Creek Dredging Special Service District Special Revenue Fund supports the special service district in the Old Donation Creek area, both of which were established by City Council September 13, 2011. An 18.4¢ additional real estate tax rate is assessed on residents of this special service district and collected in this fund for the purpose of providing neighborhood channel dredging of creeks and rivers to maintain existing uses. The Inmate Services Fund was also merged into the Sheriff's Department Special Revenue Fund.

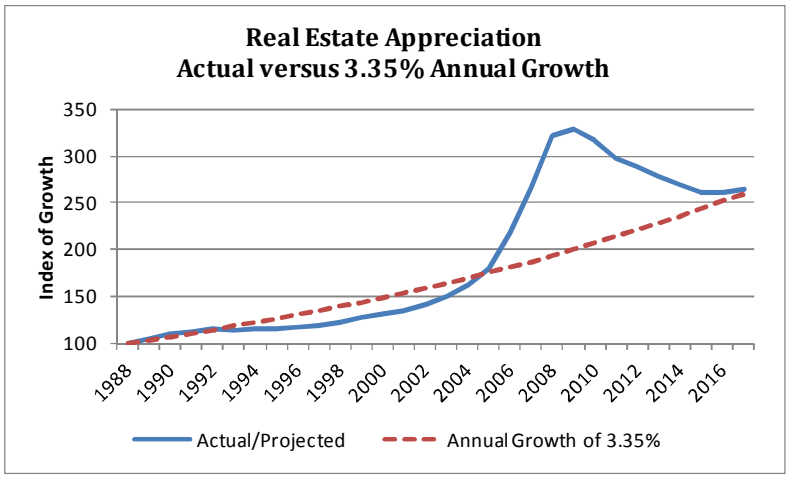
Elimination of Funds – The Lynnhaven Tax Increment Financing Special Revenue Fund has been eliminated in the FY 2012-13 Operating Budget as the goals of the development agreement have been met two years in advance of original expectations. The real estate revenue and mass transit expenses will now be shown in the General Fund.

## General Fund Revenue Source Analysis

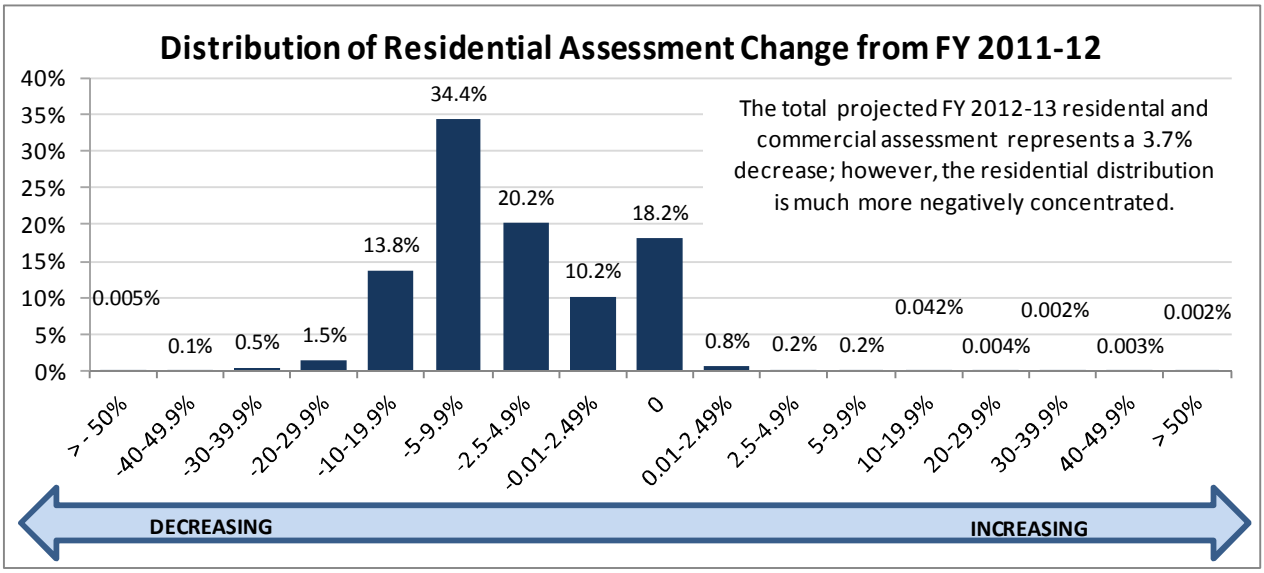
**Real Estate Tax -** The last nine years have followed a classic boom-and-bust cycle. Four years of unprecedented double-digit housing appreciation followed by one year of below-trend growth and now four consecutive years of negative appreciation, which is also unprecedented. During the boom period, home prices rose 89.3% while median household income grew at approximately 17.6% over the same time span. The current volume of home sales represents approximately one-third of a normal year; foreclosure sales represent about 26% of all sales compared to approximately 3% in the pre- bubble years.




The graph compares the actual growth in appreciation to a series constructed based on the long-term linear average growth rate of real estate. This smoothes out the "boom and bust" cycle and may provide insight as to whether real estate has reached a bottom or has further to fall to achieve equilibrium. The key assumption is what represents a long-term average growth for real estate. Expert opinion varies. Noted real estate economist, Robert Shiller, suggests the figure is 3.35%; other estimates approach 5%. If the Real Estate Assessor's projected growth through FY 2016-17 is compared to this linear average, the points meet five years in the future. Conditions are not anticipated to improve significantly in the near future in the real estate market; several years of negative growth are projected.




Based on the change in assessments by property from FY 2011-12, over one-third are decreasing between 5-9.9%; the average assessment change for residential property is -5.69%. Overall, about 79% assessments will decrease, 18% will remain unchanged and about 3% will increase. Interestingly, the largest average decrease, 9.7%, is in properties with assessed values under $150,000; the smallest decline can be seen in properties with assessed values exceeding $750,000. The average assessment change for commercial/industrial properties is projected to be a positive 1.4%.

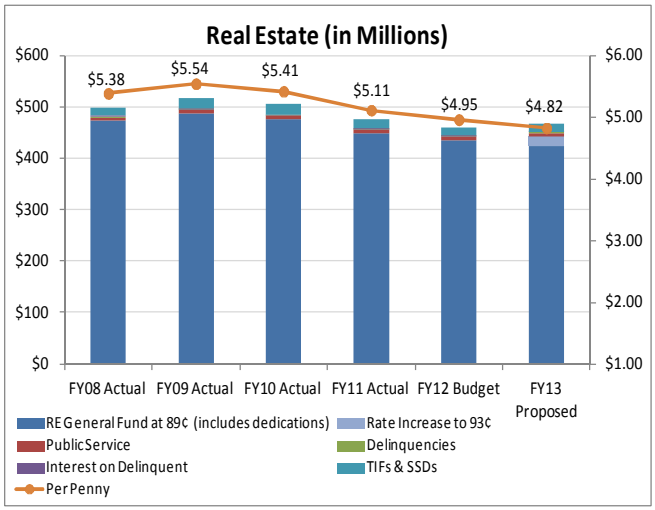


Percent Change in Residential Property by Value Range

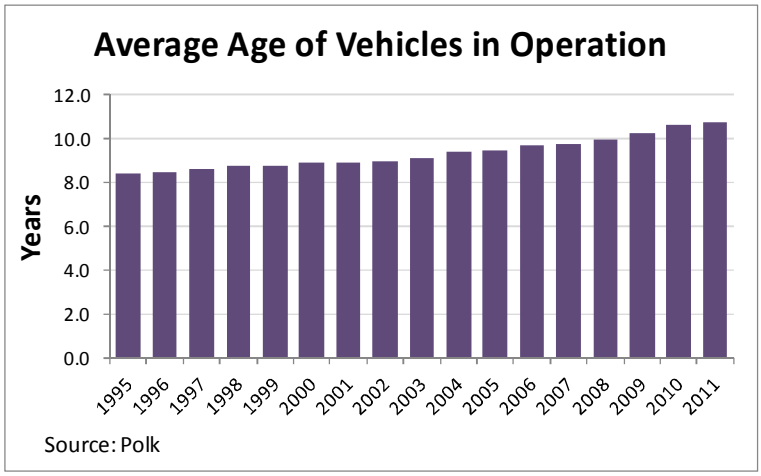
| Value Range | Median Change | Mean Change |
|---|---|---|
| Under $150,000 | -8.8% | -9.7% |
| $150,000 - $200,000 | -5.6% | -6.2% |
| $200,000 - $250,000 | -4.6% | -4.9% |
| $250,000 - $350,000 | -4.0% | -4.4% |
| $350,000 - $500,000 | -3.5% | -4.1% |
| $500,000 - $750,000 | -2.8% | -3.6% |
| Over $750,000 | -0.6% | -2.9% |

Source: Real Estate Assessor's Annual Report

Estimated Revenue - Real estate growth projections are provided by the City Real Estate Assessor. For FY 2012-13, the 89¢ rate will generate General Fund Real Estate collections (including current taxes, public service, delinquencies and interest) of $410,067,117. With the proposed four-cent increase, an additional $19,273,888 is estimated, with half intended for Schools and half for City operations. Parks and Recreation and Agriculture Reserve Program dedications are estimated in their respective funds, as are real estate revenues related to TIFs and SSDs. The graph illustrates the distribution of total real estate revenues.




**Personal Property –** Almost seventy-nine percent of personal property taxes, $104 million, pertain to vehicle assessed values. The State reimburses the City a flat $53.4 million under the Personal Property Tax Relief Act (PPTRA); the remaining $50.6 million is paid by the vehicle owners. Traditionally, in Virginia Beach, there has been a healthy vehicle buying churn. As vehicles aged and lost value, they were sold or traded in for a newer and higher valued vehicle. Typically, during a recession, the churn quiets. In the 1990-91 recession, new vehicle sales decreased 6.7% while unemployment peaked at 5.0%. Comparatively, during the 2001 recession, new vehicles sales dipped by 3.8% while unemployment peaked at 3.4%. Demonstrating the magnitude of the most recent recession, unemployment climbed to 6.4% and new vehicle sales decreased 24.6%. The average age of a vehicle in the City's base exceeds ten years, which follows the national trend depicted in the graph. The total number of vehicles in operation has also increased as the economy improves, which bodes well for personal property tax collections. The overall number of vehicles assessed is up 1.3%; the total assessed value is up 7.8%.

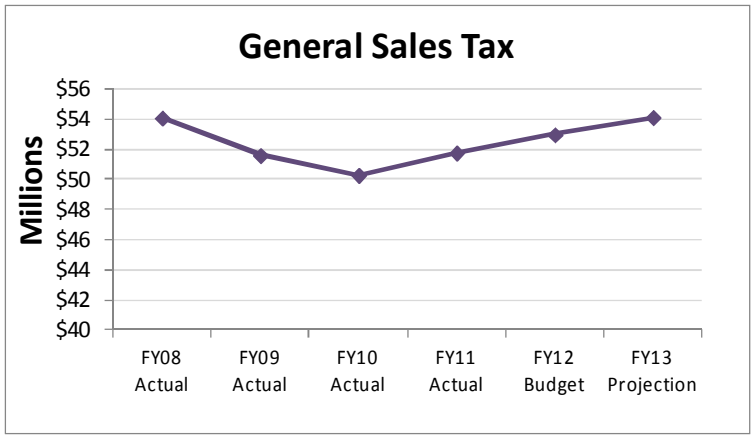



However, this revenue has been erratic and difficult to forecast. None of the sophisticated statistical techniques have forecasted this revenue very well. So, the past performance has not been a good predicator of the future.

During FY 2005-06, the State implemented the new Personal Property Tax Relief Act in which localities will receive a flat reimbursement rather than receive reimbursement for 70% of the total tax eligible tax base. This is a somewhat complicated piece of legislation, and the following discussion highlights the important aspects. The Car Tax reimbursement is no longer linked to the percentage of individual vehicle tax bills. Rather than experiencing increases in our reimbursement that parallels the growth in the vehicle base, the amount of the State reimbursement is frozen at $53.4 million. With projected growth in the vehicle base, this budget proposes a relief percentage of 59%, which changed from 66% in FY 2011-12. Consistent with the original legislation, vehicles valued under $1,000 will not be subject to any tax. Vehicles valued between $1,001 and $20,000 will be

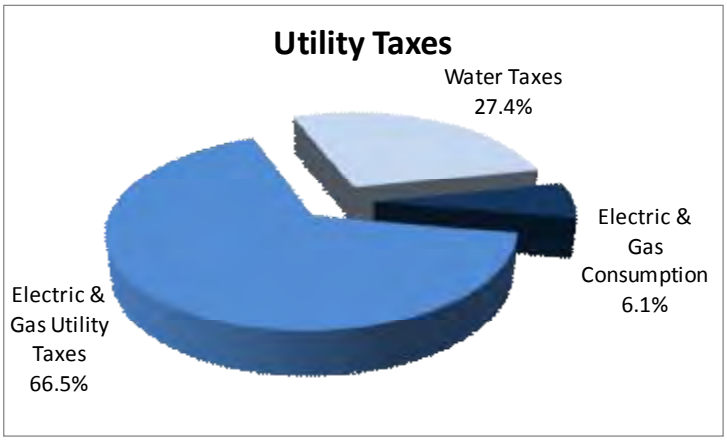
taxed at 41% of the assessed value of $3.90 per $100, and the portion of vehicles valued over $20,001 will be taxed at the prevailing rate of $3.70 per $100.

Estimated Revenue - For FY 2012-13, Personal Property taxes are estimated to be $132,412,895, a 7.1% increase over the FY 2011-12 estimate; which reflects a 6.5% growth rate for vehicles and a 2% increase in business personal property that is likely to perform better than budget in the current year based on FY 2010-11 collections.




**General Sales -** This revenue performed exceptionally well during the housing boom, rising 10.9% and 6.4% in FY 2003-04 and FY 2004-05, back-to-back levels not experienced since FY 1986-87. The appreciation of home values and the ability to monetize it through re-financing/home equity loans had allowed homeowners to withdraw cash from their home and spend it. Consider these national statistics. A 2004 Federal Reserve study indicated that home owners withdrew equity in their homes equivalent to 7% of their disposable income (and it may have risen to 10% in 2005), and a study by Goldman Sachs Group suggested that homeowners spent over two-thirds of these monies on consumer goods. With home prices declining, equity extraction has nearly halted and consumer psychology has likely changed. The growth rates for FY 2007-08 through FY 2009-10 were: 0.2%; -4.6%; and -2.6%. FY 2010-11 improved to 2.9% annual growth, albeit over a significantly lower base. Year-to-date sales tax collections remain positive, tracking about 2% ahead of the same period last year. Consumer confidence is increasing, but it hasn't been totally restored yet.

Estimated Revenue - For FY 2012-13, estimated revenue for General Sales is expected to be $54,098,252. This is 2.2% greater than the previous year's budget, and reflects a modest recovery an adjustment in the base revenues (the FY 2011-12 estimate will prove to be somewhat conservative).

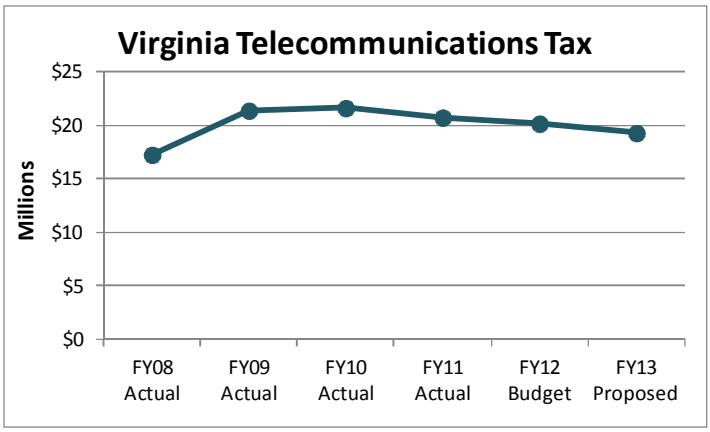



**Utility Tax -** These taxes apply to electric, gas, and water bills for residential and commercial properties. Historically, this revenue grows at modest rates. When the state imposed a change to the local government utility taxing structure from charging on a monetary basis to consumption basis, all local governments were negatively affected. Over time, localities had experienced gains from increases in utility rates (tax applied to higher bill). Charging on a consumption basis eliminated this positive and actually may have hurt localities. This could occur because rate increases can sometimes discourage usage and antiquated heating/cooling systems are replaced over time improving the efficiency and, therefore, decreasing consumption usage.

On residential properties, the Code of Virginia limits the tax to 20% of the first $15 of a bill, essentially making it a flat $3 per monthly tax. So the tax on residential properties is unaffected by weather (variations in weather are not sufficient to reduce a bill below $15). Previously information provided by Dominion Power indicates that approximately 50% of the City's utility tax is derived from residential properties. The commercial tax, however, is applied on a tier structure, and a staff statistical analysis does reveal that atypical year's weather does affect the growth in this revenue.

In terms of projections, the sophisticated techniques have historically projected this revenue very well, and staff track average monthly temperatures, number of housing units, and natural gas prices.

Estimated Revenues - For FY 2012-13, estimated revenue for utility taxes is expected to be $25,700,397. This represents a 0.7% increase from the previous year's budget and reflects a current and historical growth. The growth in this revenue in FY 2010-11 appears to be correlated to more extreme weather patterns; in the current year, the same trend is not being maintained as the weather has been significantly more moderate.

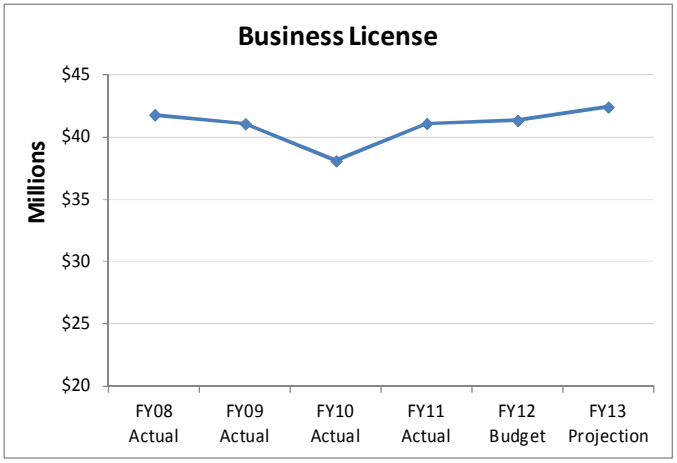



**Virginia Telecommunications Tax -** In January 2007, the State replaced all local telecommunication and cell phone taxes with a uniform 5% tax. The taxation applies to satellite TV, Internet phone service, Voice-Over-Internet-Protocol (VOIP), and satellite radio; additionally, a $0.83 cent Right-of-Way fee was imposed. To eliminate the various rate structures imposed by over 100 local governments, telecommunication industries intensely lobbied for this change. From a local government perspective, there were concerns about achieving revenue neutrality (a legislative promise). However, many local governments were experiencing a decline in the telecommunication revenues due to the use of VOIP, which according to the Yankee Group was experiencing growth rates in subscriptions from 2004 through 2008 at 187%, 149%, 85%, and 35% respectively. Further, literature indicated that more people, particularly young and single, were canceling their landline service and are using only their mobile service. This is not the case in which the City benefits from an extra cell phone tax; these citizens already own a cell phone. As a result, since its inception, the telecommunication tax has not maintained revenue neutrality, but it is impossible to know what growth would have occurred under the previous tax structure.

Neutrality was based upon FY 2005-06 revenue collections and represents $23.4 million per annum. Revenues are received monthly, but they usually incur adjustments. Each month, the City receives adjustment information. The adjustments include overpayments, amnesty collections, and misapplied revenues. To measure the correct annual collections, the adjustments are applied, and a normalized collection is calculated. Current trends in this adjusted revenue stream show a continued deterioration. The shape of the economy may serve as an explanation. Business closures, curtailment of 1-800 usage, and continued trend of cancellation of landlines all could reflect fall out from the economy. These trends do not necessarily have to take place in Virginia Beach. The City receives a portion of the overall state-wide revenues, so trends more pronounced in Northern Virginia could adversely affect our revenue.

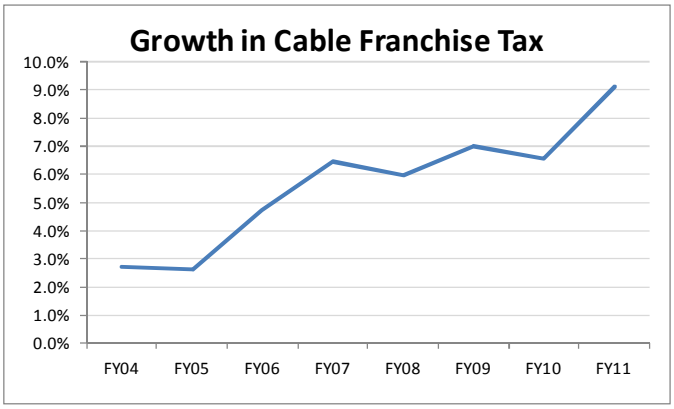
Estimated Revenue - For FY 2012-13, this revenue is projected to be $19,279,076. The 4.3% decrease compared to the previous budget is based on a continued declining trend. The State has notified localities of a number of large exonerations that have affected this revenue stream; however, the City receives little information about the nature of the refunds; therefore, it is difficult to determine whether these will adjust the base permanently or represent one-time adjustments.

**Business Permit and Occupational License Tax (BPOL) -** This revenue consistently outperforms General Sales, which should not be surprising since this revenue captures the growth in the service economy plus the traditional retail sector. But this revenue has also been more volatile. Some of this volatility may be associated with reporting and auditing issues and recent rebates associated with court rulings. Regarding audits, any additional revenue recovered through the audits or refunded is posted in the year in which the recovery/refund occurs rather than the year in which the revenue-generating activity took place. Some of the volatility, however, is not explained by any known economic variable that the City tracks. In terms of projection methods, the sophisticated techniques have a poor record of success in forecasting this revenue. However, none of the broad, local economic indicators seem to serve as good predictors. Hence, this revenue is often projected based on simple trend analysis and judgment.




BPOL Incentive Program: The City Council requested authority to establish a Business License Incentive Program to allow all new businesses in Virginia Beach to be exempted from the Business Professional Occupancy License Tax for two years. The General Assembly passed HB 1587 granting such authority, and the bill is expected to be signed by the Governor and become law on July 1, 2011. The estimated annual impact is $1 million dollars that could possibly be partially offset by higher future revenues through attracting new businesses.

Estimated Revenue - For FY 2012-13, estimated revenue for BPOL is projected to be $42,423,932, which represents a 2.6% increase over last year's budget.




**Cable Franchise Tax -** During the recession, many discretionary spending decisions were made by consumers. For instance, some big ticket purchases were delayed and consumers turned to discount stores for goods. One area unaffected by the recession has been entertainment. While theater prices have escalated, movie rentals and pay-per-view have only modestly increased.

Enhancing the home entertainment experience has been a growing sector of the cable industry. More and more high definition and digital channels have been introduced. To receive the channels, consumers are required to pay increased monthly rates. Both Cox and Verizon have added new High Definition channels and multi-room digital video recorders. As the cable menu options have increased, consumers have used preferential cost-saving entertainment strategies to supplant higher cost entertainment venues. Because the cable franchise tax is based upon gross revenues and prices have increased with options, the cable franchise revenues have also risen.

Estimated Revenue - For FY 201-13, cable franchise revenues are projected to be $7,527,233, an increase of 7.3% over the previous year's budget, which is trending to be too conservative based on actual collections for FY 2010-11 and year-to-date collections for FY 2011-12.

**Automobile License Fee -** This revenue had historically grown in a moderate and stable manner, which partially reflected the slow growth in our population. Because of this stable and steady pattern of growth, the sophisticated statistical techniques had an exceptional track record of forecasting this revenue. In FY 2003-04, the City eliminated physical issuance of decals and began collecting these fees through the DMV State registration process. DMV represents a more comprehensive source for vehicle discovery and offers an added bonus of aiding collections of delinquent fees. In May 2004, the City and DMV entered into an agreement in which until delinquent license fees are satisfied, tax payers are not allowed to renew their State registration. There were transitional issues in the conversion, and the time series of this revenue is no longer suitable to forecast with these sophisticated techniques.

In recent years, this revenue has experienced flat or declining growth, and may be attributable to three demographic factors and the economy. (1) The number of students becoming of driving age is declining according to school enrollment data. With graying of America, it is possible that some elderly may be giving up their driving privileges. (2) Data from the IRS indicated the City was experiencing an out-migration of population and this would be consistent with a decline in automobile licenses. (3) When recessionary shock occurred, this further reduced the number of automobiles. When all these factors are netted against each other, there is a tendency for declines or no-growth to very modest gains.

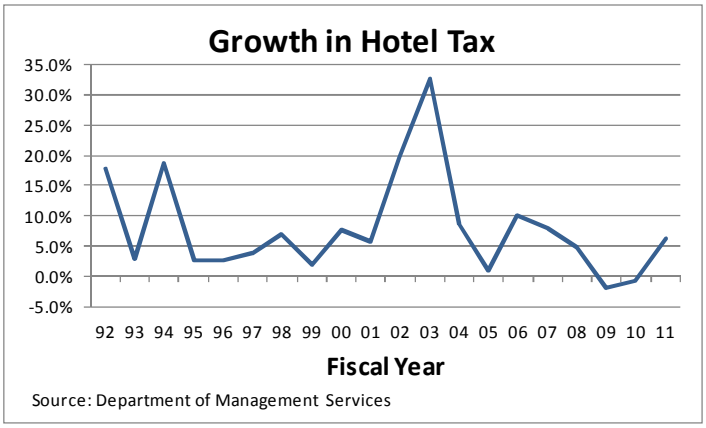
Estimated Revenue - Given the explained factors, further complicated by a deep recession, for FY 2012-13, automobile license fees are projected to be $9,627,435. This is 3.4% above the previous year's budget. This revenue performed very poorly in FY 2009-10, and the FY 2010-11 estimate reflected that performance. However, the actual collections in FY 2010-11 beat the budget estimate by 3.3%. The FY 2012-13 estimate reflects 3.0% growth over a revised base for the prior year.

**Cigarette Tax -** The cigarette tax revenue trend is volatile. There are numerous factors contributing to this. Some of those factors include health awareness, non-smoking legislation, cancer litigation, price increases, and the availability of e-cigarettes (which is not subject to Federal, State, or local cigarette taxes). According to the Centers for Disease Control, approximately 45.3 million Americans are smokers. This compares with 50.1 million in 1965. Of those currently consuming, 10% smoke at least 25 cigarettes a day compared with 20.1 cigarettes in 1965; 34% currently smoke 15-24 cigarettes a day compared to 44% in 1965; and 56% smoke fewer than 15 cigarettes a day compared to 36% in 1965. Clearly, there is a desire to consume tobacco, but usage has shifted to what might be termed a "part-time smoker." Average usage in 1980 was 21 cigarettes per day to 13 today as reported in the Wall Street Journal. Historically, after a tax rate increase, this revenue declines. Presumably, this either encourages cessation or alternative purchasing decisions. Likely, it's a combination of both with more weight going to the latter.

Estimated Revenue - For FY 2012-13, total cigarette tax revenues are projected to be $12,153,510. This is 3.2% above last year's budget, and reflects current trends and an adjustment to the base level due to the actual revenues received in FY 2011-12. Note that a portion of these taxes are earmarked to the Tourism Investment Program; therefore, due to GASB 54, $934,885 revenues are recorded in that fund.

**Hotel Tax -** This revenue represents another example of how hard the City was hit by the recession. The City experienced two consecutive years of declining hotel revenue (FY 2008-09 at -1.9% and FY 2009-10 at -0.7%); there is no historical precedent for this. However, the City outperformed all three of our main competitors (Ocean City, Myrtle Beach, and Coastal Carolina) in terms of average annual hotel occupancy, and we fared better than two out of three in terms of Average Daily Rate (ADR), and RevPar (revenue per available hotel room).

Growth has now resumed and FY 2010-11 was the highest-grossing year in the City's history. Although the recovery in hotel sales was delayed compared with General Sales and Meal, FY 2010-11 growth eclipsed those of the aforementioned revenues. Old Dominion University is projecting a modest increase in regional hotel sales, and Virginia Beach nearly always outperforms the region. Gas prices do remain a concern, particularly since we are a drive-destination. As pointed out below, higher gas prices are not negatively correlated with hotel taxes. Perhaps, the visitors that would have traveled here but for the higher gas prices are offset by vacationers that would have traveled further to other destinations but for the gas prices.




The City has experienced slight increases in occupancies, but the bulk of the increase in revenue is the result of higher average daily room rates and rentals at the residential beach community of Sandbridge. The City hotel product has been upgraded with the addition of the Hilton, a Hampton Inn, Spring Hill Suites, and Westin hotel at the Town Center.

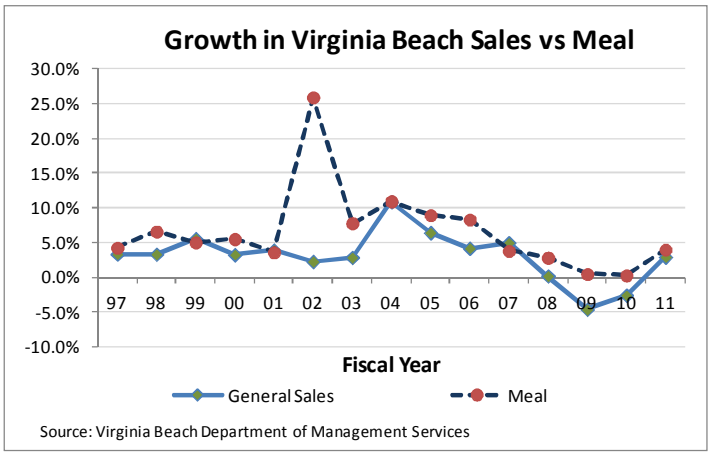
Convention bookings have exceeded projections. The convention industry is important to our City because the height of convention travel occurs between September and May, a time during which hotel occupancy levels are lower. A long-standing goal of City Council is to expand our shoulder season that, in turn, improves the cash flow to hoteliers that may spur further property investment at the oceanfront.

In terms of projections, the fundamentals for a successful season include: a relatively healthy economy in the northeast (the City's largest tourism market); a continued successful media program; the weather (always an unknown); gas prices;

and competition from competing destinations. Surprisingly, a correlation analysis of hotel room prices, gas prices, and consumer confidence in the northeast with our hotel revenues revealed that no strong correlation exists, which seems inconsistent with survey data and simple intuition. The statistical techniques have not accurately forecasted this revenue. Staff does review local forecasts for tourism, but these are regionally based. As a result, these estimates are developed based on simple trend analysis and judgment.

Estimated Revenue - For FY 2012-13, total hotel taxes are expected to be $26,608,521, of which $23,377,471 is hotel tax, $1,213,870 is the transient occupancy tax recorded in the Sandbridge SSD, and $2,017,180 is related to the flat tax paid per room night. A total of $5,622,146 is estimated in the General Fund. Total hotel taxes are estimated 2.1% above the previous year's budget. Note the majority of hotel taxes are earmarked to the Tourism Investment Program and Tourism Advertising Program; other hotel tax revenues can be found in the Central Business District – South TIF and the Sandbridge Special Service District. Due to GASB 54, these revenues are recorded in those respective funds. The aforementioned growth rate in this revenue applies to the hotel taxes recorded in these funds as well.

**Restaurant Meal Tax -** Historically, this revenue has been one of the most consistent performers regardless of underlying economic fundamentals, and it consistently out performing General Sales tax as illustrated in the graph. Through five previous national recessions (some of which did not impact our area), the lowest annual growth rate achieved was 1.6%. This immunity ended for this recession. Annual growth rates for FY 2008-09 and FY 2009-10 failed to breach 1% (0.5% and 0.3% respectively); however, the growth never trended negative. This paralleled the national experience. According to a Zagat Survey, Americans dined out an average of 3.3 times a week before the recession and 3.1 times during it.




Modest growth, however, has resumed with this revenue growing at an average of 5.2% for the last twelve months.

According to restaurant industry experts, meals away from home are often driven by specific demographic variables. They are: the percentage of women working; percentage of households with incomes higher than $25,000; and the percentage of population between the ages of 25 and 44. Higher concentrations of these bode well for restaurant sales; Virginia Beach has a higher relative concentration compared to Virginia and the U.S. Comparative local restaurant quality with neighboring localities can also be a factor. Local resident wealth and tourism also serve as positive factors. Finally, between 30% and 35% of meal tax revenues are generated by non-residents. Hotel revenues have begun to recover as well and may bolster meal sales. The statistical techniques do forecast this revenue well and staff also examines trends to establish an estimate.

Estimated Revenue - For FY 2012-13, meal taxes are expected to be $55,155,356, a 6.6% above the previous year's budget. A total of $35,146,135 is estimated in the General Fund. This reflects current trends and an adjustment to the base due to FY 2010-11 actual collections performing 4.6% better than the budgeted amount; FY 2011-12 is likely to beat the estimate as well as the revenue to date is tracking 4.9% above the same period in the prior fiscal year. Note portions of the meal tax are earmarked to the Open Space Fund, Tourism Investment Program and Tourism Advertising Program, therefore, due to GASB 54, these revenues are recorded in these respective funds. The aforementioned growth rate in this revenue applies to the meal taxes recorded in these funds as well.

**Admissions Taxes** - Historically, these revenues exhibit a yo-yo pattern of growth that is often unexplained by local economic fundamentals. The calendar of events hosted in the City in conjunction with movie releases often serve as the explanation for this revenue's performance and these could be the by-product of a still-weak economy. Amphitheater sales comprise approximately 16% of total admission taxes and the vagaries of the performing acts on tour as well as our venue's ability to lure these acts is difficult to forecast. Historically, amphitheater sales have contributed to the overall volatility in this revenue. The success of movie ticket sales is highly dependent upon the quality of movies, which is inherently

subjective and difficult to forecast. Reporting and audit issues are a factor here too. Through late remittance or discovery through audits, sometimes revenue is recorded in the year after the economic activity occurred. The statistical techniques have not performed well in forecasting this revenue, nor have data on national movie sales tracked by staff. Thus, simple trend analysis and judgment are used to estimate these revenues.

Estimated Revenue - For FY 2012-13 are forecasted to be $5,800,563. This represents a 4% increase from the previous year's budget. Note admission taxes are earmarked to the Tourism Investment Program; therefore, due to GASB 54, these revenues are recorded in this fund.

**Permits, Privilege Fees, and Regulatory Licenses -** This represents a broad range of governmental service permits, privileges, and regulatory licenses.

Over the last five years, these revenues have varied greatly because rate changes, new revenue sources, and deleted fees have altered the foundation. These revenues are primarily a function of population count, population age, the economy, and real estate/construction industry activities. Because regulations and rates change, historical data is not a good forecasting tool. As a result, departmental input was used.

Estimated Revenue - For FY 2011-12, the estimated revenue for Permits, Privilege Fees, and Regulatory Licenses is $4,476,243. This is 17.6% above last year's estimate. This is primarily attributable to an increase in Planning Department fees.

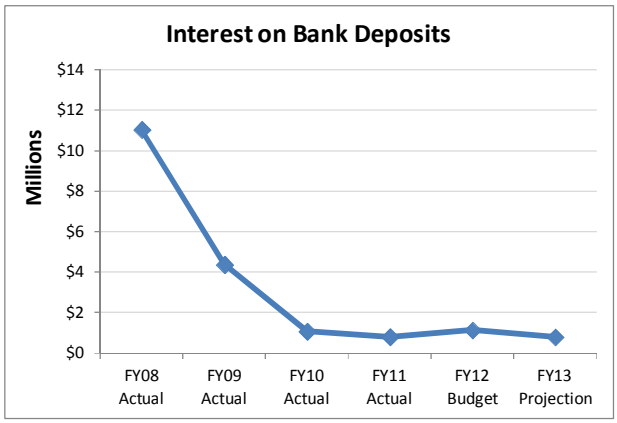
**Fines and Forfeitures -** This represents a broad range of local government applied fines and forfeitures, with the two primary revenues being Court Fines and Red Light Camera Violations.

These revenues are primarily a function of population count, population age, and rate changes (e.g., parking fines). Projections are based on historical trends.

Estimated Revenue - For FY 2012-13, the estimated revenue for General Fund Fines and Forfeitures is $6,043,373. This is 2.4% above last year's estimate and reflects a modest recovery in this revenue stream.

**Revenue from the Use of Money and Property -** This represents a broad range of financial and physical resource revenues, but is particularly related to interest on bank deposits and use of City property.

This revenue category trends with interest rates and is primarily a function of the rates and cash balances invested. Because the Federal Fund rate has been between 0% and 0.25% since 2008, this has had a diminishing effect upon City returns. With a very fragile national economy, the federal rate may stay at this level until sustained economic growth is seen at the national level. The graph shows the dramatic decline in interest that the City receives on investments: In FY 2007-08, the City earned almost $11.1 million in interest in the General Fund; in FY 2010-11, the City received $0.8 million – a 93% decrease.



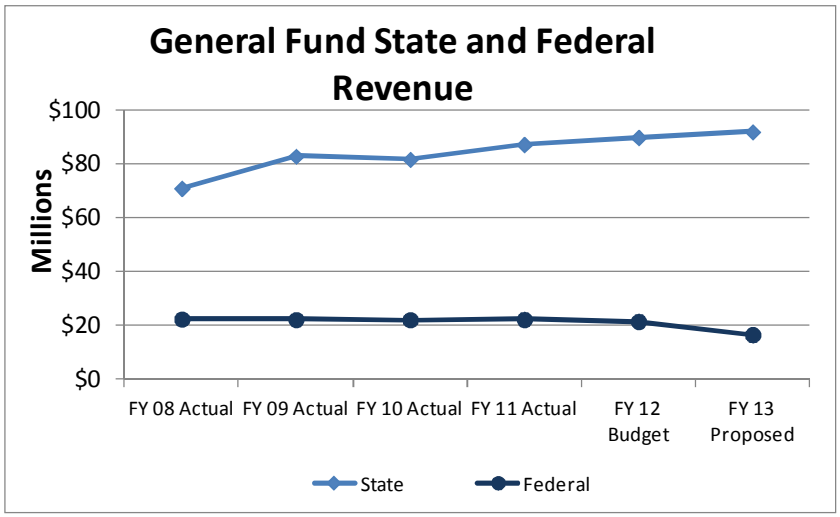

Bond sale timing and amount affects the City's invested principal. The 90-Day Treasury bill rate serves as a conservative proxy for City investment earnings.

Estimated Revenue - For FY 2012-13, the estimated revenue for Use of Money and Property is $5,095,499. This is 0.4% below last year's estimate. This is primarily related to the meager returns the City is currently receiving on deposits.

**Charges for Services** - This represents a broad range of revenues offsetting the cost of delivering services and programs.

Due to increased demand for fee-based services and additional charges for the cost of City services, these revenues have been increasing at a rather brisk pace. Most of these revenue estimates were historically trended, discussed with departments, and calculated using the prevailing rate. In FY 2007-08, to balance service delivery with costs, the Council appointed a Blue Ribbon Tax, Fee, and Spending Task Force, and they recommended regular fee increases.

Estimated Revenue - For FY 2012-13, the estimated revenue for Charges for Services in the General Fund is $34,175,279, an increase of 3.1% above last year's budget. This primarily reflects increases in Human Services self-payments and Medicaid payments and event charges, offset by decreases in museum sales and other miscellaneous charges based on trends.




**State and Federal Revenue -** Estimates are based on historical trends, General Assembly budget proposals, gubernatorial recommendations, and congressional processes. Because state and federal budgetary timelines lag the locality cycle, budgets are based upon speculative reports. Typically, the state and federal bicameral establishments have not jointly resolved budgetary issues by the time of this report. Further complicating the projection, there is a fair amount of volatility in these revenues (see graph).

Estimated State and Federal Revenues - For FY 2012-13, State and Federal revenues are forecasted to be a combined $108,696,950. This is 2.5% below last year's estimate. This reflects increases in State Road Maintenance funds, anticipated increases in State Law Enforcement funding and partial restoration of recordation taxes, offset by decreases in funding for mental health and developmental services, human services public assistance grants, and Virginia Wireless E-911 funding.

**Transfers from Other Funds -** These estimates reflect the City's on-going policy of charging self-supporting and fee-generating funds for support costs financed through the General Fund.

Estimated Revenue - For FY 2012-13, General Fund revenue from transfers is expected to be $13,991,900. This is 16.5% below last year's estimate and primarily reflects no contribution from the Agriculture Reserve Program

**Summary of General Fund Revenues -** Total estimated revenue for the General Fund is expected to be 3.6% higher than last year's estimate; however, current year revenues (excluding fund balance use), are increasing 2.0%.

## Special Revenue Funds

This section highlights the major Special Revenue Funds:

**Schools/Education -** The following funds comprise the total School operations: School Operating; School Vending Operations; School Grants; School Textbook; School Athletic; School Cafeteria; School Reserve; School Technology Category; School Equipment Replacement; School Instructional Technology; School Communication Tower Technology; School Risk Management; and City and School Health Insurance. The revenue estimates for these funds are provided by the School Administration and by the state, and are based on information received from state and federal agencies at the time of the preparation of the budget, except for local tax funding which is provided by the City.

Revenue is received from three sources: Federal, State, and local governments, including local fees for charges by Schools. Federal funds are of two types. Federal revenues primarily consist of impact funds, which are allocated to Schools for use in the operation of the total instructional program to support the cost of educating military children, and funds for the School lunch program. State funds are allocated based on a two-part, General Assembly, adopted formula: 1) The Standards of Quality are used to determine the number of teachers that are required by each school system. The state also uses an average salary figure to arrive at the total level of funding. 2) A Composite Index of Local Ability to Pay is used to determine the funding split between the State and localities. Wealthy communities receive less State aid while less wealthy communities receive more. The City is responsible for the residual amount from the Composite Index (subject to a cap). For FY 2012-13, the City is $204 million above the amount required by the State.

Certain categorical State funds are dedicated to certain specific courses or activities, such as pupil transportation, vocational education, special education, and technology initiatives. The State Share Sales Tax (one cent on the sales dollar) is returned by the Commonwealth to localities exclusively for public education and is distributed based on the number of School age persons residing in each locality. Regarding local funds, historically, these consisted primarily of monies derived from property taxes. Because local, School Boards in Virginia are fiscally dependent bodies, they must rely on the City Council to appropriate the required local tax funds and also to approve the total budget. In FY 1997-98, the City adopted a revenue-sharing formula as a means to provide funding for Schools. The formula initially provided 53.13% of the following taxes: Real Estate; Personal Property; General Sales; Utility; Cell Phone; Business Professional License Occupancy tax, and the Cable Franchise tax. The actual percentage was recomputed after the adoption of the budget each May to reflect changes in the revenue streams and rates. In FY 2012-13, the City Council eliminated the City/School revenue sharing formula. The City determined the submission of a needs based budget from the School system would enhance the City Council's ability to prioritize City and School needs against a smaller pool of financial resources.

Estimated revenue for these funds is expected to decrease 2.9% over last year's estimate, including Internal Service Funds and the School Reserve Special Revenue Fund, primarily due to the elimination of federal stimulus funding. These funds are not included in the "Education" the Expenditure Summary. In total, the local City revenue will increase by 1.2%, which reflects the allocation of two cents of a proposed four cent tax increase ($0.89 to $0.93). State funding will increase by 0.6% for FY 2012-13, and reflect the State's fiscal situation.

**Housing -** The following funds comprise the majority of the housing operations for FY 2012-13: Grants Consolidated, Community Development Special Revenue, CD Loan and Grant, Federal Housing Assistance Grant, and Federal Section 8 Programs. Revenue estimates for these funds are provided by the Department of Housing and Neighborhood Preservation (HNP) and are based on information received from State and Federal agencies at the time of the preparation of the budget. Revenue is received from three sources: Federal, State, and local governments. Federal funds are received both directly through the Department of Housing and Urban Development (HUD) and indirectly through the Commonwealth. Local funds are allocated to offset administrative costs for certain salary and fringe benefits, rental of office space, and utility costs.

Estimated revenue for these funds is expected to be 2.4% below last year's estimate for FY 2012-13, and reflect a reduction in Federal funding that, given the size of the national deficit, may continue in the future.

**Parks and Recreation -** The Parks and Recreation Special Revenue Fund comprise the total operations for the Parks and Recreation Department. The golf course operations have been privatized (except for one position that oversees the contract) and are no longer reflected in the department. Funding is derived from user fees and charges for the use of Parks

and Recreation facilities and sponsored activities, a dedicated portion of the real estate tax to support recreation center operations, and additional support from the General Fund to support park operations.

Estimated revenue is expected to be 8.7% above last year's estimate for FY 2012-13. The increase primarily reflects the opening of the Williams Farm Recreation Center and park (17.63 positions, maintenance, operations, and debt service costs; 26.17 positions will be transferred from the Bow Creek Recreation Center while this is closed for modernization, ultimately delaying the hiring of the full complement of staff for Williams Farm until FY 2013-14). This budget also includes modest fee increases and funding that was redirected for one-time use for City services is restored (see the note in the "Resource Summary" portion in Parks and Recreation write-up under the Cultural and Recreational Opportunities section of this document).

**Sheriff Department Special Revenue Fund -** Revenue is derived from three sources: Federal, State, and local governments. Revenue for the Sheriff's Department Special Revenue Fund is derived from State, and Federal governments for the care and custody of persons placed in the Virginia Beach Correctional Center by the courts, and from the City's General Fund. The Federal reimbursement is specifically related to a contractual arrangement between the City and the Federal government to house Federal prisoners when necessary. The Inmate Services Special Revenue Fund has been merged into the Sheriff's Department Special Revenue Fund in FY 2012-13.

Estimated revenue is expected to be 3.9% above last year's estimate for FY 2012-13, which reflects a significant decrease in the use of fund balance that reflected a short-term funding strategy for last year. Excluding the use of fund balance, revenues are up 6.4% compared to last year, and reflect a modest increase in local funding and charges for services.

**Waste Management Special Revenue Fund -** The FY 2012-13 budget transitions all Waste Management programs, including recycling, to a new fund to illustrate the costs and revenues associated with these services, including the $10 monthly fee. Historically, the City of Virginia Beach has paid the full tipping fee to SPSA and SPSA has reimbursed the city for the difference between the current rate and the city's contract amount of $65 per ton. This has been treated as a credit to expenditures since it was a reimbursement. To increase transparency, the City is estimating the full cost and full revenue in FY 2012-13. FY 2010-11 actual and FY 2011-12 amended amounts have been adjusted to reflect this accounting change.

In total, expenses for the Waste Management operations decreased; however, the portion that is supported by non-City funding has increased from $22,388,950 to $29,780,460 with the inclusion of a full year of the waste management fee.

**Tourism Investment Program Fund -** This reflects the merging of the Tourism Growth Investment Fund and the Major Projects Fund. Both of these funds received dedicated revenue streams to fund tourism and other economic developed related capital projects. Specific major projects include: $203.3 million for a completely rebuilt Convention Center on the existing site; $32.3 million for a new performance theater; and $3 million to expand the Virginia Aquarium and Marine Science Center parking facilities. Revenues in this fund are primarily generated from: 4.5 cents of the Hotel tax; 1.06 cents of the Meal tax; 5 cents per pack of the Cigarette tax, and 100% of Amusement (10% Admissions and 5% Participatory) tax.

Estimated revenue is expected to be 1.1% above last year's estimate for FY 2012-13. In FY 2011-12, the transfers from other funds included $3,129,087 from the fund balance of the Major Projects fund and the Tourism Growth Investment Fund. If this is considered use of fund balance, current year revenues are estimated to be 6.7% above last year. Hotel and Cigarette taxes are forecasted to increase at modest rates while Amusement and Meal taxes are projected to experience more robust growth. All of these revenues are now recovering nicely from the recession.

**Tourism Advertising Program Fund -** The Tourism Advertising Program Fund generates revenue for increased tourist advertising by: a levy of a $1 charge per hotel room night; a one-half cent tax on Restaurant Meals; and a one cent on Hotel tax.

Estimated revenue is expected to be 2.9% below last year's estimate for FY 2012-13; however, excluding the use of fund balance, the revenues are projected to grow by 2.5%, and also reflect the growth in Hotel and Meal taxes.

**Agricultural Reserve Program Fund (ARP) -** This program is designed to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate, by means that are voluntary rather than regulatory. Revenue was initially derived from a 1.5 cent increase in the Real Estate Tax. In FY 2004-05, due to the rising value of real estate assessments, this level of funding was reduced from 1.5 cents to 1 cent. A similar analysis revealed that the dedicated amount could be lowered to 0.9 cent in FY 2005-06, primarily again due to rising real estate assessments.

Total revenue is expected to be 28.4% lower for FY 2012-13. The decrease reflects the decrease use of fund balance from FY 2011-12 (1.6 million versus none for FY 2012-13). Excluding the use of fund balance, revenues would decline by 2.85 and reflects the continued downturn in real estate appreciation.

**Tax Increment Financing Funds -** The Code of Virginia (Sect 58.1-3245 – 3245.5) authorizes the use of Tax Incremental Financing (TIF), which can serve as a means of financing the cost of public improvement in an area. The financing mechanics work as follows: for the target geographical area covered by the TIF, the current real estate assessments are anchored as a base, and subsequent increases in real estate taxes derived from increases in assessments are earmarked to a fund from which public improvements are paid. TIF's are often set for predetermined limits, usually associated with the funding of these improvements. All TIF related revenues are excluded from the City/School Revenue Sharing Formula. A substantial reduction in the Real Estate tax will affect the cash flow of these TIF's, particularly the Central Business District-South. The City has established three TIF's, which are described below:

- Sandbridge TIF - The Sandbridge area, which is an important real estate and aesthetic asset of the City, has long battled sand erosion. Over the years, the City has pursued a multi-front strategy of funding sand replenishment: seeking Federal funds; appropriating local funds; and establishing the Sandbridge Special Services Tax District. The establishment of this TIF is another method to ensure stability to this area. These revenues are designed to reserve the revenue for future costs, and these revenues are transferred directly into the fund, $7,113,616 for FY 2012-13, and these figures reflect a significant decrease in real estate appreciation that is occurring after a period of exceptional growth. A financial analysis indicates that sufficient monies will be available in the future to fund sand replenishment and transfer surplus funds from the TIF to finance roadway projects in the CIP.

- Central Business District-South TIF (Town Center) - Town Center is associated with a public-private partnership to develop a high-rise office, hotel, and retail complex in the Pembroke area of the City. These revenues are funding the debt service costs associated with the construction of public parking, and these revenues are also transferred directly into this fund, $5,738,312 for FY 2012-13, and this level reflects the decline in commercial property values.

- For FY 2012-13, the Lynnhaven Mall TIF was eliminated. The Lynnhaven Mall TIF was associated with a public private partnership to expand the Lynnhaven Mall, which is one of the largest shopping malls in Virginia and represents an important retail asset to residents and tourists. The developer funded over $100 million dollars of improvements while the City contributed $11.5 million (present value), which translates into a favorable 10:1 leverage ratio. Additionally, the City reaped the benefits of increased retail, restaurant, utility, and business license taxes. The City met its financial obligation two years early, meeting its final payment through the use of fund balance that accumulated in the TIF.

**Open Space Special Revenue Fund -** This fund provides $62.7 million in funding for the acquisition and preservation of property. The Parks and Recreation Department developed an Outdoor Plan, which includes an Open Space initiative. This plan was developed with public input, and calls for the preservation of approximately 5% of the City's land for parks, trails or natural vistas. There is some empirical data that suggests open space bolsters property values and cited as factors in appeals to relocation decisions for businesses. The source of funding for this plan includes: $0.44 cent increase in the Restaurant Meal tax; and a one-time $5 million transfer from the ARP fund, fund balance. The fund has been appropriating a planned use of fund balance that grew in the early years of the fund and is now being appropriated to acquire and maintain land via the Capital Improvement Program.

Estimated revenue is expected to decrease by 6.1% from FY 2011-12. Adjusted for the decrease use of fund balance, revenues are expected to increase by 5.2%. As previously noted, Meal tax revenues have recovered from the recession. The total expenditure needs for both operating and the transfer to the CIP (including the two-year redirection) are

essentially flat. The fund is nearing the end of its planned use of fund balance in which revenue accumulated in the early years of the fund and now are being drawn down to meet the CIP commitments.

## Enterprise/Utility Funds

**Water and Sewer -** The Water and Sewer Fund operates as a self-supporting enterprise fund, meaning that all operating and debt service costs are financed/recovered primarily through user charges. Historically, major sources of revenue for operation of the water and sewer system include: Sale of Water; Water Service Charges; Sewer Charges; Interest on Bank Deposits; Sewer Main Extensions; and Sewer Line Fees. Beginning in FY 2011-12, the Public Utilities department will implement a four-year, stepped sewer rate increase to support capital and operating budget impacts of the regional consent order. This is discussed more in the Public Utilities budget discussion in the Quality Physical Environment section of this document.

Estimated revenue is expected to increase by 1.6% more than the FY 2011-12 budget. These increases reflect the new charge discussed above.

**Storm Water Utility Enterprise Fund -** This fund is also self-supported through two sources of revenues: charges for services and reimbursements from the Commonwealth of Virginia. Charges for services are billed by the utility to owners of developed properties within the City. These charges are dependent upon the amount of impervious surface at each property generating storm water run-off. The State reimburses the City, upon audited proof of work performed by the City, for road ditch maintenance. This budget includes an increase in the Storm Water Equivalent Residential Unit (ERU) fee by 7.5 cents for FY 2011-12, 5 cents in FY 2012-13, and 5 cents in FY 2013-14. The increase provides funding to begin to address over the next several years the significant backlogs in the areas of flood control, water quality, and operations and maintenance, including the addition of an off-road ditch crew and a pipe structure (cave-in) crew. For FY 2012-13, two additional Engineers are included to staff the enhancements in the Storm Water Utility Capital Projects Program and an additional six-person ditch maintenance crew is being added to address infrastructure maintenance backlogs. The fee increases in FY 2012-13 and FY 2013-14 will provide additional funding in each of those areas to further address the backlogs.

Estimated revenue is expected to increase by 15.6% over the FY 2011-12 budget, and primarily reflects the rate increase noted above.

**Parking Enterprise Fund -** This fund is totally self-supported from revenues generated through the operations of the Parking Systems Management Office, which has been moved from the Department of Convention and Visitor Bureau to the Strategic Growth Area Office. Parking lots are operated at the Oceanfront and at Sandbridge; parking meters are installed along certain streets at the Oceanfront; and the City operates garages at 9$^{th}$ Street and 31$^{st}$ Street at the oceanfront, and oversee the contract for the management of the Town Center garages and the structural engineering contract for all the garages.

Estimated revenue is expected to decrease by 7.0% from last year's estimate for FY 2011-12, which reflects the elimination of the transfer from the Tourism Investment Program Fund.

## Council Amendment

On May 8, 2012, the City Council adopted a budget with a real estate tax rate of $0.95 per $100 of assessed value, which is a two-cent increase beyond the rate included in the City Manager's Proposed Operating Budget. Four cents of the increase are allocated to addressing the changes to the Local Composite Index which reduced State funding to the School System. The remaining two cents have been committed to addressing shortfalls in transportation and increased costs for implementing the Line of Duty Act that have arisen with reductions in State funding for those initiatives. This real estate rate increase can be reduced if the State restores funding for these initiatives. The Schools Operating Budget was also adjusted to reflect $2.7 million in additional State funding and $504,362 in Build America Bonds premium reimbursement from the Federal government.

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## Agriculture

The mission of the Department of Agriculture is to provide leadership, coordination and education to enhance the economic vitality of the City's agricultural industry and the preservation and enhancement of its quality physical environment, to assist citizens in strengthening their families and to provide citizens and visitors with cultural and recreational opportunities by preserving our agricultural and rural heritage.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Marketing/Promote the Farmers Market** | | | | | | |
| Children/Students Attending Events at Farmers Market | # | 2,500.0 | 2,500.0 | 2,500.0 | 2,500.0 | 2,500.0 |
| Events at the Farmers Market | # | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Process Agriculture Reserve (ARP) Applications** | | | | | | |
| Acres in the Agricultural Reserve Program | # | 300.0 | 8,092.1 | 8,817.5 | 8,879.0 | 9,379.0 |
| **Financial** | | | | | | |
| **Recruit, Train and Manage Volunteers** | | | | | | |
| Educational Programs Provided by Volunteers | # | 40.0 | 40.0 | 40.0 | 50.0 | 40.0 |
| Maintain the number of volunteers | # | 1,000.0 | 1,250.0 | 996.0 | 1,000.0 | 1,000.0 |
| **Internal Process** | | | | | | |
| **Retain & Grow Businesses at Farmers Market** | | | | | | |
| Farmers Market Space Leased | % | 100.0 | 100.0 | 100.0 | 96.0 | 100.0 |

**Major Changes**

The FY 2012-13 General Fund portion of the Department of Agriculture's operating budget totals $757,224, a decrease of $36,931 or 4.7% from the previous year. The Agricultural Reserve Program (ARP) Fund is a component of the overall Agriculture department operating budget. For FY 2012-13, ARP totals $4,336,626, a decrease of $1,719,502 or 28.4% from the previous year. Last year's budget included a $2,600,000 transfer from ARP to support the General Fund. This budget does not include a transfer for FY 2012-13. However, a portion of General Fund salaries totaling $53,420, equal to 0.48 FTEs are being charged to ARP, reflecting staff support for the ARP. This operating budget funds the existing 12 FTEs and all existing programs are expected to continue at current levels.

**Departmental Overview**

The core services of the department of Agriculture fall into four areas:

- **Director's Office -** Provides overall direction, coordination and administrative support to the department; leadership in developing and implementing the Agricultural Reserve Program; technical assistance to the agricultural community to ensure that agriculture is a viable segment of the city's economy and competitive with nearby areas; support to the Agricultural Advisory Commission; recommendations and assistance to the Planning department regarding the Comprehensive Plan, compliance with Chesapeake Bay Area Preservation mandates, Southern Watershed Ordinance, Transition Area, and Open Space; recommendations for the future direction of the Farmers Market; coordination of city services for agricultural related special events (i.e. Strawberry Festival, Harvest Fair); assistance in developing and implementing strategy to address the issue of aesthetics; assistance in preserving the city's agricultural heritage; installation, maintenance and management of the road-side farm sign program; site plan review for projects in the southern portion of the city; technical advice to the Clean Water Task Force, and Wild Horse Committee; and recommendations regarding rural drainage.

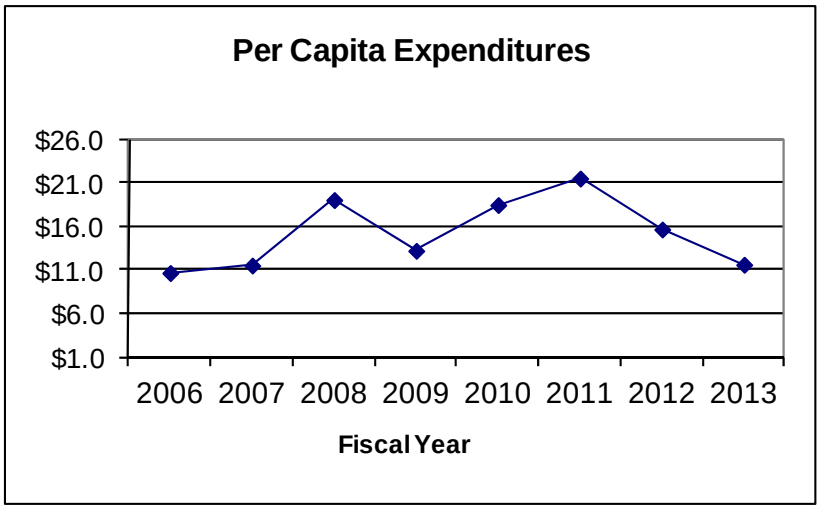
- **Cooperative Extension Program -** Provides research, technical and marketing assistance and community education for all residents regarding agriculture, horticulture, soils, family issue programming, and home management. It administers two mandated programs, Agriculture Disaster Reporting and Pesticide Applicator Certification Recertification education. The city and Virginia Polytechnic Institute and State University jointly fund this program with the city funding one-third of the costs of three Agricultural Extension Agents and 100% of the costs of a fourth agent as well as two administrative support staff.

- **Agricultural Reserve Program (ARP) -** The goal of the program is to preserve and protect 20,000 acres of farm and forested lands in the southern part of the city. Council established the program in May 1995. The ARP is a voluntary program. Landowners, who enroll their agricultural land, help to preserve the rural quality of the southern part of the city, and preserve the agricultural land base of the city's third largest industry for future generations. The ARP protects agricultural lands from increased residential, commercial and industrial development through the purchase of development rights in the form of perpetual preservation easements, and reduces the need to extend city services. Eligibility requirements include: the parcels can be no less than ten developable acres; zoned for agricultural use; and cannot contain land used for recreational or open space purposes. Funding for this program is dedicated from 0.9 cent of the real estate tax.

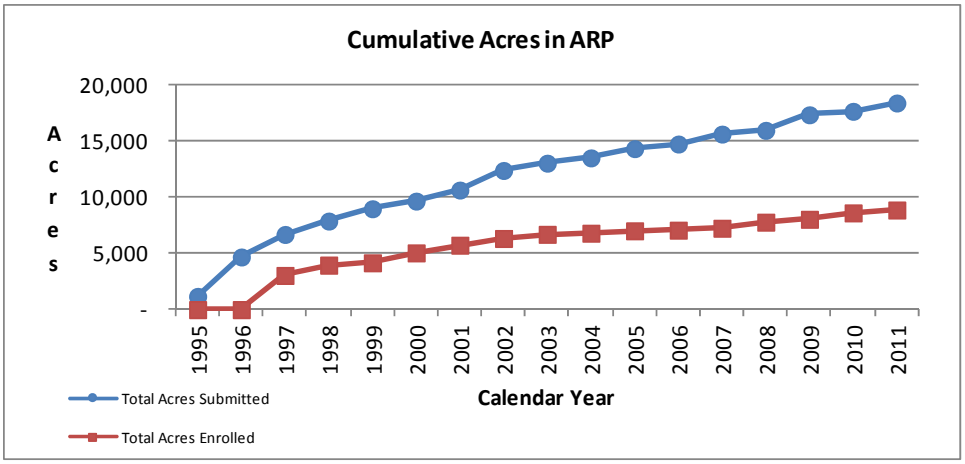
- **Farmers Market -** Leases space to vendors to sell agricultural and complementary products, provides agricultural based education programs for students and rural heritage programming for students, citizens and visitors. Market staff provides programming that is agriculturally based and educational, in a safe, family friendly environment. The Market provides for over 500,000 visitors a year. The revenues generated by the Farmers Market cover approximately 84% of its operating costs.

**Trends and Issues**

- Per capita expenditures will decrease from $15.64 in FY 2011-12 to $11.60 in FY 2012-13. The peaks in the Per Capital Expenditures chart are due to City Council's use of fund balance from the Agricultural Reserve Program for transfers to the General Fund and the Capital Improvement Program. Since FY 2005-06, $20.1 million has been transferred from ARP, to support budget and CIP related issues.



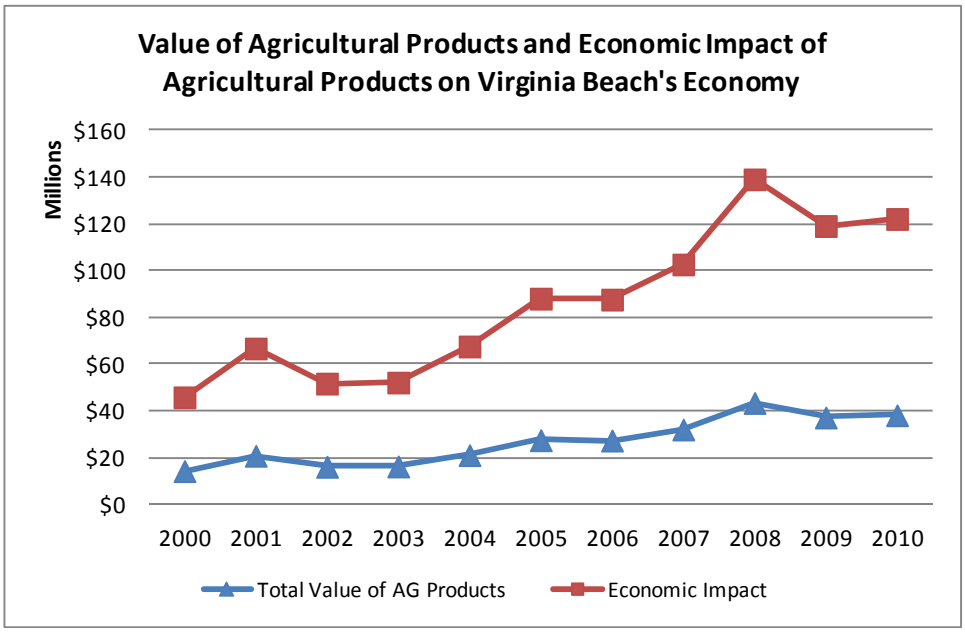

- By the end of calendar year 2011 a total of 217 Agricultural Reserve Program (ARP) applications have been received since the program's inception. The city has purchased the development rights for 8,878.87 acres, which translates into 768 development rights acquired. The Department anticipates adding 640 acres in 2013. Over time, approximately 50% of the applications submitted have been closed. Those that do not close may be attributed to several reasons: the land submitted for review may not be eligible for the program; offers may not have been extended from the city, landowners may not have accepted an offer if they felt the value of the land was lower than anticipated; or current interest rates were not appealing to close. Some applicants have also applied more than one time to have their property reviewed and considered for the program. The lowest interest rates seen in the program's history occurred in December 2008 when rates fell below 3.00%. Landowners did not want to lock in a 25-year payment plan at those low rates. The lowest interest rate for a closing occurred in September 2011 at 4.095%. The current market was trading at 3.61%. Fortunately for the landowners, they were able to close at the floor interest rate that was established in their offer letter at 4.095%. The highest interest rate paid in the program's history occurred in April of 1997 at 7.33%. Interest rates in early 2012 are now trading in the range of 3.00 to 3.40%. These levels are realistic of current market conditions but when compared to the rates in the history of the program, they are perceived as being very low. The market has definitely changed over the years. The city buys U.S. Treasury STRIPS (i.e. Separate Trading of Registered Interest and Principal Securities) to fund the principal purchase price of the easement. Buy-in rates are lower when interest rates are higher and then the reverse is true when interest rates are lower, buy-in rates are higher.




- The Farmers Market is fully occupied with 14 leaseholders and 3 permanent vendors, who have located their own buildings on site. Because of the success of the Farmers Market, it generates for the General Fund on average an additional $36,000 in annual tax revenue from vendors based on vendor business license fees, trustee tax and business property taxes. Special events and family activities are very popular at the Market and include hoedowns, with a total estimated attendance of over 500,000 visitors per year.

- In 2011, the Virginia Beach 4-H Program enrolled 4,337 youth, 549 adults and 49 teen volunteers in its programs. Volunteers in the 4-H Program provided 12,525 hours of service valued at over $236,276.

- The city continues to support the agricultural industry through programs and services offered by the department of Agriculture. The economic impact of agriculture on the city's economy has been positive based on commodity yields and values, fruits and vegetables practices and yields, prices, and growth of the equine industry. The emphasis on eating and buying local along with the impact of tourism, farm stands, pick-your-own farms, and Buy Fresh Buy Local has increased Agricultural opportunities. Agricultural products had an economic impact to Virginia Beach's economy of over $119 million in 2009 and over $122 million in 2010. Through the following efforts, the Department of Agriculture supports the city's agricultural industry, which may lead to increased value of products and economic impacts: the department's and Cooperative Extension's influence and focus on working with the agricultural community; the City of Virginia Beach's focus on agriculture sustainability and environmental impact issues related to farming and the rural landscape; creating and promoting marketing opportunities for farmers to grow their business and new farmers to enter the business; offering educational programs for agriculture both for the farmer and non-farmers/residents; and working with the State of Virginia's governmental agencies such as Virginia Department of Agriculture and Consumer Services and the General Assembly and Senate on State and Federal Agriculture issues and opportunities.




- Cooperative Extension provided farmer educational programs in grain, fruit, vegetable and strawberry production to support the city's agriculture industry. Extension agents provided education on quarantined fire ants and Beach Vitex, while monitoring the threat of Asian Soybean Rust. They maintain awareness of other diseases, and received national recognition as the first to detect Anthracnose Crown Rot in strawberry plants in Virginia.

- Cooperative Extension's Family Consumer Science staff offered, in conjunction with a large number of volunteers, workshops and training on financial literacy, consumer education, housing, and foods and nutrition to approximately 18,000 residents in 2011. The trend is fresh foods, better nutrition, and increased food education and food safety. Also, there is increased interest in kitchen gardens and consumer sciences.

- Cooperative Extension's Environmental Horticulture certification/recertification training seminars allowed 198 Virginia Beach municipal and commercial pesticide applicators to obtain and maintain their licenses in compliance with state and federal requirements. Applicators need to remain current on pesticide regulations and technology to make safe and sound pest management decisions related to personal, community, and environmental health.

- In 2010, there were 236 active Virginia Beach Master Gardener (VBMG) volunteers that collectively contributed approximately 25,000 hours of service valued at $518,917, and provided horticultural information to over 32,014 residents. VBMG volunteers worked in 24 program areas including: "Ready, Set, Grow", an environmental stewardship program which reached 2,093 Virginia Beach City Public School students and teachers; "VBMG Speakers Bureau" which delivered 84 presentations to 1,637 members of civic groups; and the "VBMG Help Desk" which provided information via email, telephone, or personal contact to 1,200 citizens.

## Agriculture - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 306,236 | 318,661 | 276,935 | (41,726) |
| Cooperative Extension Program | 243,032 | 269,285 | 284,213 | 14,928 |
| Farmers Market | 177,785 | 206,209 | 196,076 | (10,133) |
| Total Expenditures | 727,053 | 794,155 | 757,224 | (36,931) |
| Revenues | | | | |
| Fees | 105,246 | 178,360 | 165,760 | (12,600) |
| Total Revenues | 105,246 | 178,360 | 165,760 | (12,600) |
| General City Support | 621,807 | 615,795 | 591,464 | (24,331) |
| **161 Agriculture Reserve Program Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Agricultural Reserve Program | 148,053 | 159,994 | 215,950 | 55,956 |
| Debt Service | 3,919,525 | 3,296,134 | 3,643,024 | 346,890 |
| Reserve for Contingencies - ARP | 0 | 0 | 477,652 | 477,652 |
| Transfer to Other Funds | 4,000,000 | 2,600,000 | 0 | (2,600,000) |
| Total Expenditures | 8,067,578 | 6,056,128 | 4,336,626 | (1,719,502) |
| Revenues | | | | |
| Local Taxes | 0 | 4,459,324 | 4,336,626 | (122,698) |
| State | 210,580 | 0 | 0 | 0 |
| Transfers | 4,383,730 | 1,672 | 0 | (1,672) |
| Fund Balance | 0 | 1,595,132 | 0 | (1,595,132) |
| Total Revenues | 4,594,310 | 6,056,128 | 4,336,626 | (1,719,502) |
| General City Support | 3,473,268 | 0 | 0 | 0 |
| Total Department Expenditure | 8,794,631 | 6,850,283 | 5,093,850 | (1,756,433) |
| Total Department Revenue | 4,699,556 | 6,234,488 | 4,502,386 | (1,732,102) |
| Total General City Support | 4,095,075 | 615,795 | 591,464 | (24,331) |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Director's Office | 3.00 | 3.00 | 2.52 | -0.48 |
| Cooperative Extension Program | 6.00 | 6.00 | 6.00 | 0.00 |
| Farmers Market | 2.00 | 2.00 | 2.00 | 0.00 |
| Total | 11.00 | 11.00 | 10.52 | -0.48 |
| **161 Agriculture Reserve Program Special Revenue Fund** | | | | |
| Agricultural Reserve Program | 1.00 | 1.00 | 1.48 | 0.48 |
| Total | 1.00 | 1.00 | 1.48 | 0.48 |
| Total Position Summary | 12.00 | 12.00 | 12.00 | 0.00 |

**Resource Summary Notes**

Reductions in the General Fund portion of Agriculture are a result of charging a portion of personnel costs to the ARP. The reduction in ARP is due to the absence of a transfer to the General Fund.

## Convention and Visitors Bureau

The Convention and Visitors Bureau's mission is to serve the broader interests of the economy of the City of Virginia Beach by supporting, maintaining and expanding the City's leisure travel and meeting and convention markets in order to create jobs and generate tax revenues.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Increase Visitor Spending** | | | | | | |
| City and State Tax Revenue (in millions) | $ | 99 | 95 | 97 | 99 | 101 |
| Public Relations Advertising Equivalency (in millions) | $ | 7 | 7 | 4 | 7 | 8 |
| Visitor Spending (in millions) | $ | 1,180 | 1,129 | 1,157 | 1,180 | 1,203 |
| **Customer** | | | | | | |
| **Host Events at the Virginia Beach Convention Center** | | | | | | |
| Virginia Beach Convention Center Revenue (in millions) | $ | 3 | 3 | 4 | 3 | 3 |
| **Tour and Travel Room Nights** | | | | | | |
| Internet Inquiries (in millions) | # | 1.9 | 1.5 | 1.8 | 1.9 | 1.9 |
| Visitors Assisted at Visitor Centers and Kiosks | # | 164,556.0 | 165,419.0 | 167,914.0 | 164,556.0 | 161,265.0 |
| Year Round Hotel Occupancy Rate | % | 60.9 | 57.7 | 59.7 | 60.9 | 62.1 |

**Major Changes**

The Department of Convention and Visitors Bureau's (CVB) FY 2012-13 operating budget totals $49,660,209 including the General Fund, Tourism Investment Program (TIP) Special Revenue Fund, and Tourism Advertising Program (TAP) Special Revenue Fund. This reflects an increase of $469,963 or 1% compared with the FY 2011-12 operating budget. The General Fund portion of the operating budget increased $118,380 or 1.4% mainly due to an increase cost of fringe benefits (health insurance, Virginia Retirement System and life insurance rates). The TIP Fund increased by $652,074, or 2.2% due to increased costs for debt service ($355,798) and increased amount ($406,267) estimated for the transfer to the Sandbridge Special Service District (SSD) Special Revenue Fund to align with recent increases in lodging tax revenues generated in Sandbridge. This reflects the hotel tax revenues generated in Sandbridge that are collected in the TIP fund. Meanwhile, the TAP Fund decreased $300,491 or 2.9% because of the use of $550,000 in fund balance during FY 2011-12.

Additional information about program reductions or other unfunded needs is available in the Requested But Not Funded listing in the Appendices section of the Executive Summary.

**Departmental Overview**

The department's 113.52 FTEs support, maintain and expand the leisure travel, meeting and convention markets in the city in order to create jobs and generate tax revenue. The three core areas of CVB are:

- **Convention Promotion and Facility Management –** These staff members total 84.13 FTEs and provide the operations and marketing for the city's Convention Center as a destination for conventions, trade shows, and meetings. Staff members promote the city and Convention Center on a nation-wide basis with the objective of increasing the number and quality of events.

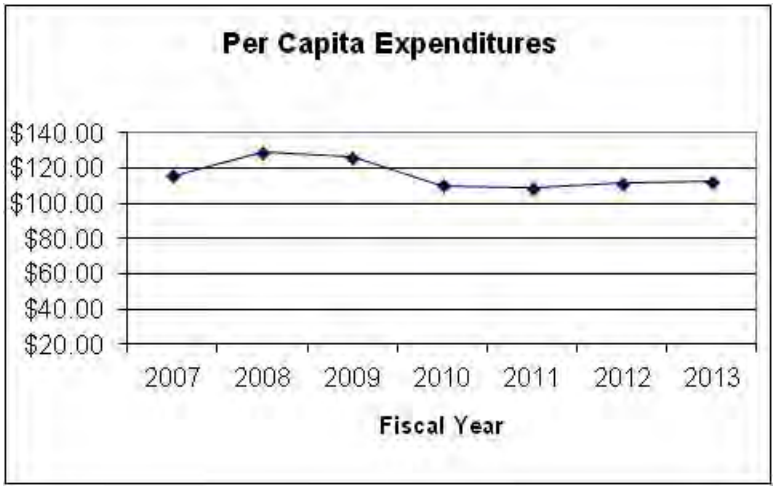
- **Tourism and Sports Marketing Promotion –** These services are provided by 9.0 FTEs and include developing domestic and international tour operator, family reunion and travel agent sales contacts, leads and sales opportunities, and developing and servicing sports events and sports related meetings and conventions. These sales leads and opportunities are generated from trade shows, trade advertising, telemarketing, in-person sales calls, and site inspection visits. The sales leads are converted to bookings by the local hospitality industry.

- **Tourism Promotion and Advertising –** Advertising for the resort area and visitor information are provided by 10.39 FTES through a dedicated funding stream in the TAP Fund. The fund dedicates revenues from one cent of the transient lodging tax, one half cent of the restaurant meal tax, and a flat lodging tax of one dollar to support the city's advertising and marketing program and related activities, including the operation of the Visitor Center. The advertising campaign uses a combination of newspaper, magazine and internet advertisements, and television for national advertising to promote tourist visitation. Since mobile media and social media are becoming increasingly more popular with consumers, CVB has adapted many of its marketing initiatives for social media platforms and mobile marketing. Other marketing strategies include a convention sales program, sports marketing initiatives, a public relations program, a comprehensive research program and related collateral materials. The development of new markets is important to maintain and to increase the number of visitors to the city, especially during the shoulder seasons.

- **Tourism Investment Program** – This program is funded by the TIP fund, which provides a dedicated resource for future projects in Strategic Growth Areas; maintenance of the resort area including the beach and boardwalk; beach special events and entertainment; a local tourism marketing campaign; transit service to the resort; debt service for Economic Development and Tourism related projects and initiatives including the replacement of the Convention Center, addition of the Sandler Center for the Performing Arts, and the expansion of the Virginia Aquarium parking facilities. Also, this funding stream provides funding to the General Fund, Parking Enterprise Fund, and Sandbridge SSD Special Revenue Fund. Shown in CVB's budget are $30.7 million in costs for: the local tourism campaign ($100,000), debt service ($26.3 million) and transfers ($4.3 million) to other funds. The majority of funding for oceanfront and entertainment events is shown in the operating budget of the Strategic Growth Area Office and totals $3.5 million for FY 2012-13. Major sources of funding for the TIP Fund include: 5-cents from the hotel tax, 1.06 cents from restaurant meal tax, 5-cents from the cigarette tax, 10% admissions tax, and parking ticket revenues.

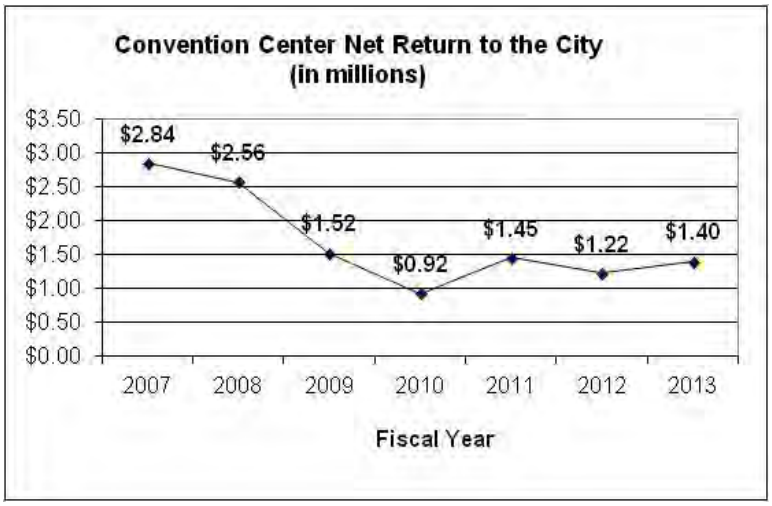
**Trends and Issues**

- The per capita expenditures for prior fiscal years (FY 2006-07 through FY 2008-09) have been adjusted to reflect the transfer of the Parking Enterprise Fund and oceanfront entertainment budget from Convention and Visitors Bureau to the Strategic Growth Area Office. The increase in FY 2007-08 is mainly due to increased debt service for Major Projects construction (i.e., Sandler Center for the Performing Arts and Aquarium parking expansion), completion of the Virginia Beach Convention Center, and the transfer of $1 million to the Capital Improvement Program, from the Tourism Growth Investment Fund for storm water outfall improvements at the beachfront. The downward trends from FY 2007-08 through FY 2009-10 reflect the decline in Convention Center utilization due to the economic recession. The per capita cost for CVB has grown slightly by 0.7% annually from $110 in FY 2009-10 to $112 in FY 2012-13.




- The department's expenditures are comprised mainly (53%) of debt service costs totaling $26.3 million related to the capital projects funded by the TIP Fund (e.g., Convention Center, Sandler Center for the Performing Arts, Aquarium parking expansion). Operating costs including tourism, sports, and convention marketing and advertising comprise $12.3 million (25%) of the department's operating budget, while personnel costs total $6.7 million (13%), and transfers total $4.4 million (9%) for services provided by other agencies to the resort as well as the transfer hotel tax revenue generated by Sandbridge to the Sandbridge SSD Special Revenue Fund.

- The replacement Convention Center opened in January 2007. It held 337 events in FY 2010-11 resulting in 121,497 room nights, and produced $36.8 million in direct delegate spending, which generated $3.1 million in tax revenues. Total revenue to the city generated by the Convention Center was $7.0 million in FY 2010-11. As shown on the graph, revenues to the city net of operating expenses were $1.4 million in FY 2010-11 compared with $922,221 in FY 2009-10. A decline is predicted for FY 2011-12 due to a reduction in the number of events. However, an increase is predicted for FY 2012-13 due to an increase in event bookings. This may be an indication of a gradual rebounding from the economic recession.




- Inquiries to the city's website and Visitor Center increased 390,000 in 2011 to 1.84 million despite the continued weak economy. The Visitor Center acts as a sales outlet to major tourism attractions, such as Busch Gardens, Water Country USA, and Ocean Breeze Water Park, and receives 10% - 20% of gross ticket prices. The highlight of 2011 for Visitor Services continued to be the number of visitors served on the first island of the Chesapeake Bay Bridge Tunnel. The new center, which opened in July, 2010, was the result of a successful partnership with the management of the CBBT. With a full year of operation that facility offered assistance to 38,226 people. Virginia Beach continues to have a strong presence on the internet, with more than four out of five visitors using it as a source of information about Virginia Beach and almost half of visitors using the internet to purchase some travel service. While inquiries at the Visitor Center and kiosks also increased by 2,495 inquiries to 167,914 in 2011, it is anticipated that future inquiries made to

the Visitor Center and kiosks may flatten out or decrease as internet inquiries continue increasing as a result of the fundamental way CVB is advertising using more internet lead generation programs. As such, in the future, the Visitor Center may evolve its format and manner of distributing information to customers.

- Virginia Beach was featured in publications such as the *Washington Post*, *Washingtonpost.com*, the *Baltimore Sun*, *about.com*, *USAToday.com*, *USA Today*, and many others. The effectiveness of a public relations program is measured in part by the circulation of the publications generated and their advertising equivalency. In 2011 through the third quarter of the year, the public relations program reached 647,539,107 in circulation with a media value of $3,751,413, compared to the same period in 2010 with circulation of 627,076,966 with a media value of $5,413,088. While there is an increase in media circulation in 2011 the decline in media value was a result of a new clipping service concentrating on articles on the internet and not finding the print press clippings that carry a higher media value.

- U.S. Travel estimated 2011 visitor spending in Virginia Beach to be $1.16 billion, generating an estimated $97.3 million in city and state revenue, of which approximately $80 million is city revenue. This reflects the impact on the city's hotel industry of product development and aggressive market segment diversification through actions taken to promote tourism, conventions, and special events in the city.

| HOTEL/INDUSTRY PERFORMANCE FOR CALENDAR YEAR 2011 COMPARED WITH 2010 | |
|---|---|
| Hotel Occupancy | From 57.5% to 59.7% (3.9% Increase) |
| Average Daily Rate | From $108.2 to $108.6 (.5% Increase) |
| Revenue Per Average Room | From $62.14 to $64.89 (4.4% Increase) |
| Room Nights Booked | 0.02% decrease |

- Visitor spending on overnight accommodations (including hotels, cottages, campgrounds and timeshare/condo rentals) is the best indicator of the overall health of the city's tourism industry. Based on data collected by the Virginia Beach Commissioner of the Revenue, there were significant increases in citywide lodging sales and related tax revenue in 2011 for the hospitality industry with the exception of participatory sports:

  - Total annual lodging sales were more than $279 million, or a 1.7% increase over 2010.
  - Restaurant sales increased to more than $946 million, or a 4% increase over 2010.
  - Retail sales were up to more than $5.2 billion, or a 2.5 percent increase over 2010.
  - Amusement sales were up to more than $45 million, or a 1.9% increase over 2010.
  - Participatory sports sales were down to $15.9 million, or a 6.2% decrease from 2010.

- A key indicator of Council's goal of a year-round destination can be measured by the seasonality of our guests. According to Smith Travel Research and Longwoods International, 59% of overnight visitor trips and 63% of room nights generated in Virginia Beach occur between September through May. Markets that impact fall, winter, and spring visitation are Convention Sales and Sports Marketing, which booked 208,916 total room nights in FY 2010-11, compared to the 219,706 total room nights booked in 2009-10.

## Convention and Visitors Bureau - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 1,026,653 | 1,119,169 | 1,153,387 | 34,218 |
| Tourism Marketing and Sales | 430,471 | 441,549 | 462,139 | 20,590 |
| Sports Marketing | 446,256 | 320,630 | 276,129 | (44,501) |
| Convention Marketing and Sales | 890,852 | 949,282 | 980,591 | 31,309 |
| Virginia Beach Convention Center | 5,481,855 | 5,890,287 | 5,967,051 | 76,764 |
| Total Expenditures | 8,276,087 | 8,720,917 | 8,839,297 | 118,380 |
| Revenues | | | | |
| Fees | 3,606,680 | 3,461,994 | 3,473,221 | 11,227 |
| Total Revenues | 3,606,680 | 3,461,994 | 3,473,221 | 11,227 |
| General City Support | 4,669,407 | 5,258,923 | 5,366,076 | 107,153 |
| **152 Tourism Investment Program Fund** | | | | |
| Expenditures | | | | |
| TIP - Oceanfront Special Events | 85,724 | 100,000 | 100,000 | 0 |
| Debt Service | 25,437,364 | 25,897,074 | 26,252,872 | 355,798 |
| Transfer to Other Funds | 3,083,593 | 4,030,115 | 4,326,391 | 296,276 |
| Total Expenditures | 28,606,681 | 30,027,189 | 30,679,263 | 652,074 |
| Revenues | | | | |
| Local Taxes | 25,736,098 | 25,533,350 | 26,718,353 | 1,185,003 |
| Fees | 990,373 | 1,114,752 | 1,060,277 | (54,475) |
| Transfers | 250,000 | 3,379,087 | 250,000 | (3,129,087) |
| Fund Balance | 0 | 0 | 2,650,633 | 2,650,633 |
| Total Revenues | 26,976,471 | 30,027,189 | 30,679,263 | 652,074 |
| General City Support | 1,630,210 | 0 | 0 | 0 |
| **163 Tourism Advertising Program Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Visitor Information Center | 932,578 | 1,167,641 | 1,179,549 | 11,908 |
| Tourism and Convention Advertising | 8,140,144 | 9,217,661 | 8,905,262 | (312,399) |
| Transfer to Other Funds | 56,838 | 56,838 | 56,838 | 0 |
| Total Expenditures | 9,129,560 | 10,442,140 | 10,141,649 | (300,491) |
| Revenues | | | | |
| Local Taxes | 9,370,779 | 9,690,828 | 9,848,749 | 157,921 |
| Fees | 257,165 | 189,392 | 292,900 | 103,508 |
| Transfers | 0 | 11,920 | 0 | (11,920) |
| Fund Balance | 0 | 550,000 | 0 | (550,000) |
| Total Revenues | 9,627,944 | 10,442,140 | 10,141,649 | (300,491) |
| General City Support | (498,384) | 0 | 0 | 0 |
| Total Department Expenditure | 46,012,328 | 49,190,246 | 49,660,209 | 469,963 |
| Total Department Revenue | 40,211,095 | 43,931,323 | 44,294,133 | 362,810 |
| Total General City Support | 5,801,233 | 5,258,923 | 5,366,076 | 107,153 |

## Position Summary by Program

**002 General Fund**

## Convention and Visitors Bureau - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Director's Office | 10.00 | 10.00 | 10.00 | 0.00 |
| Tourism Marketing and Sales | 6.00 | 6.00 | 6.00 | 0.00 |
| Sports Marketing | 3.00 | 3.00 | 3.00 | 0.00 |
| Convention Marketing and Sales | 12.00 | 12.00 | 12.00 | 0.00 |
| Virginia Beach Convention Center | 72.13 | 72.13 | 72.13 | 0.00 |
| Total | 103.13 | 103.13 | 103.13 | 0.00 |
| **163 Tourism Advertising Program Special Revenue Fund** | | | | |
| Visitor Information Center | 10.39 | 10.39 | 10.39 | 0.00 |
| Total | 10.39 | 10.39 | 10.39 | 0.00 |
| Total Position Summary | 113.52 | 113.52 | 113.52 | 0.00 |

**Resource Summary Notes**

Funding in the Tourism Investment Program Fund for the local tourism advertising campaign remains at $100,000 for FY 2012-13 compared with FY 2011-12.

Local tax revenue increased in the Tourism Investment Program Fund $1,185,003 from the following sources of revenues: restaurant meal taxes ($630,813), hotel taxes (304,264), amusement taxes ($221,112), and cigarette taxes ($28,814). In FY 2011-12, a transfer of $3,129,087 from the fund balance of Major Projects Fund to the Tourism Investment Program Fund was used to cover part of the debt service costs. For FY 2012-13, $2,650,633 from the fund balance of the TIP fund will be needed to cover debt service costs.

## Economic Development

The mission of the Department of Economic Development is to develop, implement and maintain programs that facilitate the creation of a diversified, continually expanding dynamic economy through the development of and investment in new, targeted businesses and enhance existing businesses. This will lead to to the creation of quality jobs, higher wages, and lower tax rates, as well as encouraging the retention and expansion of activities and enhancing the overall quality of life in Virginia Beach.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Create New Capital Investment** | | | | | | |
| Value of New Capital Investment (in millions) | $ | 100 | 49 | 175 | 150 | 150 |
| **Create New Employment Opportunities** | | | | | | |
| New Employment Opportunities Created | # | 1,500.0 | 1,450.0 | 2,106.0 | 1,900.0 | 1,800.0 |
| **Expand Existing Target Industries** | | | | | | |
| Company Prospects | # | 200.0 | 210.0 | 300.0 | 300.0 | 300.0 |
| Existing Companies Expanded | # | 40.0 | 37.0 | 46.0 | 39.0 | 39.0 |
| **Locate New Target Industries** | | | | | | |
| New Companies Located | # | 12.0 | 9.0 | 17.0 | 15.0 | 15.0 |
| New Company Prospects | # | 200.0 | 210.0 | 300.0 | 300.0 | 300.0 |
| New Women and Minority Firms Located | # | 5.0 | 0.0 | 9.0 | 5.0 | 5.0 |
| **Promote School Readiness** | | | | | | |
| Children Entering Kindergarten Ready to Learn | % | 92.0 | 88.0 | 90.0 | 92.0 | 92.0 |
| Parents Participating in Early Childhood Preparedness Programs | # | 3,200.0 | 3,214.0 | 3,045.0 | 3,155.0 | 3,200.0 |
| **Promote Viable Virginia Beach Child Care Centers** | | | | | | |
| Virginia Beach Child Care Centers receiving business training | # | 6.0 | 4.0 | 6.0 | 6.0 | 6.0 |
| **Providing Parenting Resources On-line** | | | | | | |
| Visitors to Vbparents website | # | 12,000.0 | 11,459.0 | 12,784.0 | 12,000.0 | 12,000.0 |
| **Learning & Growth** | | | | | | |
| **Develop Technology Proficiency** | | | | | | |
| Hours of IT Training Per Employee | # | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| **Improve Professional Development** | | | | | | |
| Employees Completing Career Enhancing Opportunities | % | 50.0 | 50.0 | 20.0 | 50.0 | 50.0 |

**Major Changes**

The Economic Development department FY 2012-13 operating budget, including all funds (General Fund, Central Business District South Tax Increment Financing Fund (TIF), the Town Center Special Service District Fund (SSD), and the Capital Projects Internal Service Fund), increased slightly from the amended FY 2011-12 operating budget to $10,047,867, which is an increase of $20,450, or 0.2%. The increase is primarily due to increased cost of fringe benefits and the addition of the GrowSmart division to the department of Economic Development.

Additional information about program reductions or other unfunded needs is available in the Requested But Not Funded listing in the Appendices section of the Executive Summary.

**Departmental Overview**

The department encourages and assists in the retention and expansion of existing businesses and international trade opportunities. Specific outcomes of the Economic Development Program are: 1) a growing local economy, 2) economic opportunity and prosperity for residents, and 3) revenue growth to fund city services. This department is primarily funded by general city revenues. It also reflects the Town Center project accounting, which includes the tax increment financing district and a special services district.

- **Staff Support to the Virginia Beach Development Authority (VBDA) -** Appointed by the City Council, with the goal of facilitating the expansion of the tax base through increased business investment. The VBDA facilitates business/industry location and retention by acquiring, developing and reselling land, and issuing Industrial Revenue Bonds. The VBDA also administers the Economic Development Investment Program (EDIP) capital project (9-141), which provides a dedicated funding stream (12 cents of the 65 cents cigarette tax) to fund the provision of offsite utility improvements/upgrades, road improvements, traffic signal improvements, regional storm water facilities, and site preparation for projects that expand the tax base. To qualify for use of EDIP funds, a company must meet certain criteria, which enhance the economic development of the city.

- **Minority Business Program -** Data indicates that the city does not have a large supply of minority owned businesses. During the August 2004 retreat, City Council established strengthened participation by minority owned businesses as a top priority. Small businesses are responsible for the creation of many jobs in Virginia Beach's economy, and most of the women owned and minority businesses are small businesses. Nurturing these businesses can help create jobs and expand the city's tax base. By providing some business development services such as referrals, "one stop" services, and incentives, minority owned businesses will be encouraged to develop in or relocate to Virginia Beach.

- **Workforce Development -** Works with our community to focus resources on the development of a qualified workforce, matching the needs of employers and potential employees. This function focuses on attracting and retaining the future workforce, the retention of existing military, and facilitating the skills enhancement of the existing workforce. It includes the GrowSmart program, which focuses on preparing children to enter kindergarten ready to learn, which will lead to a better educated workforce. The GrowSmart program was transferred to Economic Development from the department of Public Libraries at the beginning of FY 2011-12, and is funded by a five-year $500,000 Early Challenge grant from Smart Beginnings South Hampton Roads and equal matching funds from the city.

- **Central Business District-South Tax Increment Financing (TIF) Fund -** Established by City Council on November 23, 1999, as a mechanism to fund all or part of public facilities and infrastructure, and to promote development in the Pembroke area of the city. With a TIF, real estate revenues above a base amount can be used to fund improvements within the TIF area.

- **Town Center Special Service District (SSD) Fund -** Established by City Council on May 14, 2002. In accordance with the Town Center Development Agreement, this district was created in FY 2002-03 to provide annual operations and maintenance costs associated with the core parking facilities as well as security, street sweeping, pressure washing sidewalks, landscaping, and refuse collection at public waste receptacles within the Town Center core area. The rate was established at 57 cents annually based on estimated operations and maintenance costs. This rate has changed as other projects near completion and based on the level of maintenance desired by the property owners. In FY 2007-08, the rate was lowered to 50 cents. The FY 2008-09 budget lowered the rate to 45 cents. Rates will be adjusted based on costs and current funding capacity. Currently, seven blocks (3, 4, 5, 8, 10, 11, and 12) of the Town Center core area are

in the special district, and the district will expand as other blocks are developed. It should be noted that only property owners within the designated special tax district area are subject to paying the associated increased tax rate.

**Trends and Issues**

- Economic Development is implementing a strategy to create a diversified, continually expanding, dynamic economy through the development of new, target businesses and the enhancement of existing businesses. Last fiscal year, the department was successful in locating and expanding 63 companies, creating an additional 2,106 new jobs and directly adding $175 million in new capital investment to our tax base. Examples of recent successes include:

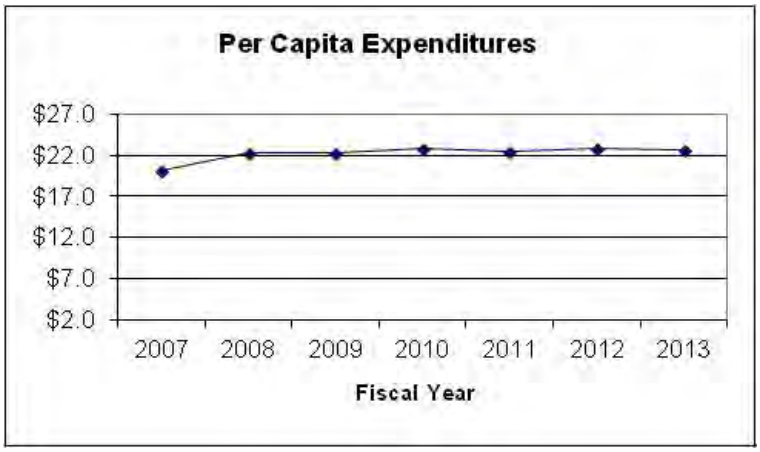
  - LifeNet Health, a regenerative medicine company and the largest organ and tissue bank in the United States, plans to build a 42,000 square-foot facility adjacent to its corporate headquarters in Virginia Beach. This expansion will employ 42 new highly skilled bioscience related personnel. LifeNet Health has 432 employees in Virginia Beach.

  - LoanCare Servicing, a division of Fidelity National Financial, a Fortune 500 company, has entered into a five-year lease for 51,385 square feet of office space to expand and move its regional headquarters to Rosemont Interstate Center II and will allow for 226 additional full-time jobs.

  - InMotion Hosting, one of the country's top-ranked web hosting first, plans to hire 275 new employees, and will move into an 18,000 square feet facility at the Rosemont Interstate Center III, and will invest $250,000 in new business property equipment.

  - STIHL Inc., one of the city's largest employers and manufacturer of the world's best-selling brand of chain saws, will expand its operation in Virginia Beach by 903,256 square feet with the expansion of an existing building by 53,256 square feet and acquisition in February 2012 of the former Lillian Vernon site adding 850,000 square feet and 62 acres to its 90-acre facility. The building expansion is scheduled for completion in spring 2012, represents a total capital investment of $10.3 million and the creation of 52 new jobs in the city within 36 months. Usage of the former Lillian Vernon building for manufacturing and/or warehouse space will be determined later by the company.

- The per capita expenditure for the department of Economic Development will decrease 0.1% from $22.73 in FY 2011-12 to $22.69 in FY 2012-13, which is the same rate of annual decline since FY 2010. This is due in part to declining assessments in the Central Business District TIF and Town Center SSD. The Town Center SSD Fund will be transferring $15,000 each year to the Storm Water Utility Enterprise Fund for street sweeping and $283,564 each year to capital project 9-083, Town Center Garage and Plaza Capital Maintenance. For FY 2012-13, it will also transfer $38,633 to the General fund for parking enforcement by the Police Department and landscape maintenance by Parks and Recreation including weekend litter removal and trash pick-up and plant material purchase and installation for Town Center.




- Year three of the Smart Beginnings Early Challenge Grant (totaling $200,000 including local match) encompasses the period from January 1, 2012 through December 31, 2012, which spans FY 2011-12 and FY 2012-13. Part of the grant ($86,000) was appropriated by Council January 24, 2012, the rest ($14,000) retained by the granting agency, and the local grant match will be appropriated with the operating budget. The grant will: support quality child care and business operational capacity of child care centers; improve kindergarten transitions and provide shared professional development opportunities for educators; encourage young parents to stay in school and provide resources to raise healthy children; and work with the Literacy Institute at Virginia Commonwealth University to pilot the Excellence in Children's Early Language and Literacy (ExCELL) program in two independently owned pre-schools.

**Council Amendment**

On May 8, 2012, City Council voted to provide $250,000 to the Department of Economic Development for various prioritized initiatives to help diversify and grow the economy. City Council Liaisons will work with the Virginia Beach Development Authority to best target these funds.

## Economic Development - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director of Economic Development | 2,007,505 | 2,079,242 | 2,324,869 | 245,627 |
| GrowSmart | 147,918 | 159,921 | 236,457 | 76,536 |
| Total Expenditures | 2,155,423 | 2,239,163 | 2,561,326 | 322,163 |
| Revenues | | | | |
| Fees | 42,700 | 0 | 0 | 0 |
| Total Revenues | 42,700 | 0 | 0 | 0 |
| General City Support | 2,112,723 | 2,239,163 | 2,561,326 | 322,163 |
| **169 Central Business District-South TIF (Twn Cntr) Fd** | | | | |
| Expenditures | | | | |
| Debt Service | 5,369,321 | 5,566,817 | 5,588,312 | 21,495 |
| Transfer to Other Funds for Debt Service | 150,000 | 150,000 | 150,000 | 0 |
| Total Expenditures | 5,519,321 | 5,716,817 | 5,738,312 | 21,495 |
| Revenues | | | | |
| Local Taxes | 5,299,472 | 5,241,159 | 5,476,213 | 235,054 |
| Fees | 0 | 15,000 | 3,000 | (12,000) |
| Fund Balance | 0 | 460,658 | 259,099 | (201,559) |
| Total Revenues | 5,299,472 | 5,716,817 | 5,738,312 | 21,495 |
| General City Support | 219,849 | 0 | 0 | 0 |
| **174 Town Center Special Service District** | | | | |
| Expenditures | | | | |
| Town Center Parking Operations | 1,219,257 | 1,685,576 | 1,580,361 | (105,215) |
| Transfer to Other Funds | 0 | 313,564 | 337,197 | 23,633 |
| Total Expenditures | 1,219,257 | 1,999,140 | 1,917,558 | (81,582) |
| Revenues | | | | |
| Local Taxes | 1,657,538 | 1,636,868 | 1,446,864 | (190,004) |
| Fees | 4,199 | 5,475 | 2,600 | (2,875) |
| Transfers | 150,000 | 150,000 | 150,000 | 0 |
| Fund Balance | 0 | 206,797 | 318,094 | 111,297 |
| Total Revenues | 1,811,737 | 1,999,140 | 1,917,558 | (81,582) |
| General City Support | (592,480) | 0 | 0 | 0 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Expenditures | | | | |
| Capital Projects - Economic Development | 0 | 72,297 | 80,671 | 8,374 |
| Total Expenditures | 0 | 72,297 | 80,671 | 8,374 |
| Revenues | | | | |
| Fees | 0 | 72,297 | 80,671 | 8,374 |
| Total Revenues | 0 | 72,297 | 80,671 | 8,374 |
| General City Support | 0 | 0 | 0 | 0 |

## Economic Development - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| Total Department Expenditure | 8,894,001 | 10,027,417 | 10,297,867 | 270,450 |
| Total Department Revenue | 7,153,909 | 7,788,254 | 7,736,541 | (51,713) |
| Total General City Support | 1,740,092 | 2,239,163 | 2,561,326 | 322,163 |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Director of Economic Development | 15.00 | 14.00 | 14.00 | 0.00 |
| GrowSmart | 1.00 | 1.00 | 1.00 | 0.00 |
| Total | 16.00 | 15.00 | 15.00 | 0.00 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Capital Projects - Economic Development | 0.00 | 1.00 | 1.00 | 0.00 |
| Total | 0.00 | 1.00 | 1.00 | 0.00 |
| Total Position Summary | 16.00 | 16.00 | 16.00 | 0.00 |

**Resource Summary Notes**

The cost increase for the GrowSmart division is due primarily to the increase from $50,000 to $100,000 in the local grant match required. The increased funding will provide the City's share of costs for the Small Business Development Center.

## Housing and Neighborhood Preservation

The Department of Housing and Neighborhood Preservation's mission is to create quality solutions that expand housing opportunities and promote vibrant, well maintained neighborhoods.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Assist Homeowners with Rehabilitation and Emergency Repairs** | | | | | | |
| Homes Improved or Provided Rehab/Emergency Repair | # | 40.0 | 28.0 | 40.0 | 40.0 | 37.0 |
| **Assist People to Obtain or Keep Affordable Housing** | | | | | | |
| HOPWA - Eligible Households Provided Assistance | # | 400.0 | 562.0 | 462.0 | 395.0 | 395.0 |
| Households Assisted with Security Deposits to Obtain Housing | # | 25.0 | 18.0 | 5.0 | 30.0 | 30.0 |
| Households in Unsafe Housing Assisted (Optional Relocation) | # | 2.0 | 53.0 | 0.0 | 2.0 | 2.0 |
| Households Receiving Emergency Assistance (HEP) | # | 200.0 | 80.0 | 158.0 | 200.0 | 200.0 |
| Households Receiving Transitional Housing (VBCDC THP) | # | 125.0 | 118.0 | 123.0 | 125.0 | 125.0 |
| **Create New Affordable Housing Units** | | | | | | |
| Affordable Housing Units Created/Rehabbed | # | 15.0 | 11.0 | 26.0 | 86.0 | 13.0 |
| **Homeless Prevention** | | | | | | |
| Calls Taken at a Centralized Call Center | # | 12,000.0 | 0.0 | 1,236.0 | 12,000.0 | 12,000.0 |
| Persons Assisted with Emergency Housing Needs | # | 75.0 | 0.0 | 48.0 | 40.0 | 75.0 |
| **Insure Maintenance of Housing Quality** | | | | | | |
| Building Maintenance Code Violations Cited | # | 16,000.0 | 17,884.0 | 14,461.0 | 17,000.0 | 16,000.0 |
| Building Maintenance Violations Avg Time for Compliance in Days | # | 60.0 | 64.0 | 58.0 | 75.0 | 60.0 |
| Property Maintenance Code Violations Cited | # | 16,000.0 | 17,178.0 | 15,301.0 | 16,500.0 | 16,000.0 |
| Property Maintenance Violations Avg Time for Compliance in Days | # | 20.0 | 20.0 | 16.0 | 21.0 | 20.0 |
| **Insure that Rental Housing is Safe and Code Compliant** | | | | | | |
| Dwelling Receiving Certificate of Compliance Inspections | % | 25.0 | 17.0 | 19.0 | 15.0 | 16.0 |
| Initial Certificate of Compliance Inspections | # | 2,125.0 | 1,673.0 | 1,664.0 | 1,200.0 | 1,400.0 |
| **Provide Emergency Shelter** | | | | | | |
| Homeless Connect - Persons Served | # | 325.0 | 400.0 | 364.0 | 300.0 | 325.0 |
| Homeless Persons Provided with Day Services | # | 475.0 | 345.0 | 482.0 | 475.0 | 475.0 |
| Persons Assisted with Emergency Shelter | # | 1,200.0 | 1,865.0 | 1,005.0 | 1,294.0 | 1,200.0 |
| **Provide Long Term Affordable Housing** | | | | | | |
| Households Served (HCV, VASH, SRO, TBRA) | # | 1,950.0 | 1,981.0 | 1,968.0 | 1,950.0 | 1,966.0 |
| **Remove Blighting Influences from Neighborhoods** | | | | | | |
| Graffiti Cases Referred to City Contractor | # | 150.0 | 120.0 | 130.0 | 120.0 | 120.0 |
| Inoperable Vehicles Citied for Code Violations | # | 3,650.0 | 3,727.0 | 3,389.0 | 3,600.0 | 3,500.0 |
| Properties Referred for Graffiti Compliant within 14 Days | % | 95.0 | 90.0 | 97.0 | 95.0 | 95.0 |

**Major Changes**

The Housing and Neighborhood Preservation department's budget for FY 2012-13 totals $24,129,039 which represents a decrease of 2.2%, or $551,323 from the adjusted FY 2011-12 budget. This reflects the elimination of two FTEs and a significant decrease in federal revenue. From FY 2011-12 to FY 2012-13, federal revenue is declining $639,120 or 3.0%. While mitigated in FY 2012-13 by the use of carry forward federal funding (discussed on the next page), the continued reduction in federal funding will have a direct impact on the number of clients and the breadth of services that the department is able to provide in future years.

**Departmental Overview**

The department's expenditures are comprised of $4.7 million (19.4%) in personnel costs, which funds 64 FTEs and $19.4 million (80.6%) in operating costs. Federal funding covers 89.5% of the cost of this department's services, with the city providing 8.8% and fees making up the remaining 1.7%. City funding covers a portion of the Code Enforcement division and administrative costs not eligible for funding by various Federal funds.

The core services provided by the Department of Housing and Neighborhood Preservation are divided into the following divisions:

- **Code Enforcement -** The 29 FTEs in this division are responsible for the enforcement of the city's building and property maintenance codes including response to citywide complaints; systematic exterior inspections of properties; Certificate of Compliance and Section 8 inspections of rental property; monitoring of commercial trash collection in the resort area; citations for violations such as junk, overgrown vegetation, buildings in disrepair; inoperable vehicles; and enforcement of repair of unsafe gas appliances and illegally parked boats, recreational and commercial vehicles.

- **Rental Housing -** Includes various rental subsidy programs to provide affordable rental housing, mainly the Federal Section 8 Housing Voucher Program, and including Family Self Sufficiency, Portability, Project Based HUD vouchers and special allocations for groups such as the disabled and homeless. Also, housing counseling is provided related to the Section 8 Program to existing renters and those seeking rental housing. This division is comprised of 20.32 FTEs.

- **Housing Development -** The 6.51 FTEs in this division assist residents primarily with the use of Federal Community Development Block Grant (CDBG) and HOME funds to assist low and moderate-income homeowners with rehabilitation and emergency repair assistance. In addition, they coordinate work force housing planning, development and review; creation of the Neighborhood Pattern book and other activities related to the Neighborhood Preservation Plan; and assist in the provision of Federal funding to non-profit organizations for housing acquisition and rehabilitation to provide affordable housing for low and moderate-income households.

- **Director's Office** - This office contracts for key services, provides overall direction and resource development, and administrative and support functions for the department. This includes the development and coordination of homeless policy and programs, obtaining and administering multiple Federal grants that provide over 80% of the department's funding, all finance, accounting and budgeting services for one of the most complex finance systems in the city, obtaining information and doing analysis and reporting in order to track trends in the community, contract administration and compliance review for over 15 different grantees, information technology support, and community outreach and communication with the public and multiple stakeholder groups. Included in the grant administration work is the administration of the Federal Emergency Shelter Grant, the Continuum of Care Grants to non-profits, and the Housing Opportunities for People with Aids grant provides short and long-term housing assistance and support services to over 600 persons regionally.

**Trends and Issues**

- While federal funding to the department in total is decreasing $639,120, funding for the CDBG and HOME programs have been reduced by nearly $1.0 million in FY 2012-13. In order to adjust to this year-over-year reduction, the department is reducing staff by two FTEs in the Housing Development division and two FTE's in the Director's Office. Two of these FTEs will be transferred to other divisions (Code Enforcement and Section 8) replacing positions that are currently occupied by contractual staff. The other two FTEs are being eliminated.

- In FY 2012-13, the department has allocated $935,000 toward homeowner housing rehabilitation programs, which is consistent with prior years. However, only $157,000 of this amount is from FY 2012-13 funds, with the remaining $778,000 being carried forward from FY 2011-12. Clearly, this will not be sustainable in future years, and therefore without changes in ongoing funding or a new source of funding, a choice between continuing support of non-profit and homeless activities, code enforcement, or home repair activity, will have to be made. There is no doubt that some current programs will have to be delivered differently (if possible), reduced in size, or eliminated.

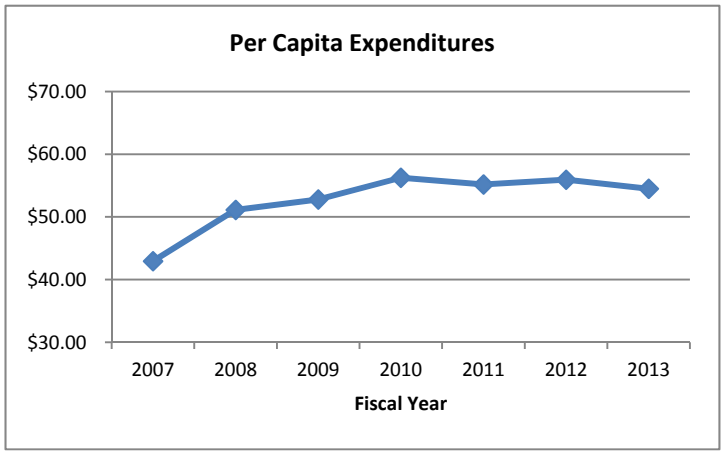
- As Virginia Beach's housing stock ages, and residential real estate development slows (a total of 16,233 housing units of all types have been built since 2002, or an average of 1,623/year), the overall age of our housing stock continues to increase. According to the Real Estate Assessor's Annual report for FY 2012-13, over 60,000 housing units were built before 1979, and are therefore a minimum of 33 years old. Housing of that age requires substantial reinvestment sometime in its lifecycle to restore major systems and meet modern requirements. Given the current recession and the difficulty of obtaining housing finance of any sort, it is likely that this activity may not be occurring at the rate necessary to ensure the full maintenance and update of our community's housing stock. Continued, effective, and pro-active code enforcement, as well as review of the aging housing stock should be considered in order to ensure that the development of blight is avoided in any area of the city.

**Residential Properties Constructed By Decade**

| Decade Built | Number Built | Percent of Total |
|---|---|---|
| Prior to 1950 | 2,531 | 1.8% |
| 1950's | 9,967 | 7.1% |
| 1960's | 19,656 | 14.0% |
| 1970's | 27,894 | 19.9% |
| 1980's | 46,989 | 33.5% |
| 1990's | 17,229 | 12.3% |
| 2000's | 15,873 | 11.3% |

- A program for which no funding is allocated, but for which work has been performed, is the continuation of elements of the Neighborhood Preservation Plan. With current staffing, staff time has been allocated to the initial portion of this plan, especially the Neighborhood Pattern book. However, with the reduction in staffing that is occurring, very little time for activities related to this will be available.

- After growing rapidly from FY 2006-07 to FY 2009-10 The expenditures per capita (based on all funding sources) for existing services provided by the Housing and Neighborhood Preservation Department will decline by 2.6% for FY 2012-13.




- In addition, to help with the long-term funding, the department is making changes to the homeowner rehabilitation program. Rehabilitation financing programs have been operated by the department for over 25 years, and much of the assistance has been in the form of low or no interest deferred loans. As a result, the department has a continuing revenue stream from the repayment of these loans. The department is making changes effective in FY 2012-13 designed to both reduce current expenditures and increase future revenue. These changes include charging minimal, simple interest for loan financing; charging homeowners all related "soft costs" and financing these into the loan; reducing grant amounts; and lowering maximum assistance limits.

- The majority of this department's operating budget and federal funding for FY 2012-13 is for the Section 8 Housing Choice Voucher Program that serves nearly 2,000 persons with rental subsidy assistance to secure safe, decent, affordable housing. The average monthly subsidy budgeted per family is about $696 for FY 2012-13. Actual rents average about $938. The department has reallocated appropriate support and overhead costs to the Housing Choice Voucher Program and moved one FTE to the program to replace a contractual position within the current budget.

## Housing and Neighborhood Preservation - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Code Enforcement | 1,679,919 | 1,637,461 | 1,680,366 | 42,905 |
| Total Expenditures | 1,679,919 | 1,637,461 | 1,680,366 | 42,905 |
| Revenues | | | | |
| Fees | 160,245 | 65,800 | 85,800 | 20,000 |
| Total Revenues | 160,245 | 65,800 | 85,800 | 20,000 |
| General City Support | 1,519,674 | 1,571,661 | 1,594,566 | 22,905 |
| **147 Federal Section 8 Program Special Revenue Fund** | | | | |
| Expenditures | | | | |
| VASH Vouchers | 283,029 | 152,179 | 162,483 | 10,304 |
| Section 8 Operating | 1,542,034 | 1,643,705 | 1,772,919 | 129,214 |
| Cloverleaf SRO Vouchers | 86,983 | 110,664 | 90,000 | (20,664) |
| Portability Payments | 204,809 | 225,000 | 500,000 | 275,000 |
| Section 8 Vouchers - Housing Choice | 14,158,324 | 15,126,513 | 14,949,399 | (177,114) |
| Total Expenditures | 16,275,179 | 17,258,061 | 17,474,801 | 216,740 |
| Revenues | | | | |
| Fees | 52,601 | 55,165 | 52,733 | (2,432) |
| Federal | 15,696,146 | 16,764,426 | 16,986,704 | 222,278 |
| Transfers | 81,001 | 106,517 | 242,773 | 136,256 |
| Fund Balance | 0 | 331,953 | 192,591 | (139,362) |
| Total Revenues | 15,829,748 | 17,258,061 | 17,474,801 | 216,740 |
| General City Support | 445,431 | 0 | 0 | 0 |
| **180 Community Development Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Certificate of Compliance Program | 593,114 | 676,694 | 730,908 | 54,214 |
| Rehabilitation and Construction | 595,114 | 618,321 | 509,785 | (108,536) |
| Director's Office | 860,944 | 938,899 | 818,206 | (120,693) |
| Strategy, Policy and Resource Division | 340,599 | 0 | 0 | 0 |
| Transfer to Other Funds | 128,858 | 128,858 | 128,858 | 0 |
| Total Expenditures | 2,518,629 | 2,362,772 | 2,187,757 | (175,015) |
| Revenues | | | | |
| Fees | 51,115 | 70,000 | 70,000 | 0 |
| Federal | 1,702,699 | 1,578,634 | 1,405,417 | (173,217) |
| Transfers | 619,325 | 714,138 | 712,340 | (1,798) |
| Total Revenues | 2,373,139 | 2,362,772 | 2,187,757 | (175,015) |
| General City Support | 145,490 | 0 | 0 | 0 |

## Housing and Neighborhood Preservation - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **181 CD Loan and Grant Fund** | | | | |
| Expenditures | | | | |
| Loan and Grants | 66,037 | 555,506 | 595,488 | 39,982 |
| Debt Service | 0 | 186,418 | 0 | (186,418) |
| Transfer to Other Funds | 130,000 | 0 | 0 | 0 |
| Total Expenditures | 196,037 | 741,924 | 595,488 | (146,436) |
| Revenues | | | | |
| Fees | 80,306 | 125,000 | 100,000 | (25,000) |
| Federal | (14,268) | 616,924 | 370,488 | (246,436) |
| Transfers | 0 | 0 | 125,000 | 125,000 |
| Total Revenues | 66,038 | 741,924 | 595,488 | (146,436) |
| General City Support | 129,999 | 0 | 0 | 0 |
| **182 Federal Housing Assistance Grant Fund** | | | | |
| Expenditures | | | | |
| Federal HOME Grants | 178,238 | 1,478,998 | 899,400 | (579,598) |
| Total Expenditures | 178,238 | 1,478,998 | 899,400 | (579,598) |
| Revenues | | | | |
| Fees | 72,491 | 125,000 | 70,000 | (55,000) |
| Federal | 276,549 | 1,350,257 | 829,400 | (520,857) |
| Transfers | 0 | 3,741 | 0 | (3,741) |
| Total Revenues | 349,040 | 1,478,998 | 899,400 | (579,598) |
| General City Support | (170,802) | 0 | 0 | 0 |
| **183 Grants Consolidated Fund** | | | | |
| Expenditures | | | | |
| Housing Grants | 825,030 | 1,094,013 | 1,090,582 | (3,431) |
| Housing Grants - ESG | 105,228 | 107,133 | 190,645 | 83,512 |
| Total Expenditures | 930,258 | 1,201,146 | 1,281,227 | 80,081 |
| Revenues | | | | |
| Federal | 923,304 | 1,200,354 | 1,279,466 | 79,112 |
| Transfers | 0 | 792 | 1,761 | 969 |
| Total Revenues | 923,304 | 1,201,146 | 1,281,227 | 80,081 |
| General City Support | 6,954 | 0 | 0 | 0 |
| **910 Parking Meters - Homeless Donation Fund** | | | | |
| Expenditures | | | | |
| Parking Meter Donations | 0 | 0 | 10,000 | 10,000 |
| Total Expenditures | 0 | 0 | 10,000 | 10,000 |
| Revenues | | | | |
| Fees | 0 | 0 | 10,000 | 10,000 |
| Total Revenues | 0 | 0 | 10,000 | 10,000 |
| General City Support | 0 | 0 | 0 | 0 |

## Housing and Neighborhood Preservation - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| Total Department Expenditure | 21,778,260 | 24,680,362 | 24,129,039 | (551,323) |
| Total Department Revenue | 19,701,514 | 23,108,701 | 22,534,473 | (574,228) |
| Total General City Support | 2,076,746 | 1,571,661 | 1,594,566 | 22,905 |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Code Enforcement | 21.90 | 20.22 | 19.98 | -0.24 |
| Total | 21.90 | 20.22 | 19.98 | -0.24 |
| **147 Federal Section 8 Program Special Revenue Fund** | | | | |
| Section 8 Operating | 18.37 | 18.35 | 20.32 | 1.97 |
| Total | 18.37 | 18.35 | 20.32 | 1.97 |
| **180 Community Development Special Revenue Fund** | | | | |
| Certificate of Compliance Program | 7.90 | 8.58 | 9.02 | 0.44 |
| Rehabilitation and Construction | 7.75 | 7.03 | 5.48 | -1.55 |
| Director's Office | 2.67 | 9.24 | 7.61 | -1.63 |
| Strategy, Policy and Resource Division | 5.83 | 0.00 | 0.00 | 0.00 |
| Total | 24.15 | 24.85 | 22.11 | -2.74 |
| **182 Federal Housing Assistance Grant Fund** | | | | |
| Federal HOME Grants | 2.18 | 2.17 | 1.03 | -1.14 |
| Total | 2.18 | 2.17 | 1.03 | -1.14 |
| **183 Grants Consolidated Fund** | | | | |
| Housing Grants | 0.34 | 0.35 | 0.36 | 0.01 |
| Housing Grants - ESG | 0.06 | 0.06 | 0.20 | 0.14 |
| Total | 0.40 | 0.41 | 0.56 | 0.15 |
| Total Position Summary | 67.00 | 66.00 | 64.00 | -2.00 |

**Resource Summary Notes**

Please note the following regarding the Departmental Performance Report for this department:

1. “Households in Unsafe Housing Assisted (Optional Relocation)” – This is a demand-driven program and there were no requests for the service in 2011.
2. “Calls Taken at a Centralized Call Center” – The Call Center did not exist in 2010.

## Strategic Growth Area

The mission of the Strategic Growth Area Office, in conjunction with the Resort Management Office, is to ensure that Virginia Beach is economically sustainable through planning, developing and managing key areas of the City for future growth.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Develop Strategic Growth Area Plans** | | | | | | |
| Develop Strategic Growth Area Plans | # | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| **Enforce Violations for On-Street Parking Spaces** | | | | | | |
| Enforcement Hours | # | 16,500.0 | 16,500.0 | 16,500.0 | 16,500.0 | 16,500.0 |
| Parking Violations Issued | # | 21,000.0 | 20,803.0 | 21,000.0 | 21,000.0 | 21,000.0 |
| Violations Issued per Hours | # | 1.1 | 1.2 | 1.3 | 1.3 | 1.3 |
| **Manage Off-Street Parking in Garages** | | | | | | |
| Parking Space Turnover Rate | # | 0.7 | 0.6 | 0.7 | 0.7 | 0.7 |
| Revenue per Day | $ | 3,500 | 3,744 | 3,500 | 3,500 | 3,500 |
| Vehicles per Day | # | 750.0 | 773.0 | 750.0 | 750.0 | 750.0 |
| **Manage Off-Street Parking on Surface Lots** | | | | | | |
| Parking Space Turnover Rate | # | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Vehicles per Day | # | 1,800.0 | 1,633.0 | 1,800.0 | 1,700.0 | 1,700.0 |

**Major Changes**

In total, the Strategic Growth Area's budget is $7,548,161. This represents an overall decrease of $177,280, or 2.3% between FY 2011-12 and FY 2012-13.

| Change | Impact |
|---|---|
| Strategic Growth Area | • The decrease in the Strategic Growth Area's budget is attributable to a 49.7% decrease in information technology and office supplies costs, in combination with a 25.5% increase in health care, VRS retirement and life insurance costs.<br>• This office, which was created in FY 2009-10, became a fully operational city department during FY 2011-12. |
| Tourism Investment Program* (TIP) Special Events | • Funding to support Oceanfront events is budgeted at $3,403,031. This includes the City Council's required ½ cent of the hotel tax dedicated to major entertainment as well as the BeachStreet USA, Neptune Festival, 31st Street entertainment, Holiday Lights at the Beach, American Music and Patriotic Festival and general entertainment.<br>• Funding for the Virginia Symphony is provided in the amount of $100,000 for performances and operational support.<br>• Funding for the Rock and Roll ½ Marathon is included in TIP Special Events. This amount was previously in the city's General Fund-Resort Programs and Special Events. |
| Parking Enterprise Fund | • A transfer from the Tourism Investment Program (TIP) was proposed for elimination over a two-year period beginning in FY 2010-11, which allows the Parking Enterprise Fund to be more self-supporting. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

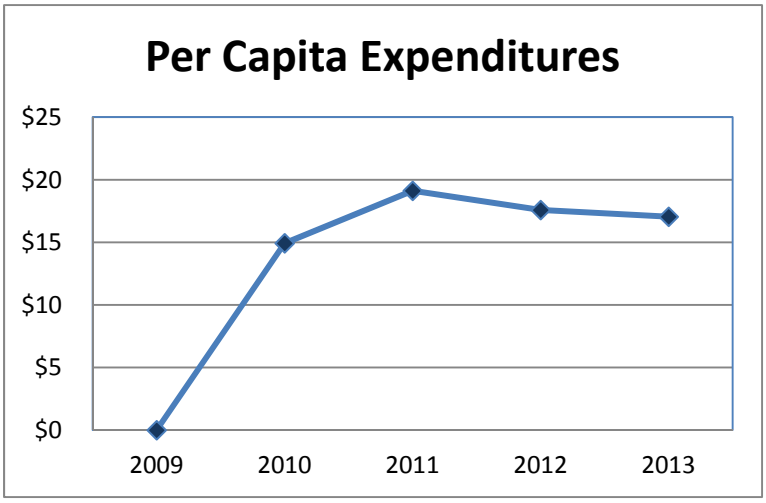
**Departmental Overview**

- **Strategic Growth Area -** Handles the ongoing planning and implementation activities associated with the city's comprehensive plan. It encompasses the city's need for redevelopment, increased density, alternative transportation initiatives, secure neighborhoods, protecting rural and natural areas, reducing non-compatible properties, providing affordable housing and increased economic development efforts.

- **Resort Programs and Special Events -** Schedules and coordinates special events at the oceanfront and resort area and plans and programs the entertainment events. It serves as the primary liaison between the special events organizer and the appropriate city operating departments. This office facilitates the development of resort business opportunities, supports the Resort Advisory Commission's initiatives, and coordinates capital improvement projects in the resort area. In addition, this office interacts with citizen advisory groups, administers contracts, collects revenue (nearly $6 million annually), ensures city code compliance, manages 60 oceanfront franchise agreements (including Open Air Cafes, Boardwalk Vendors, Beach Equipment Rentals, Beach Photography, Guided Horse Tours and Beach Waterslide). Interacts with many operating departments to facilitate service delivery related to special events and routine services performed in the resort area including Building Maintenance, Landscape Services, Beach Operations, Traffic Operations Civil Inspections, Code Enforcement, Zoning Office, and the Police department.

- **Parking Enterprise Fund -** Predominantly, parking services are performed from April 1st to September 30th each year during the peak resort season. Parking management has three main goals: 1) the provision of managed parking in municipal owned parking facilities and on street parking spaces, 2) the enforcement of the Residential Parking Permit Program, and 3) shuttle bus and satellite parking operations for major holiday weekends and special events at the Oceanfront. Operationally, the department administers service contracts to provide managed parking at nine parking lots at the Oceanfront, Croatan, Sandbridge, and six parking garages (two at the Oceanfront and four at Town Center). Additionally, it administers the Oceanfront entertainment contract with Beach Events.

**Trends and Issues**




- As the per capita graph indicates, the Strategic Growth Area was created in FY 2009-10 through transfers of staff from other departments. The decrease in FY 2012-13 is mainly attributable to the reduction in the information technology and office supplies costs.

- Envision Virginia Beach 2040 - In January 2011, the Mayor appointed a 13 member citizen visioning group to study and analyze current trends to determine the future of Virginia Beach in the year 2040. The committee continues to focus on "Where are we now, where will we be, where do we want to be?" Driving factors encompass economic development, military presence, modes of transportation, safe and stable neighborhoods, transportation corridors, quality of education, employment for future generations, agricultural reserves, urban and cultural opportunities, and recreational and environmental preservation. The SGA Office provides resources to host meetings and workshops, coordinates speaker presentations, and administratively supports the committee during the process and developing the deliverables.

- Strategic Growth Areas - The SGA Office is currently in various stages of planning, developing and implementing the following areas of the city, identified as Strategic Growth Areas: Newtown, Burton Station, Centerville-Regent, Pembroke, Rosemont, Lynnhaven, and Hilltop.

- The SGA office supports City Council's economic vitality goals by implementing the Comprehensive Plan, encouraging workforce housing, fostering energy efficient sustainable developments, bolstering public understanding and creating multiple development area improvements; moreover SGA activities enhance adjacent areas and neighborhoods.

**Council Amendment**

On May 8, 2012, City Council voted to reduce the Parking Enterprise Fund in the Department of Strategic Growth Area by $6,298 and transfer those funds from the Parking Enterprise Fund to the General Fund to cover the cost of print shop charges. Funding totaling $6,298 is transferred to the General Fund for the Parking Enterprise Fund's share of covering the cost of monitoring the multi-functional device and printing contracts.

## Strategic Growth Area - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Strategic Growth Area | 775,701 | 542,793 | 562,810 | 20,017 |
| Resort Programs and Special Events | 355,325 | 384,072 | 390,182 | 6,110 |
| Total Expenditures | 1,131,026 | 926,865 | 952,992 | 26,127 |
| Revenues | | | | |
| Fees | 35,750 | 70,895 | 66,363 | (4,532) |
| Total Revenues | 35,750 | 70,895 | 66,363 | (4,532) |
| General City Support | 1,095,276 | 855,970 | 886,629 | 30,659 |
| **152 Tourism Investment Program Fund** | | | | |
| Expenditures | | | | |
| TIP Special Events | 3,064,965 | 3,495,585 | 3,522,454 | 26,869 |
| Total Expenditures | 3,064,965 | 3,495,585 | 3,522,454 | 26,869 |
| Revenues | | | | |
| Local Taxes | 2,529,706 | 2,873,699 | 3,123,454 | 249,755 |
| Fees | 535,259 | 621,886 | 399,000 | (222,886) |
| Total Revenues | 3,064,965 | 3,495,585 | 3,522,454 | 26,869 |
| General City Support | 0 | 0 | 0 | 0 |
| **253 Parking Enterprise Fund** | | | | |
| Expenditures | | | | |
| Parking Enterprise Fund | 1,301,458 | 1,617,346 | 1,631,798 | 14,452 |
| Debt Service | 690,992 | 725,012 | 725,012 | 0 |
| Reserve for Contingencies | 0 | 545,503 | 282,477 | (263,026) |
| Transfer to Other Funds | 272,099 | 415,130 | 433,428 | 18,298 |
| Total Expenditures | 2,264,549 | 3,302,991 | 3,072,715 | (230,276) |
| Revenues | | | | |
| Fees | 3,224,772 | 3,193,000 | 3,072,715 | (120,285) |
| Transfers | 219,983 | 109,991 | 0 | (109,991) |
| Total Revenues | 3,444,755 | 3,302,991 | 3,072,715 | (230,276) |
| General City Support | (1,180,206) | 0 | 0 | 0 |
| Total Department Expenditure | 6,460,540 | 7,725,441 | 7,548,161 | (177,280) |
| Total Department Revenue | 6,545,470 | 6,869,471 | 6,661,532 | (207,939) |
| Total General City Support | (84,930) | 855,970 | 886,629 | 30,659 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Strategic Growth Area | 5.00 | 5.00 | 5.00 | 0.00 |
| Resort Programs and Special Events | 5.00 | 5.00 | 5.00 | 0.00 |
| Total | 10.00 | 10.00 | 10.00 | 0.00 |
| **253 Parking Enterprise Fund** | | | | |
| Parking Enterprise Fund | 5.00 | 5.00 | 5.00 | 0.00 |
| Total | 5.00 | 5.00 | 5.00 | 0.00 |

## Strategic Growth Area - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| Total Position Summary | 15.00 | 15.00 | 15.00 | 0.00 |

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# SECTION THREE

**SAFE COMMUNITY**

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Sheriff and Corrections ..... 3-29

## Commonwealth's Attorney

The Office of the Commonwealth's Attorney is responsible for reviewing and prosecuting all felony cases, domestic violence and City/State misdemeanor cases required by law or court order, and to provide legal training and advice to police officers, magistrates, and other local officials. The Office also provides services and support for the victims and witnesses involved in the various cases handled by the Office.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Conviction Rate - Domestic Violence** | | | | | | |
| Conviction Rate for Domestic Violence Defendants | % | 75.0 | 78.0 | 87.0 | 75.0 | 75.0 |
| Number of Domestic Violence Defendants Prosecuted | # | 2,200.0 | 2,160.0 | 2,119.0 | 2,200.0 | 2,200.0 |
| Percent of Opened Domestic Violence Cases Closed | % | 79.0 | 79.0 | 88.0 | 79.0 | 79.0 |
| **Conviction Rate - Property Crime** | | | | | | |
| Conviction Rate for Property Crimes | % | 97.0 | 97.0 | 98.0 | 97.0 | 97.0 |
| Number of Property Crime Defendants Prosecuted | # | 1,500.0 | 1,483.0 | 1,560.0 | 1,500.0 | 1,500.0 |
| Percent of Opened Property Crime Cases that were Closed | % | 75.0 | 75.0 | 92.0 | 75.0 | 75.0 |
| **Conviction Rate - Serious Narcotics Violations** | | | | | | |
| Conviction Rate for Serious Narcotics Violations | % | 98.0 | 98.0 | 99.0 | 98.0 | 98.0 |
| Number of Drug Defendants Prosecuted | # | 600.0 | 553.0 | 552.0 | 600.0 | 600.0 |
| Percent of Opened Drug Cases that Were Closed | % | 54.0 | 54.0 | 92.0 | 54.0 | 54.0 |
| **Conviction Rate - Violent Felonies** | | | | | | |
| Conviction Rate for Violent Felony Defendants | % | 94.0 | 94.0 | 96.0 | 94.0 | 94.0 |
| Number of Violent Felony Defendants Prosecuted | # | 625.0 | 604.0 | 621.0 | 625.0 | 625.0 |
| Percent of Opened Violent Felony Cases Closed | % | 67.0 | 67.0 | 89.0 | 67.0 | 67.0 |
| **Provide Information on the Prosecutorial Process** | | | | | | |
| Hours Spent on Responses to Victim and Witness Inquiries | # | 8,580.0 | 9,560.0 | 8,840.0 | 8,000.0 | 8,000.0 |
| Number of Responses to Victim and Witness Supported | # | 15,000.0 | 14,286.0 | 13,404.0 | 13,000.0 | 13,000.0 |
| Percent of Victim and Witness Inquiries within 3 days | % | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Successful Prosecution of District Court Misdemeanors** | | | | | | |
| Conviction Rate of District Court Misdemeanors | % | 75.0 | 99.0 | 90.0 | 75.0 | 75.0 |
| Number of District Court Misdemeanors prosecutions | # | 650.0 | 577.0 | 648.0 | 650.0 | 650.0 |
| Open District Court Misdemeanor cases closed | % | 79.0 | 76.0 | 88.0 | 79.0 | 79.0 |
| **Successful Prosecution of Misdemeanor Appeals** | | | | | | |
| Conviction Rate for Defendants Misdemeanor Appeals | % | 75.0 | 82.0 | 81.0 | 75.0 | 75.0 |
| Number of Misdemeanor Appeals Defendants Prosecuted | # | 2,300.0 | 2,484.0 | 2,301.0 | 2,300.0 | 2,300.0 |
| Percentage of open Misdemeanor Appeals cases closed | % | 79.0 | 99.0 | 99.0 | 79.0 | 79.0 |
| **Support Felony and Domestic Violence Victims** | | | | | | |
| Number of Victims and Witnesses Supported | # | 35,000.0 | 34,372.0 | 22,659.0 | 25,000.0 | 25,000.0 |
| Percent of all Victims and Witnesses Supported | % | 100.0 | 99.0 | 99.0 | 100.0 | 100.0 |

**Major Changes**

In total, the Commonwealth's Attorney's FY 2012-13 operating budget is $7,491,148. Overall, this is an increase of $368,393 or 4% when compared to the FY 2011-12 budget. State support of the department is not anticipated to change between FY 2011-12 and FY 2012-13, as a result, the increase of $368,393 between these fiscal years is provided with local funding.

In FY 2012-13, the Victim Witness program is no longer reflected as a standalone budget unit within the Commonwealth Attorney's operating budget. This accounting change results in the appearance that funding is eliminated for this program; however, this program's expenditures are simply reflected elsewhere within the department.

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

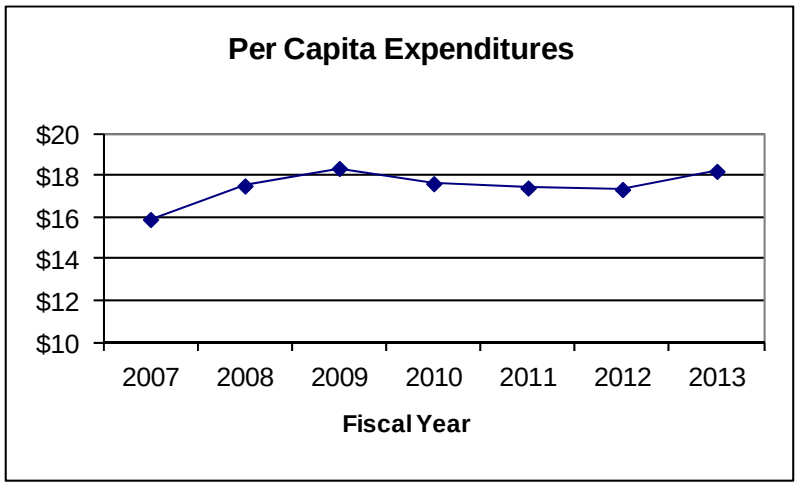
**Departmental Overview**

The Commonwealth's Attorney is an elected, constitutional, law enforcement official who is independent in his duties from both the city and the Commonwealth. The Commonwealth's Attorney's Office is funded by a combination of city funding, state funding and grants. The primary responsibilities of the Commonwealth's Attorney's Office are:

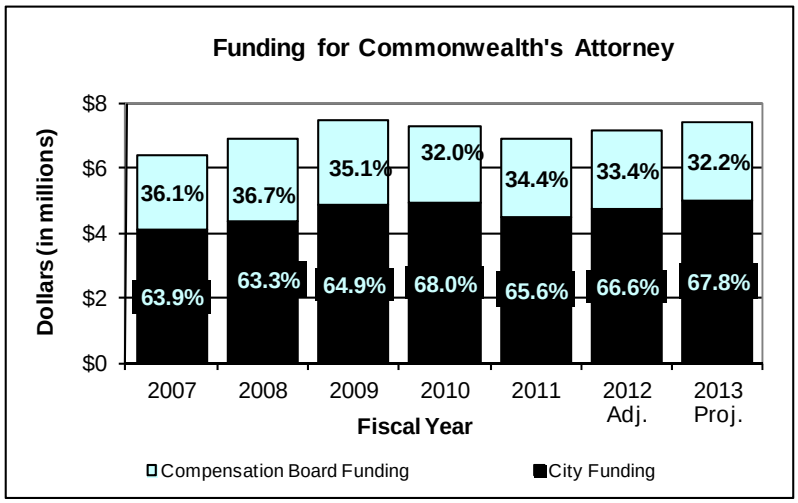
- To review all felony and selected misdemeanor cases and the prosecution of those cases where there is sufficient evidence.
- To provide legal training and advice to local officials, law enforcement, and other public safety agencies when requested.
- To prepare the Circuit Court criminal docket and handle preliminary hearings on felony cases in the General District Court and the Juvenile and Domestic Relations Court.

**Trends and Issues**

- The increase from FY 2006-07 to FY 2008-09 is primarily attributable to personnel cost increases, including eight additional positions granted by the Compensation Board. The decline in expenditures between FY 2008-09 to FY 2010-12 is attributable to the elimination of the Consumer Affairs Program and an overall reduction of 6.15 FTEs. The increase between FY 2011-12 and FY 2012-13 is attributable to compensation increases afforded to the department during the fiscal year and increased cost associated with Virginia Retirement System, life insurance and health insurance.




- The percentage of funding provided by the city to the Commonwealth's Attorney's Office has steadily increased dating back to FY 2000-01. This increase is primarily a result of compensation increases provided by the city outpacing the growth in the Compensation Board reimbursement from the state. As shown in the funding graph, this trend has fluctuated over the past few years. The Compensation Board has provided annual salary increases closer to the increases provided by the city in recent years; however, this office continues to be funded by over 65% with local funds.



## Commonwealth's Attorney - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Commonwealth's Attorney | 6,737,419 | 6,996,545 | 7,491,148 | 494,603 |
| Victim/Witness | 124,617 | 126,210 | 0 | (126,210) |
| Total Expenditures | 6,862,036 | 7,122,755 | 7,491,148 | 368,393 |
| Revenues | | | | |
| State | 2,361,400 | 2,380,078 | 2,380,078 | 0 |
| Total Revenues | 2,361,400 | 2,380,078 | 2,380,078 | 0 |
| General City Support | 4,500,636 | 4,742,677 | 5,111,070 | 368,393 |
| **142 DEA Seized Property Special Revenue Fund** | | | | |
| Expenditures | | | | |
| DEA - Commonwealth's Attorney | 55,876 | 200,000 | 200,000 | 0 |
| Total Expenditures | 55,876 | 200,000 | 200,000 | 0 |
| Revenues | | | | |
| Fees | 7,726 | 0 | 0 | 0 |
| State | 143,867 | 0 | 0 | 0 |
| Federal | 86,503 | 0 | 0 | 0 |
| Fund Balance | 0 | 200,000 | 200,000 | 0 |
| Total Revenues | 238,096 | 200,000 | 200,000 | 0 |
| General City Support | (182,220) | 0 | 0 | 0 |
| **183 Grants Consolidated Fund** | | | | |
| Expenditures | | | | |
| Commonwealth's Attorney - Grants | 308,296 | 321,067 | 333,680 | 12,613 |
| Total Expenditures | 308,296 | 321,067 | 333,680 | 12,613 |
| Revenues | | | | |
| State | 196,310 | 265,797 | 265,797 | 0 |
| Transfers | 62,383 | 55,270 | 67,883 | 12,613 |
| Total Revenues | 258,693 | 321,067 | 333,680 | 12,613 |
| General City Support | 49,603 | 0 | 0 | 0 |
| Total Department Expenditure | 7,226,208 | 7,643,822 | 8,024,828 | 381,006 |
| Total Department Revenue | 2,858,189 | 2,901,145 | 2,913,758 | 12,613 |
| Total General City Support | 4,368,019 | 4,742,677 | 5,111,070 | 368,393 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Commonwealth's Attorney | 77.90 | 76.75 | 78.75 | 2.00 |
| Victim/Witness | 2.00 | 2.00 | 0.00 | -2.00 |
| Total | 79.90 | 78.75 | 78.75 | 0.00 |
| **183 Grants Consolidated Fund** | | | | |
| Commonwealth's Attorney - Grants | 6.50 | 6.50 | 6.50 | 0.00 |
| Total | 6.50 | 6.50 | 6.50 | 0.00 |
| Total Position Summary | 86.40 | 85.25 | 85.25 | 0.00 |

## Courts and Courts' Support

The mission of the court system is to provide an accessible and responsive forum for the resolution of disputes through the rule of law and quality service that ensures that all are treated with courtesy, dignity and respect.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **File Criminal and Civil Petitions** | | | | | | |
| Number of New Petitions Filed | # | 12,426.0 | 12,124.0 | 10,919.0 | 10,155.0 | 10,155.0 |
| Petitions Filed Per Intake Officer | # | 2,000.0 | 2,020.0 | 1,819.0 | 1,692.0 | 1,692.0 |
| **Provide Diversion Services for Victims** | | | | | | |
| Number of Diversion Conferences | # | 600.0 | 823.0 | 674.0 | 600.0 | 600.0 |
| **Customer** | | | | | | |
| **Conduct Bail Hearings** | | | | | | |
| Bail Hearings Conducted | # | 39,000.0 | 39,368.0 | 39,000.0 | 39,000.0 | 39,000.0 |
| **Process Real Estate Documents in a Timely Manner** | | | | | | |
| Customer Service Hours Per Week - Circuit Court Clerk | # | 37.5 | 34.5 | 37.5 | 37.5 | 37.5 |
| Deeds Recorded | # | 100,000.0 | 89,441.0 | 90,240.0 | 94,000.0 | 95,000.0 |
| Deeds Returned within Three (3) Days | % | 0.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total Documents Recorded | # | 140,000.0 | 138,025.0 | 136,494.0 | 140,000.0 | 145,000.0 |
| **Receive, Index and Docket all New Adult and Juvenile Cases** | | | | | | |
| New Cases Filed in Juvenile and Domestic Relations Court | # | 30,000.0 | 29,488.0 | 30,954.0 | 30,000.0 | 30,000.0 |
| **Try Criminal, Traffic, and Civil Cases** | | | | | | |
| Cases Tried per Judge - Circuit Court | # | 1,900.0 | 1,889.0 | 1,908.0 | 1,878.0 | 1,891.0 |
| Cases Tried per Judge - General District Court | # | 30,000.0 | 32,024.0 | 32,387.0 | 32,253.0 | 38,172.0 |
| New Cases Commenced - Circuit Court | # | 16,000.0 | 17,001.0 | 15,266.0 | 15,965.0 | 16,077.0 |
| New Cases Filed in General District Court | # | 193,000.0 | 194,131.0 | 194,648.0 | 196,141.0 | 193,968.0 |

**Major Changes**

The proposed budget for Courts and Courts' Support for FY 2012-13 totals $6,449,852, a decrease of $23,233 or 0.4% from the previous fiscal year. This includes a continuation of partial city funding for the Clerk of the Circuit Court's Land Records System, and this level of funding should maintain services for all court and courts' support operations.

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

Most of the programs and services provided by Courts and Courts' Support are funded in large part by the state, but they also receive funding from the city. Shown here, with the exception of the Clerk of the Circuit Court, is only the city portion of their funding. Each court has a separate state budget. Due to this split in funding sources, many of the courts and their support functions are receiving budget reductions from both the city and the state. The services provided by the Courts and Courts' Support are:

- **Virginia Beach Circuit Court -** Is the trial court of record in the city. This court hears cases such as felonies and misdemeanors originating from grand jury indictments; appeals of felonies and misdemeanors committed by juveniles; cases involving juveniles 14 or older that have been certified to the Circuit Court by the Juvenile and Domestic Relations District Court; civil cases (exclusive for almost all claims exceeding $25,000 and concurrent jurisdiction with the General District Court for claims from $4,500 to $25,000); equity suits; adoptions; name changes; appeals from General District Court; appeals from Juvenile and Domestic Relations District Court; and writs of mandamus, prohibition, and certiorari involving proceedings arising from actions of the local governing body.

- **General District Court -** Hears cases such as traffic violations; civil cases (exclusive original jurisdiction for almost all claims not exceeding $4,500) and concurrent jurisdiction with the Circuit Court claims from $4,500 to $25,000; criminal misdemeanors; preliminary hearings for criminal felonies; bond hearings and arraignments. This court also conducts preliminary hearings in adult felony cases, all traffic infractions involving adults, and conducts mental commitment hearings.

- **Juvenile and Domestic Relations District Court -** Hears such cases as delinquents; juveniles accused of traffic violations; children in need of services; children in need of supervision; children who have been subjected to abuse or neglect; family or household members who have been subjected to abuse; adults accused of child abuse, neglect or offenses against members of their own family (juvenile or adult); adults involved in disputes concerning the support, visitation, parentage, or custody of a child; adults involved in criminal matters where children or family/household members are named victims; abandonment of children; foster care and entrustment agreements; court ordered rehabilitation services; and court consent for certain medical treatments. The judges also present operator's licenses to approximately 100 juveniles on Wednesdays.

- **Clerk of the Circuit Court -** Provides a reliable records system and administers the Circuit Courts responsively and fairly for the legal community and the general public. This unit is charged with the custody, safekeeping, and proper indexing of legal and quasi-legal papers deposited in the Clerk's office. This office records land documents and plats; files and dockets civil, criminal, and chancery cases; assigning a deputy clerk to each courtroom to assist the Circuit Court judges; handling the probate of wills; issuing hunting and fishing licenses; issuing marriage licenses; processing notary public applications; docketing judgments and financial statements; recording military discharge forms (DD-214); and recording business assumed-name certificates.

- **The Magistrate -** Conducts hearings as a neutral, independent judicial officer with federal, state, and local law enforcement officers and citizen complainants to determine if probable cause exists for criminal charges and issues arrest warrants or summonses as appropriate. By law, a defendant must be brought before a magistrate following a warrantless arrest or execution of a previously-issued arrest warrant. Following an arrest, the magistrate conducts a hearing to determine if the person will be held in custody or released on bail pending trial. The magistrate also considers affidavits from law enforcement officers to determine if probable cause exists for issuance of a search warrant. A magistrate issues emergency protective orders to protect the health and safety of victims in cases of family abuse or other acts of force, threat, or violence. A magistrate also issues emergency custody orders and temporary

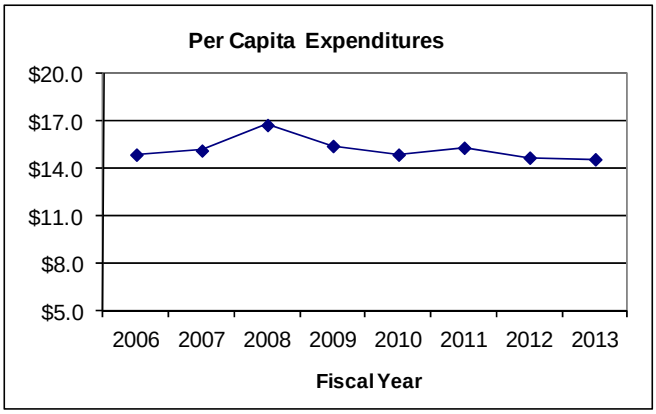
detention orders to provide for evaluation and hospitalization of persons suffering from mental illness. A magistrate may also issue medical emergency custody orders and medical temporary detention orders to provide for emergency medical evaluation and treatment. A magistrate may take other actions as authorized by law, including accepting prepayments for traffic infractions and non-jailable misdemeanor offenses, issuing various civil warrants, and issuing out-of-service orders prohibiting commercial vehicle drivers who are determined to have alcohol in their systems from operating a commercial vehicle for twenty-four hours.

- **Court Services Unit (Juvenile Probation) -** Provides probation supervision to children placed on probation by the Juvenile Court and parole services to those youth who have been committed to the Department of Juvenile Justice. The Court Services Unit processes all petitions for the Juvenile Court and provides intake services to the Virginia Beach Police and the general public. Support services are provided to victims of spousal abuse. The unit prepares all social history background investigations for the Juvenile Court and refers juveniles who are before the court to community based systems of sanctions, programs, and services. Beginning in FY 2011-12, Juvenile Probation began a delinquency prevention initiative. Through developed partnerships with schools and other community agencies, Juvenile Probation has located staff members in different locations throughout the community. This gives Juvenile Probation Officers a more direct venue to assist troubled youth in the community.

**Trends and Issues**

- Last year, the city provided $150,000 in funding for the Circuit Court Clerk's office maintenance of the Land Records System, which is used by the public and many city departments. This year, the city will provide $75,000 for maintenance (1/2 the cost). To fulfill the state mandate of making land records accessible to the public, the Clerk developed a land records system, funded by a $5 document charge. Originally, the city retained $4, and $1 was remitted to the state. Now, the state retains the entire amount, and no longer distributes technology funds to localities. To allow continuation of the system, which benefits the public and many city departments, the city supplanted $150,000 in the Clerk's budget for annual system maintenance and development last year, and will provide $75,000 this year for maintenance of land records system.

- As the graph shows, funding for the courts and their support functions continues to decline.




- Pre-dispositional services in Juvenile Probation provide shelter care and alternative options to juveniles before their sentences are determined by a judge. These services account for the largest portion of the Court Services Unit and total $1,162,588 in FY 2012-13. Costs have been declining because juvenile complaints have decreased 11% over the last two years, and Court Services unit has implemented a 30 day review of all cases. This review ensures juveniles receive the needed level of supervision, often resulting in a step-down in care that lowers costs.

- Circuit Court Benchmark Comparisons: The city funds 12 positions in the Circuit Court for 9 judges (there are 10 assigned to the Virginia Beach district, which includes the Eastern Shore to which one judge is permanently assigned). The benchmark data (2009 represents the most recent year for which data were published) in the following table suggests Virginia Beach places roughly in the middle of the benchmark localities selected. A caveat is in order regarding these comparisons. All cases are not equal; some are more complex and time consuming than others, yet in this simple ranking of cases per judge, all cases are treated equally. Although the function and responsibilities of Circuit Courts are presumably similar, some variations unrelated to efficiency could serve as an explanation for differences in staffing levels.

**Benchmark Data for Selected Circuit Courts (ranking is among 31 State Circuit)**

| | Commenced Cases | Ratio of Local Funded Positions to Judges * |
|---|---|---|
| Virginia Beach | 15 | 1.11 |
| Chesapeake | 17 | 1.15 |
| Norfolk | 22 | 1.0 |
| Chesterfield | 10 | 1.0 |
| Henrico | 12 | 1.6 |
| Prince William | 14 | 1.8 |

*The ratios for Virginia Beach and Chesapeake were adjusted to reflect that these Circuit Courts coordinate jury duty while this function is performed by the Clerk of the Circuit Court or the Sheriff's Office in the other localities.

Sources: 2009 Virginia State of the Judiciary Report; Virginia's Judicial System; Respective budget offices

## Courts and Courts' Support - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Circuit Court | 976,766 | 999,202 | 1,034,008 | 34,806 |
| General District Court | 360,086 | 365,424 | 359,618 | (5,806) |
| Juvenile and Domestic Relations District Court | 149,704 | 140,243 | 137,438 | (2,805) |
| Clerk of the Circuit Court | 2,748,414 | 3,076,577 | 3,041,507 | (35,070) |
| Magistrates | 96,837 | 94,864 | 95,514 | 650 |
| Juvenile Probation | 1,690,511 | 1,509,260 | 1,477,283 | (31,977) |
| Juvenile Probation CHINS Unit | 244,976 | 287,515 | 304,484 | 16,969 |
| Total Expenditures | 6,267,294 | 6,473,085 | 6,449,852 | (23,233) |
| Revenues | | | | |
| Fees | 135,201 | 116,059 | 116,059 | 0 |
| State | 2,121,779 | 1,870,824 | 1,870,824 | 0 |
| Total Revenues | 2,256,980 | 1,986,883 | 1,986,883 | 0 |
| General City Support | 4,010,314 | 4,486,202 | 4,462,969 | (23,233) |
| Total Department Expenditure | 6,267,294 | 6,473,085 | 6,449,852 | (23,233) |
| Total Department Revenue | 2,256,980 | 1,986,883 | 1,986,883 | 0 |
| Total General City Support | 4,010,314 | 4,486,202 | 4,462,969 | (23,233) |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Circuit Court | 12.00 | 12.00 | 12.00 | 0.00 |
| Clerk of the Circuit Court | 57.00 | 57.00 | 57.00 | 0.00 |
| Juvenile Probation | 1.00 | 1.00 | 1.00 | 0.00 |
| Juvenile Probation CHINS Unit | 5.00 | 5.00 | 5.00 | 0.00 |
| Total | 75.00 | 75.00 | 75.00 | 0.00 |
| Total Position Summary | 75.00 | 75.00 | 75.00 | 0.00 |

## Emergency Communications and Citizen Services

The mission of Emergency Communications and Citizen Services is to provide efficient, accurate, professional processing of emergency, non-emergency and information requests. This is achieved through commitment, teamwork, excellent customer service, and a willingness to serve in a respectful and professional manner.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Complete Service Requests for City Agencies** | | | | | | |
| 3-1-1 Average Wait Time - In Seconds | # | 20.0 | 17.8 | 12.4 | 20.0 | 20.0 |
| Calls Handled without Transfer | % | 75.0 | 74.0 | 63.0 | 75.0 | 75.0 |
| Service Requests Handled for City Agencies | # | 33,000.0 | 82,169.0 | 37,496.0 | 33,000.0 | 33,000.0 |
| **Increase the Use of Online Requests for Information** | | | | | | |
| 3-1-1 Online Inquiries | # | 25,000.0 | 24,312.0 | 21,512.0 | 25,000.0 | 21,000.0 |
| Time Staff Available to Handle 3-1-1 Online Requests | % | 97.0 | 98.0 | 98.0 | 98.0 | 98.0 |
| **Process Emergency Calls in a Timely Manner** | | | | | | |
| 9-1-1 Average Wait Time - In Seconds | # | 9.5 | 9.0 | 11.0 | 9.0 | 9.0 |
| 9-1-1 Calls Received | # | 235,000.0 | 236,162.0 | 230,300.0 | 237,824.0 | 235,000.0 |
| EMS Calls Received and Processed | # | 41,000.0 | 39,540.0 | 38,917.0 | 39,500.0 | 40,000.0 |
| Priority 1 EMS Calls Dispatched within 90 Seconds | % | 90.0 | 90.6 | 91.5 | 91.0 | 91.0 |
| Priority 1 EMS Calls Processed in Under 2 Minutes | % | 85.0 | 86.4 | 86.4 | 83.0 | 83.0 |
| Public Safety Calls Received, Entered and Dispatched | # | 450,000.0 | 440,538.0 | 464,786.0 | 460,000.0 | 465,000.0 |
| **Provide Accurate Location Information to Emergency Personnel** | | | | | | |
| Dispatch Location Error Rate | % | 1.0 | 0.8 | 0.8 | 1.0 | 0.9 |
| **Internal Process** | | | | | | |
| **Recruit, Hire and Retain 9-1-1 Operations Employees** | | | | | | |
| Public Safety Emergency Telecom I Hires Retained for 3 Years | % | 70.0 | 69.0 | 34.0 | 73.0 | 70.0 |
| Public Safety Emergency Telecom Retained through Probation | % | 75.0 | 71.0 | 100.0 | 73.0 | 75.0 |

**Major Changes**

In total, the Emergency Communications and Citizen Services (ECCS) department operating budget for FY 2012-13 is $10,453,477. Overall, the department's operating budget has a net increase of $90,400 or 1% and a net decrease of .75 FTEs when compared to the FY 2011-12 operating budget. Although there is an overall decrease in the department's budget, ECCS remains a top priority for the city and as a result city support for this department increased $245,524 between FY 2011-12 and FY 2012-13.

The department of ECCS received just over $300k in their FY 2012-13 for the purpose of implementing the 9-1-1 call center's Automatic Location Identification (ALI) database; however, the department lost $155k in state revenue. The loss of state revenue to this department resulted in the elimination of .75 FTEs and a reduction in operating expenses not related to the additional funding added for the ALI database system. A summary of the major departmental impacts are listed below:

| Change | Impact |
|---|---|
| Reduction of 1.5 FTEs in Citizen Services | • The reduction of two part-time Call Takers<br>• These positions are being replaced with contractual positions and as a result there is no anticipated impact on 3-1-1 services offered. |
| Reduction of Executive Assistant (1 FTE) | • This position is the first line of contact for the department Director and includes the responsibilities of completing clerical work, leading a team of staff volunteers in the creation, development, and distribution of the department newsletter as well as other responsibilities. Only a small percentage of ECCS's workforce performs clerical type job tasks. |
| Addition of Business Application Specialist II (1 FTE) | • This position will provide support, maintenance and research associated with the numerous applications in use and proposed by 3-1-1 and 9-1-1.<br>• Existing staff does not have the capability of handling these technical tasks required within the department. Currently, these job tasks are being fulfilled by contractual positions. |
| Addition of part-time Public Safety Analyst (.75) | • This position will be responsible for ensuring the ECCS's operations comply with all State and Federal mandates. |
| Implementation of Automatic Location Identification (ALI) Database | • Will update technologies used for the automatic location of calls received by the 9-1-1 emergency call center.<br>• Current application provide over 97% accuracy of caller location, except for older cell phones, which require additional information from the caller: Updated technologies tie into the next phase of 9-1-1, known as Next Generation 9-1-1 (NG9-1-1)<br>• This technology is essential in the current environment where 70% of 911 calls are place from mobile devices as compared landlines. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

A majority of ECCS revenue comes from general city support, although 14% of the department's revenue comes via the state from a portion of the telecommunications tax levied on every wireless telephone throughout the state. The department is comprised of six programs:

- **VB 9-1-1 Emergency Communications -** VB 9-1-1 receives and processes citizens' calls for emergency and public safety service requests for police, fire, and EMS. 9-1-1 is specifically intended for public safety emergencies (police, fire, EMS) where an immediate response is required from emergency personnel.

- **3-1-1 Citizen Services -** VB 3-1-1 processes general government information and services via multiple communication channels such as telephone, online assistance, email, walk-in's, print, radio dispatching and emergency notifications. 3-1-1 assists various city agencies such as Real Estate Assessor, Public Safety (Police, Fire & EMS), "after hour" Public Utilities, Public Works, Landscape Services and Telecommunications with their information/service requests.

- **Director's Office -** This program consists of the Director of ECCS and the executive assistant. This program provides oversight, leadership and executive level assistance for ECCS.

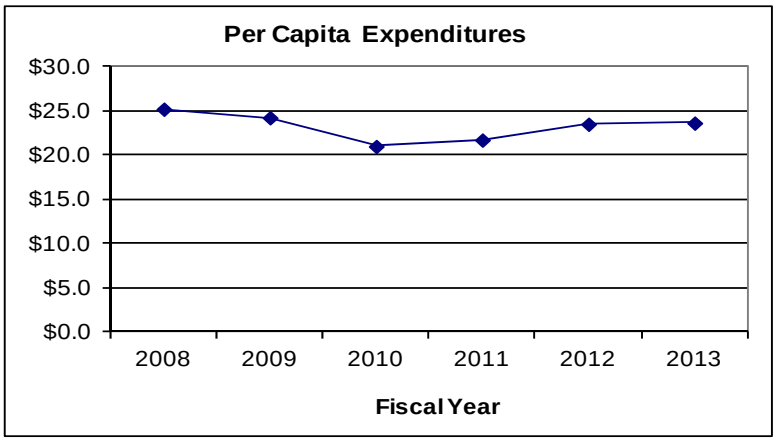
- **Administration -** This program supports the day-to-day business affairs for ECCS. This includes payroll, accounts payable/receivable, human resources, inventory, and business applications.

- **Training -** The program includes training and policy development for all ECCS employees, learning and development tracking, professional development, conferences and the travel connected with training; CALEA accreditation (continuous reaccreditation) is part of this program to include the tri-annual renewal and mandatory training conferences.

- **Technology and Support -** This program consists of the systems, applications and services used to ensure the most efficient and effective delivery of services for ECCS. This program includes the support, maintenance and reoccurring costs associated with the systems and services to ensure they continue optimal operation.

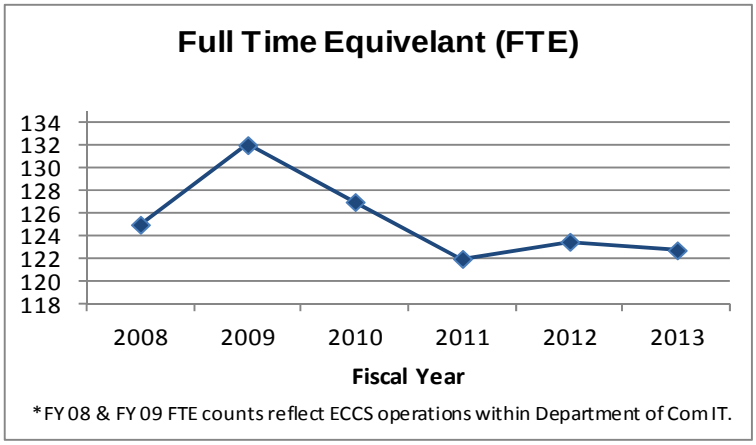
**Trends and Issues**

- After decreasing from FY 2007-08 to FY 2009-10 (Figures for FY 2007-08 to FY 2008-09 are historic data from when ECCS was a division of the ComIT department), budgeted expenditures per capita have increased each year since the inception of ECCS as a individual department. Reductions made as a result of state revenue loss, in FY 2012-13, were offset by increased cost associated with health insurance, life insurance and the Virginia Retirement System (VRS). This resulted in the overall increase of $90,400 and the little to no change in dollar per capita between FY 2011-12 and FY 2012-13




- ECCS relies heavily on technology and systems to operate their 3-1-1 and 9-1-1 call centers. Over the past several years, the costs for new or upgraded technology and systems have increased more dramatically than other operating expenditures. For this reason, many of these increased costs, coupled with the reduced revenue city wide, have impacted staffing for this department. In FY 2010-11, the City's 3-1-1 call center had its hours of operation reduced from 24/7 to 16.5 hours per day. Maintaining the integrity of and enhancing emergency operations is the department's top objective for keeping the community safe. The need to enhance 9-1-1 emergency call center with the ALI database in FY 2012-13 remains a top priority for the department.

- Since FY 2008-09, the department of ECCS has continually lost FTEs as a result of budget reductions. This trend briefly changed when in midyear FY 2010-11 ECCS received additional state wireless revenue and increased their overall FTE count by 3; however, as a result of declining local revenue sources and budget cuts, the department lost 1.5 FTEs with the adoption of the FY 2011-12 budget. This resulted in a net increase of 1.5 FTEs between FY 2010-11 and FY 2011-12. In FY 2012-13, ECCS is losing an additional net of .75 FTEs (reduction of 2.5 FTE and addition of 1.75 FTE).



## Emergency Communications and Citizen Services - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 0 | 232,581 | 211,614 | (20,967) |
| Administration | 0 | 396,408 | 400,081 | 3,673 |
| Training | 0 | 57,610 | 46,896 | (10,714) |
| Emergency Communications | 7,619,145 | 7,843,914 | 7,883,391 | 39,477 |
| Citizen Services | 698,446 | 910,903 | 885,099 | (25,804) |
| Technology and Support | 0 | 921,661 | 1,026,396 | 104,735 |
| Total Expenditures | 8,317,591 | 10,363,077 | 10,453,477 | 90,400 |
| Revenues | | | | |
| Fees | 144 | 0 | 0 | 0 |
| State | 1,401,828 | 1,769,543 | 1,614,419 | (155,124) |
| Transfers | 141,396 | 141,396 | 141,396 | 0 |
| Total Revenues | 1,543,368 | 1,910,939 | 1,755,815 | (155,124) |
| General City Support | 6,774,223 | 8,452,138 | 8,697,662 | 245,524 |
| Total Department Expenditure | 8,317,591 | 10,363,077 | 10,453,477 | 90,400 |
| Total Department Revenue | 1,543,368 | 1,910,939 | 1,755,815 | (155,124) |
| Total General City Support | 6,774,223 | 8,452,138 | 8,697,662 | 245,524 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Director's Office | 0.00 | 2.00 | 1.75 | -0.25 |
| Administration | 0.00 | 4.00 | 4.00 | 0.00 |
| Emergency Communications | 108.00 | 102.00 | 102.00 | 0.00 |
| Citizen Services | 17.00 | 15.50 | 14.00 | -1.50 |
| Technology and Support | 0.00 | 0.00 | 1.00 | 1.00 |
| Total | 125.00 | 123.50 | 122.75 | -0.75 |
| Total Position Summary | 125.00 | 123.50 | 122.75 | -0.75 |

## Emergency Medical Services

The mission of the Department of Emergency Medical Services (EMS) is to deliver valued services to the community that preserve life, improve health, and promote the safety of citizens and visitors, who live, learn, work and play in our community while maintaining a sustainable systems approach that is focused on dynamic resource utilization to enhance the overall quality of life in Virginia Beach.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Percentage of Time that 9 Ambulances are Continuously Staffed** | | | | | | |
| Percentage of Time that 9 Ambulances are Continuously Staffed | % | 100.0 | 85.0 | 92.0 | 100.0 | 100.0 |
| **Provide Rapid Basic Life Support (BLS) and Advanced Life Support (ALS)** | | | | | | |
| Advanced Life Support (ALS) Calls Treated & Transported | # | 11,185.0 | 10,789.0 | 10,966.0 | 11,185.0 | 11,409.0 |
| Ambulance Calls for Service | # | 39,695.0 | 39,540.0 | 38,917.0 | 39,695.0 | 40,489.0 |
| Basic Life Support (BLS) Calls Treated & Transported | # | 16,473.0 | 15,912.0 | 16,150.0 | 16,473.0 | 16,802.0 |
| **Volunteer Speciality Team Response Program** | | | | | | |
| Requests for Response of Marine Response Program | # | 174.0 | 195.0 | 171.0 | 174.0 | 178.0 |
| Requests for Response of EMS SWAT Team (includes some warrants) | # | 16.0 | 21.0 | 4.0 | 16.0 | 4.0 |
| Requests for Response of Search & Rescue Team | # | 2.0 | 3.0 | 2.0 | 2.0 | 2.0 |
| **Financial** | | | | | | |
| **Recruit and Retain Volunteers** | | | | | | |
| Applicants Registered for Orientation Program | # | 1,384.0 | 1,067.0 | 1,214.0 | 1,384.0 | 1,578.0 |
| EMS Volunteer Credentialed Personnel | # | 460.0 | 267.0 | 351.0 | 460.0 | 603.0 |
| EMS Volunteer Recognition Activities | # | 12.0 | 19.0 | 12.0 | 12.0 | 12.0 |
| EMS Volunteer Recruitment Events | # | 64.0 | 62.0 | 63.0 | 64.0 | 64.0 |
| **Learning & Growth** | | | | | | |
| **Emergency Medical Services Training Program** | | | | | | |
| ALS Continuing Education Students | # | 1,100.0 | 1,026.0 | 1,067.0 | 1,100.0 | 1,320.0 |
| American Heart Assocation CPR Students Taught | # | 700.0 | 633.0 | 646.0 | 700.0 | 840.0 |
| BLS Continuing Education Students | # | 248.0 | 68.0 | 208.0 | 248.0 | 298.0 |
| Cardiac & Pediatric ALS Re-certification Students | # | 225.0 | 219.0 | 209.0 | 225.0 | 270.0 |
| EMS Recruits Trained as Emergency Medical Technician-B | # | 162.0 | 92.0 | 79.0 | 162.0 | 175.0 |
| Re-certification CPR Students Taught | # | 1,100.0 | 981.0 | 1,008.0 | 1,100.0 | 1,200.0 |

**Major Changes**

The department of Emergency Medical Services (EMS) FY 2012-13 operating budget totals $8,101,688 including the State Four for Life annual allocation estimated at the FY 2011-12 amount of $375,000. Overall, EMS' budget increased by 6% or $458,657 due in part to an increase in the cost of the resort lifeguard contract and a 3% increase ($156,635) in personnel costs for fringe benefits including health insurance, retirement and life insurance. To maintain its emergency response capability, retain full career staffing, support costs for operations and the Volunteer Rescue Squads, and cover the increased cost related to the resort beach lifeguard contract, costs were reallocated where possible due to personnel turnover or realignment of certain accounts based on past spending levels.

| Change | Impact |
|---|---|
| Resort lifeguard contract re-bid during FY 2011-12 for a three year contract with 2 one-year renewals. | • The contract comprises 46% of departmental operating costs and 17.8% of the department's budget. Cost increased 18.2% from $1,222,006 to $1,445,000, and will include a 2% annual escalator throughout the contract term. |
| State mandate effective July 2012 increasing requirements and costs in various aspects of EMS certification training. | • Police record checks will be required earlier in the process prior to clinical training; exam fees will be charged for the initial EMT exam; and additional CPR equipment will be required to maintain proper instructor to student ratios. State Four for Life funding will be used to fund the EMT exam ($21,000) and city funding ($18,200) will be used for the rest of the costs. Costs are anticipated to increase in future fiscal years to meet the various requirement of this new mandate. |

Additional information about program reductions or other unfunded needs is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The department's expenditures are comprised mainly of personnel costs for 65.3 FTEs (61% totaling $4.97 million), including the 37 career medics ($3.1 million). Only 21% ($1.7 million) of EMS' budget is for operating support costs for the volunteer rescue squads and career medics, such as training, fuel, vehicle radios and other equipment maintenance and repair, utilities for Volunteer Rescue Squad owned stations, risk management costs, and etc.

The core services of the Emergency Medical Services department fall into five areas:

- **Administration -** Provides for leadership, direction and support through the provision of manpower (retention and recruitment, human resources), development of policies, management of departmental budgets and finances, performance of liaison activities with related state, local and federal agencies; processing of public inquiries, provision of logistics support, gathering and analysis of data and research, and development of programs.

- **Operations and Emergency Response -** Provides for the rapid response to and proper provision of basic and advanced patient care pre-hospital and inter-facility care services, as well as specialized services to the general public to reduce patient morbidity and mortality. This involves oversight of ten independent Volunteer Rescue Squads comprised of 626 highly trained and certified volunteer medics distributed throughout the 15 Fire and EMS stations, and supervision of 37 career medics that augment volunteers to ensure staffing of a minimum of 9 ambulances daily with the goal of 1 ambulance per 3,000 calls for service (totaling 13 ambulances). In addition, provides specialized rescue teams (marine rescue, bike medics, SWAT tactical medical and rescue, squad truck technical rescue, and air medical unit), anti-terrorism incident response, mass casualty operations, and disaster preparedness and response.

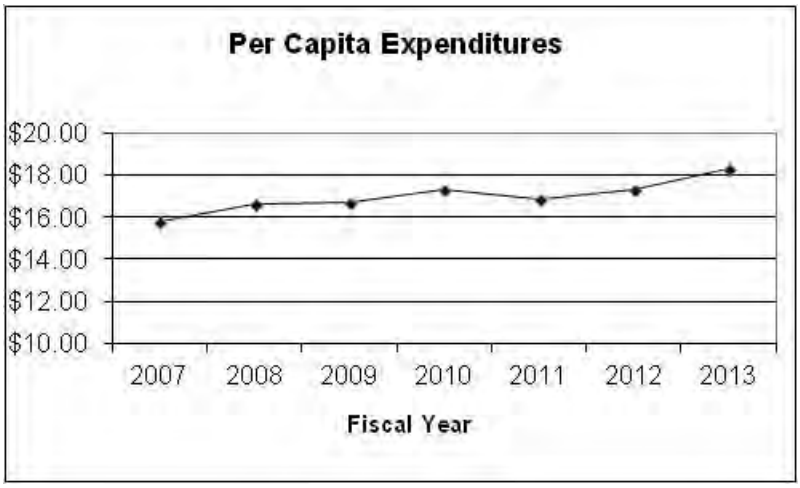
- **Regulation and Enforcement -** Provides the oversight of medical control to ensure medical protocols are followed; conducts quality assurance assessments; inspects commercial EMS ambulance agencies operating in the city; and provides oversight for infection control as well as mandates promulgated by the federal and state governments.

- **Training -** Provides basic life support, advanced life support and specialized training for EMS volunteers, career medics and specialty team members, Fire, Police, emergency dispatchers, and hospital personnel. Keeps personnel certified, in compliance with state requirements, to work on ambulances and perform medical duties.

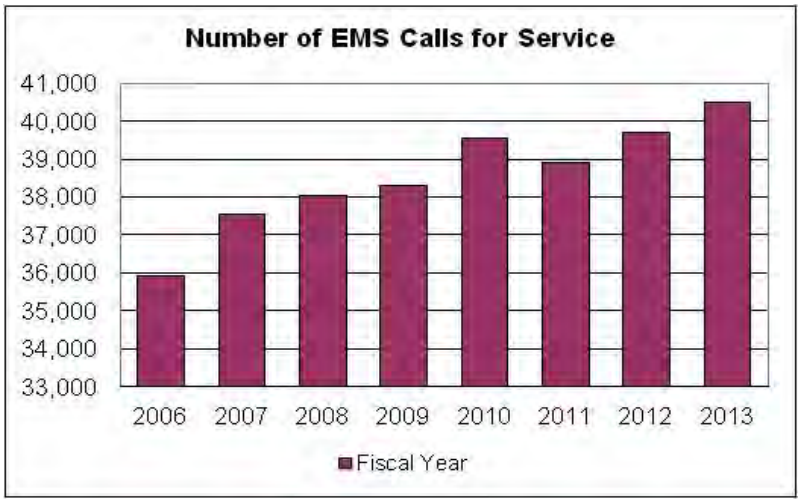
- **EMS Lifeguard Services -** Provides in-house lifeguard services to Sandbridge Beach, from Memorial Day weekend to Labor Day weekend 9:30 a.m. to 6:00 p.m. This service will consist of 14 lifeguard stands (8 at Little Island, 3 south of Little Island, and 3 at the Market area) staffed with part-time lifeguards and lifeguard supervisors. Staffing and placement of these stands may vary to address weather, volume of visitors on the beach and condition of the surf. Also, manages the lifeguard contract serving the resort area beaches from 2nd Street to 42nd Street including 57th Street, from the middle of May until the end of September.

**Trends and Issues**

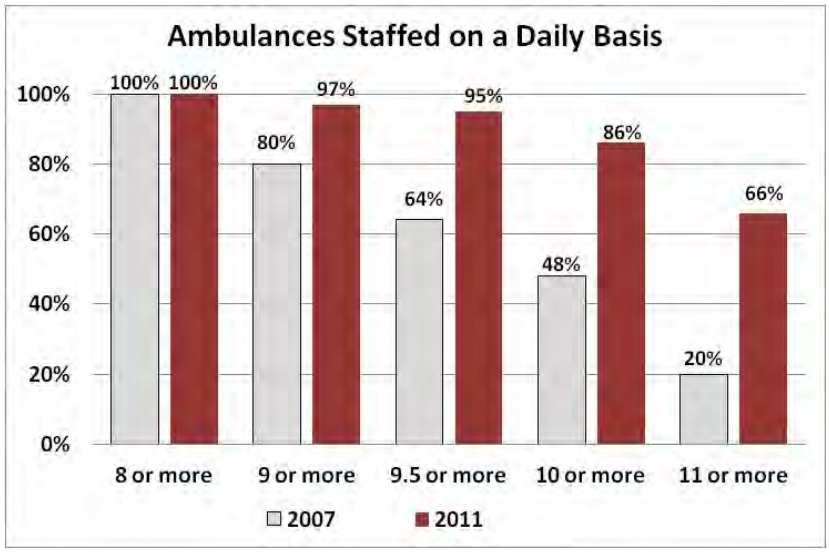
- The department's per capita expenditures are increasing 5.6% or by about $1 per capita from $17.32 per capita in FY 2011-12 to $18.30 per capita in FY 2012-13 due to increased costs for fringe benefits and the resort lifeguard contract. A key driver in keeping costs extremely low despite increasing calls for services is the extensive use of 626 certified volunteers that staff 93% of the ambulances, as well as 369 certified volunteers that assist in other areas of the department, such as administrative support, Marine Rescue, Search and Rescue teams, etc. According to the Virginia Auditor of Public Accounts, the per capita expenditures in other Hampton Roads localities for fire and rescue services in FY 2010-11 were significantly higher than Virginia Beach: Chesapeake $176.51, Hampton $173.61, Newport News $189.61, Norfolk $171.80, Portsmouth $274.46, Suffolk $298.46, Virginia Beach $117.93.




- The primary driver of EMS Department expenditures is the increase in citizen demand for services. Calls for service are anticipated to increase from 39,695 in FY 2011-12 to 40,489 in FY 2012-13. The average annual increase in the number of calls for service from FY 2005-06 through FY 2010-11 is 1.6%, with a difference in call volume from FY 2005-06 to FY 2010-11 of 8.3% or over 2,995 calls. By FY 2012-13, 28,211 or 69.7% of the total calls for service are anticipated to involve treatment and transport of patients to one of the area's hospitals. The percentage of calls involving transport has grown about 2.4% annually from 67% in FY 2005-06 to 69% by FY 2010-11 with 3,047 more transports occurring in FY 2010-11 than in FY 2005-06. As the city's population ages, the nature of these calls and treatment required will increase in complexity, which will increase the need for additional staffed ambulances.



- Attracting additional volunteers to join the rescue squads continues to be a priority for EMS. For FY 2012-13, EMS anticipates 1,578 applicants to be registered for the department's orientation program, and plans on holding 64 recruitment events. In addition, a recent campaign held by the Volunteer Rescue Squads was successful in attracting 337 new volunteers to the city's emergency response system to address the increase in calls for service. The result has been increased numbers of ambulances staffed on a daily basis since 2007, as shown in the graph, with the goal of reaching 1 ambulance per 3,000 calls or 13 ambulances. In FY 2010-11, an average of 12 ambulances was staffed daily. By comparison, the other cities in the region staffed on average: Norfolk 11 with 12 if all staff members reported for duty, Chesapeake 10, Newport News 9, York County 6, Hampton and Portsmouth each at 5.




- After much work researching software, designing and building the infrastructure from FY 2008-09 through FY 2009-10, a team from the departments of EMS and Communications and Information Technology in partnership with Sentara Healthcare developed an Electronic Medical Reporting (EMR) system that was implemented in the field on June 14, 2010. This system converted to an electronic format the hand-written EMS patient care reports, which were comprised of three-pages including 528 mandated fields and took an average of 40 minutes to fill out and complete. Use of EMR translates into improved service for patients and faster turn-around times for ambulances. This new system allows each call for emergency medical services to be tracked from the time the call comes into Emergency Communications Center/E911, to the time the patient is discharged from the hospital. With the installation of digitally secure transmitters/routers on the ambulances, EMS patient care providers will be able to immediately send critical patient information to the hospital emergency departments (ED) while at the patient's side, prior to transport. The EMR system also interfaces with the new advanced cardiac monitors/defibrillators and can transmit EKGs directly to receivers at hospital EDs as well as cardiology departments. With improved data, the hospital staff can then prepare more effectively for the arrival of the patient. This project will speed up the entry of patient information in the field as well as permit 3rd service EMS agencies to link with the hospital systems and retrieve the hospital record to gain valuable outcome-based information, which will allow EMS to determine the effectiveness of their patient care protocols and identify areas for improvement. An example is EMS' witness cardiac arrest survival rate of 49% compared with the national rate of 7%. Partnerships with the local hospitals have been vital in this successful implementation. This is a tremendous step toward quality improvement in the healthcare systems and the system design will be the first of its kind in the U.S. In August, 2010, EMS received the Governor's Technology Award for "Innovative Use of Technology in Local Government" for the EMR project.

## Emergency Medical Services - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Administration | 591,411 | 600,227 | 551,721 | (48,506) |
| Operations | 1,277,898 | 1,283,230 | 1,716,513 | 433,283 |
| Emergency Response System | 2,850,837 | 3,081,310 | 3,081,669 | 359 |
| Training | 505,807 | 596,450 | 529,234 | (67,216) |
| Regulation and Enforcement | 1,453,097 | 1,498,901 | 195,050 | (1,303,851) |
| EMS Lifeguard Services | 176,512 | 207,913 | 1,652,501 | 1,444,588 |
| Total Expenditures | 6,855,562 | 7,268,031 | 7,726,688 | 458,657 |
| Revenues | | | | |
| Fees | 20,607 | 2,200 | 2,500 | 300 |
| Total Revenues | 20,607 | 2,200 | 2,500 | 300 |
| General City Support | 6,834,955 | 7,265,831 | 7,724,188 | 458,357 |
| **183 Grants Consolidated Fund** | | | | |
| Expenditures | | | | |
| State Four-for-Life Grants | 84,294 | 375,000 | 375,000 | 0 |
| Total Expenditures | 84,294 | 375,000 | 375,000 | 0 |
| Revenues | | | | |
| State | 490,967 | 375,000 | 375,000 | 0 |
| Total Revenues | 490,967 | 375,000 | 375,000 | 0 |
| General City Support | (406,673) | 0 | 0 | 0 |
| Total Department Expenditure | 6,939,856 | 7,643,031 | 8,101,688 | 458,657 |
| Total Department Revenue | 511,574 | 377,200 | 377,500 | 300 |
| Total General City Support | 6,428,282 | 7,265,831 | 7,724,188 | 458,357 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Administration | 7.50 | 7.50 | 6.50 | -1.00 |
| Operations | 2.00 | 2.00 | 6.00 | 4.00 |
| Emergency Response System | 37.00 | 38.00 | 37.00 | -1.00 |
| Training | 7.00 | 7.50 | 6.50 | -1.00 |
| Regulation and Enforcement | 3.00 | 3.00 | 2.00 | -1.00 |
| EMS Lifeguard Services | 6.05 | 7.30 | 7.30 | 0.00 |
| Total | 62.55 | 65.30 | 65.30 | 0.00 |
| Total Position Summary | 62.55 | 65.30 | 65.30 | 0.00 |

**Resource Summary Notes**

The increase cost for Operations is due primarily to the transfer of the four EMS Division Officers to Operations from the other divisions including Administration, Emergency Response System, Training, and Regulation and Enforcement, and the increase costs for fringe benefits (health insurance, retirement and life insurance) and risk management.

The cost of the resort lifeguard contract was shifted from the Regulation and Enforcement Division to EMS Lifeguard Services Division to consolidate all costs for lifeguard services.

## Fire

The mission of the Virginia Beach Fire Department is to partner with communities, members, citizens and visitors to foster the feeling of safety any place, any time through planning, mitigation, response and restoration.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Advanced Life Support Emergency Medical Services** | | | | | | |
| Advanced Life Support Fire Units - Average Daily | # | 20.0 | 16.0 | 19.0 | 19.0 | 19.0 |
| Calls for Service - Emergency Medical Services | # | 19,500.0 | 18,114.0 | 17,930.0 | 18,110.0 | 18,291.0 |
| **Building and Property Saved/Lost** | | | | | | |
| Building and Property Saved | % | 97.0 | 95.5 | 98.2 | 98.2 | 98.2 |
| Content Saved | % | 92.9 | 96.2 | 92.8 | 92.8 | 92.8 |
| Preincident Building and Property Value (in millions) | $ | 683 | 358 | 773 | 800 | 800 |
| Preincident Content Value (in millions) | $ | 89 | 221 | 44 | 45 | 45 |
| **Citizen Satisfaction** | | | | | | |
| Fire Department Rating - Citizen Satisfaction Bi-Annual Survey | % | 99.0 | 99.0 | 98.7 | 98.7 | 99.0 |
| **Fire Deaths and Injuries** | | | | | | |
| Fire Death Rate - Virginia Beach | # | 1.0 | 1.0 | 3.0 | 1.0 | 1.0 |
| Fire Injury Rate - Virginia Beach | # | 35.0 | 32.0 | 44.0 | 35.0 | 35.0 |
| **Fire Setter Counseling** | | | | | | |
| Fire Awareness Course for Teens (FACT) Program Attendees | # | 40.0 | 38.0 | 29.0 | 35.0 | 35.0 |
| Jr Firesetter Program Attendees | # | 40.0 | 57.0 | 44.0 | 42.0 | 42.0 |
| **Reliability for Response** | | | | | | |
| Emergency Medical Services to Total Call Ratio | % | 64.0 | 62.0 | 58.5 | 58.5 | 58.5 |
| Reliability of First Due Availability | % | 90.0 | 90.7 | 90.8 | 90.0 | 90.0 |
| **Response Time to Emergency Incidents** | | | | | | |
| Heavy Fire Apparatus staffed | # | 34.0 | 34.0 | 34.0 | 34.0 | 35.0 |
| Travel Time to Emergencies in Suburban Area < or = 5 Minutes | % | 70.0 | 70.0 | 71.9 | 71.0 | 74.0 |
| **School Life Safety Education Program** | | | | | | |
| Life Safety Assembly Attendees | # | 22,500.0 | 22,433.0 | 21,131.0 | 21,065.0 | 21,165.0 |
| **Financial** | | | | | | |
| **Volunteers** | | | | | | |
| Community Emergency Response Team Membership | # | 825.0 | 725.0 | 827.0 | 827.0 | 827.0 |
| Volunteer Firefighter Membership | # | 45.0 | 32.0 | 36.0 | 36.0 | 36.0 |
| **Internal Process** | | | | | | |
| **Clearance Rate for Arson Cases** | | | | | | |
| Arson Cases Cleared | % | 20.0 | 19.0 | 40.8 | 40.8 | 40.8 |
| **Initial Fire Inspections** | | | | | | |
| Fire Inspections Completed - All Types | # | 8,800.0 | 8,790.0 | 9,562.0 | 6,500.0 | 6,500.0 |

**Major Changes**

The Fire Department's operating budget for FY 2012-13 totals $45,745,334, an increase of $1,861,425 or 4.2%. This increase is due to operating costs related to the opening of the new fire and rescue station at Town Center as well as increased VRS retirement, life insurance, and health care costs for all departmental staff. While the new facility is scheduled to open in July 2013, it is necessary to hire and train the 12 new firefighters well in advance of the opening to supplement the existing staff at Thalia Fire and Rescue Station. The new station will be equipped with a ladder truck, which will supplement the existing fire apparatus and will have the capacity to serve the buildings in the city's central business district.

The Fire Department has identified additional needs totaling $2.6 million, which are unfunded and are shown in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The department's expenditures are comprised mainly of personnel costs (89.5%) for its 478.71 FTE totaling $41.0 million, with (10.5%) $4.8 million for operating support costs, such as risk management costs, fuel and vehicle maintenance, uniforms and personal protective equipment, and general maintenance of equipment as well as funding for the Fire Training Center improvement capital project. About 96.5% of the department's costs are covered by the General Fund, with 1.0% generated through department generated fines (e.g. hazardous materials dumping, false alarms), fire permits and fire inspections fees, and 2.5% through grants from the state Department of Fire Programs and U.S. Department of Homeland Security Local Emergency Management Planning program. As required by the state, Fire Programs funds are used for enhancements, including protective apparel, equipment, training, and fire training center improvements.

The core services provided by the Fire Department are categorized into the following areas:

- **Fire Administration -** Comprised of 22 FTEs that provide various services, including executive direction and guidance as well as administrative support (payroll, budget and finance, grants management, procurement and inventory, etc.) for the department.

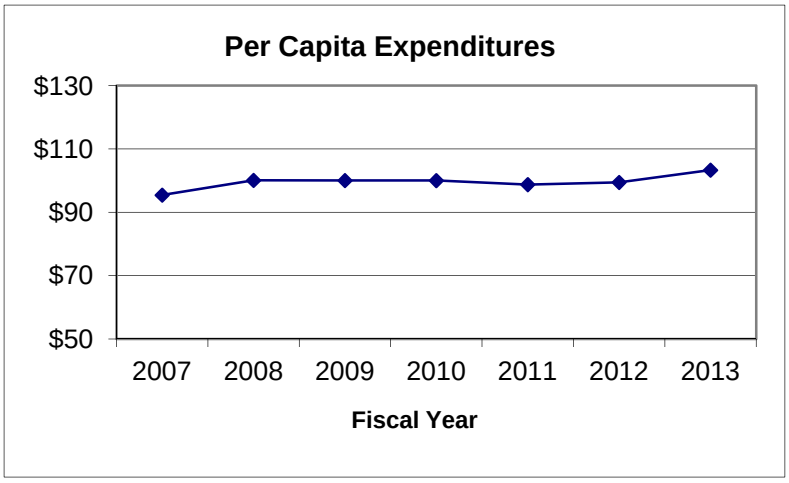
- **Fire Marshal's Office -** Comprised of 27.71 FTEs, who administer and enforce the statewide Fire Prevention Code, which includes: providing annual fire maintenance inspections and operational permits for commercial establishments that are considered to pose a higher risk of fire hazard; providing periodic inspections of businesses that pose a lower risk of fire hazard and are not mandated for inspection; providing other inspections as needed or requested; addressing complaints regarding code-related issues; and providing site plan review related to fire code issues. Another key activity is investigating criminal/arson and non-criminal fires as well as hazardous material dumping.

- **Fire Operations -** Comprised of 410 FTEs distributed among 17 city owned and 2 volunteer owned fire stations and fire and rescue stations throughout the city to deliver comprehensive emergency services through a seamless and integrated emergency response system. Examples of services include: fire suppression, salvage and overhaul, emergency medical services, search and rescue, technical support services, hazardous materials response, and mutual aid to neighboring localities. Apparatus staffed include 20 engine companies, 7 ladder companies, 2 tankers and 2 heavy squads. The Virginia Beach Fire Department has four specialized teams that serve the region and state: Tidewater Regional Technical Rescue Team, which is one of the seven Regional State Urban Search and Rescue Teams, Marine Firefighting (located at First Landing Fire Station #1), Hazardous Materials Response (located at London Bridge Fire Station #3), and Metro Medical Response System (located at Nimmo Fire Station # 21). It also has a Volunteer Support Technician Team.

- **Emergency Management -** This four person office coordinates citywide emergency planning including maintenance of the city's Emergency Operations Plan, maintenance and readiness of the city's Emergency Operations Center and Mobile Emergency Operations Center. It fosters community awareness of natural and manmade emergencies, oversees the Community Emergency Response Team project involving 827 volunteers, and coordinates the city's response to emergencies. Annually, the department conducts four emergency management planning exercises in the city's Emergency Operations Center involving multiple city departments as well as members of the City Manager's executive staff.

- **Fire Personnel and Development -** With a staff of 14, this division provides human resource needs, mandated career development, and organizational enhancement training programs meeting nationally recognized standards in the following areas: fire, rescue, life safety, management, driver operator, and any specialty training for volunteer and career firefighters.

**Trends and Issues**




- The department's expenditures are increasing from $99 per capita in FY 2011-12 to $103 per capita in FY 2012-13 due to additional staffing for the new fire and rescue station at Town Center as well as increased VRS retirement, life insurance, and health care costs for the department's staff of 478.71 FTEs.

- In August of 2011, the department was reaccredited by the Commission on Fire Accreditation International (CFAI). The Virginia Beach Fire Department is one of 143 accredited fire departments in the nation and only one of five municipal fire departments accredited in the State. From November 2010 to May 2011, the department underwent re-accreditation, which involved self evaluation of every aspect of the organization compared to nationally accepted standards for fire services. The accreditation will help identify strengths and weaknesses in the Fire department's governance and financial practices/policies, training competencies, service delivery and physical and human resources.

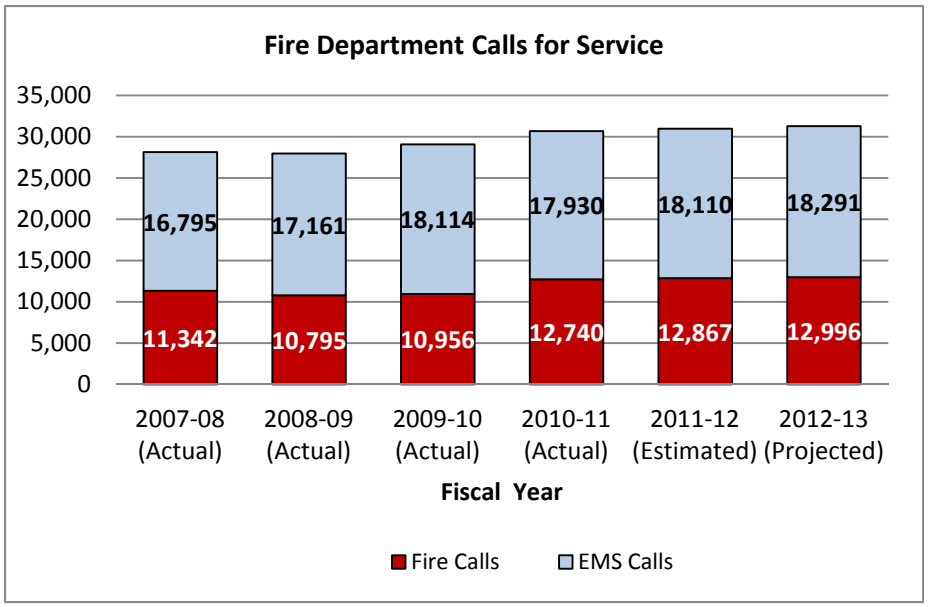
- Based on past experience, the Fire Marshal's Office anticipates violations or hazards will be found in 62% of the inspections in FY 2012-13. The number of Fire Investigator responses is estimated at 349 with a case clearance rate of 40.8%. The recent acquisition of a K-9 from the U.S. Department of Justice/Bureau of Alcohol, Tobacco, Firearms, and Explosives has assisted investigators with determining the origin and cause of suspicious fires for the city as well as the region, and this has helped to increase the clearance rates for arson cases. In 2011, the K-9 responded to 24 fire-related incidents. Also, the office provided 1,038 life safety education programs to approximately 136,807 residents in 2011.

- For FY 2012-13, the department anticipates 240,000 hours of training for all staff including 1,000 hours of instructional training. Training programs are held at the city's regional Fire and EMS Training Center on Birdneck Road, and are directed towards improving the efficiency of the Fire department's operation, and reducing the frequency of fires, injuries and fire deaths, and property damage from fires.

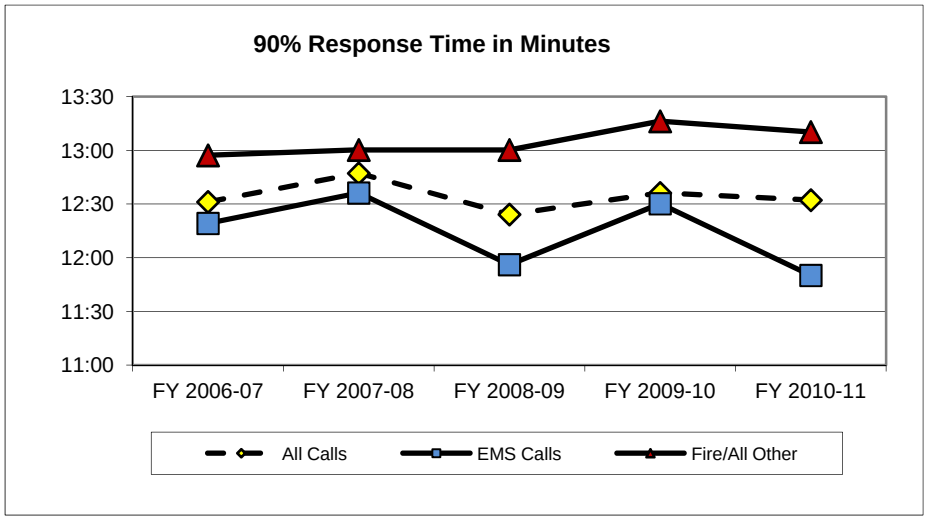
- An on-going funding stream with which to replace core capital equipment including thermal imaging cameras, self contained breathing apparatus, electrocardiogram monitors extrication and hazardous materials response equipment has still not been identified. The department estimates $300,000 would be needed on an annual basis to replace equipment on a 10-year cycle. Currently, the department must rely on state, federal and private grants, which are available on an infrequent basis and typically only allow for equipment enhancement and not replacement.

- One of the department's goals is to arrive on the scene of all emergency medical incidents within five minutes of the time of dispatch, when the fire response is closer in time and distance than an EMS volunteer ambulance. During FY 2012-13, the department anticipates achieving this goal in 46% of its calls for service. Another goal is to arrive on the scene of all fire incidents within five minutes of the time of dispatch. During FY 2012-13, the department anticipates achieving this goal in 42% of its calls for service.

Total calls for service are estimated to increase from 30,649 in FY 2010-11 to an anticipated 30,977 in FY 2011-12 and a projected 31,287 in FY 2012-13. The number of emergency medical services calls for service and fire calls are expected to grow at the same rate during the next fiscal year. For FY 2012-13, 58.5% of the department's total calls for service are anticipated to be emergency medical calls. As shown on the departmental performance report, various factors impact availability for response, response time, and fire deaths and injuries, including the number of fire apparatus staffed and reliability of first due availability.




This graph shows the Fire Department's response time to 90% of their calls (from the time a call is received in the Emergency Communications Center/"911 Center" until the first fire unit arrives on-scene). For example, in FY 2010-11, the department responded to 90% of: all calls within 12:33 minutes, fire calls within 13:11 minutes and EMS calls within 11:51 minutes. When compared with FY 2009-10, these response times decreased slightly by 4 seconds for all calls, 6 seconds for fire calls, and 40 seconds for emergency medical calls. Emergency Medical Service (EMS) calls are medical incidents only, responded to by Fire department personnel. Fire/all other calls include all fires (structure, vehicle, brush, etc), Hazmat, technical rescue incidents, miscellaneous, and non-emergency requests for assistance. As call volume increases, it may take fire crews longer to arrive within their first due response areas as they may be involved with another call within or outside their response zone. Also, during emergency medical calls, a 3-person fire apparatus may be taken out of service if their Fire Medic is needed to remain with the patient during transport to an area hospital, and crews from stations outside that response zone are assigned the call for service.



## Fire - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Fire Administration | 4,916,870 | 2,516,496 | 2,135,223 | (381,273) |
| Emergency Management | 247,113 | 316,855 | 350,512 | 33,657 |
| Fire Marshal's Office | 0 | 2,291,417 | 2,246,130 | (45,287) |
| Fire Operations | 34,935,180 | 36,600,167 | 38,447,899 | 1,847,732 |
| Fire Personnel and Development | 903,135 | 998,379 | 1,408,310 | 409,931 |
| Total Expenditures | 41,002,298 | 42,723,314 | 44,588,074 | 1,864,760 |
| Revenues | | | | |
| Fees | 466,736 | 389,443 | 389,443 | 0 |
| Federal | 52,914 | 52,914 | 52,914 | 0 |
| Total Revenues | 519,650 | 442,357 | 442,357 | 0 |
| General City Support | 40,482,648 | 42,280,957 | 44,145,717 | 1,864,760 |
| **183 Grants Consolidated Fund** | | | | |
| Expenditures | | | | |
| Fire Program Grants | 54,995 | 760,595 | 757,260 | (3,335) |
| Transfer to Other Fund (Fire Programs) | 400,000 | 400,000 | 400,000 | 0 |
| Total Expenditures | 454,995 | 1,160,595 | 1,157,260 | (3,335) |
| Revenues | | | | |
| State | 1,227,890 | 1,157,260 | 1,157,260 | 0 |
| Transfers | 0 | 3,335 | 0 | (3,335) |
| Total Revenues | 1,227,890 | 1,160,595 | 1,157,260 | (3,335) |
| General City Support | (772,895) | 0 | 0 | 0 |
| Total Department Expenditure | 41,457,293 | 43,883,909 | 45,745,334 | 1,861,425 |
| Total Department Revenue | 1,747,540 | 1,602,952 | 1,599,617 | (3,335) |
| Total General City Support | 39,709,753 | 42,280,957 | 44,145,717 | 1,864,760 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Fire Administration | 54.71 | 27.00 | 22.00 | -5.00 |
| Emergency Management | 3.00 | 4.00 | 4.00 | 0.00 |
| Fire Marshal's Office | 0.00 | 27.71 | 27.71 | 0.00 |
| Fire Operations | 399.00 | 398.00 | 410.00 | 12.00 |
| Fire Personnel and Development | 9.00 | 9.00 | 14.00 | 5.00 |
| Total | 465.71 | 465.71 | 477.71 | 12.00 |
| **183 Grants Consolidated Fund** | | | | |
| Fire Program Grants | 1.00 | 1.00 | 1.00 | 0.00 |
| Total | 1.00 | 1.00 | 1.00 | 0.00 |
| Total Position Summary | 466.71 | 466.71 | 478.71 | 12.00 |

**Resource Summary Notes**

The transfer of five FTE's (and associated costs) from the Fire Administration budget unit to the Personnel and Development budget unit is due to the redistribution of appropriate staff to align the Department's Human Resource and Safety and Wellness initiatives.

## Police

The Mission of the Virginia Beach Police Department is to remain committed to providing a safe community and improving the quality of life for all people. This is accomplished by delivering quality police services and enforcing laws with equity and impartiality. In partnership with the community, the Department reduces crime through public education, prevention, and awareness. In meeting this objective, the Police Department demands of its officers the highest professional standards and dedication to core values.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Assist Schools with Security/Enforcement of Laws** | | | | | | |
| Middle and High School with Full-Time School Resource Officers | # | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| Schools are safe and orderly places to learn | % | 86.3 | 86.3 | 87.8 | 87.8 | 87.0 |
| Students Participating in Crime Prevention Programs | # | 21,000.0 | 18,341.0 | 23,209.0 | 23,000.0 | 23,000.0 |
| **Maintain Low Part I Property Crimes** | | | | | | |
| Part I Property Crime Clearance Rate | % | 26.0 | 25.2 | 28.2 | 27.0 | 26.0 |
| Part I Property Crimes Rate (Per 1,000 Population) | # | 29.5 | 30.3 | 27.7 | 30.0 | 31.0 |
| **Maintain Low Part I Violent Crime Rate** | | | | | | |
| Part I Violent Crime Clearance Rate | % | 60.0 | 62.2 | 62.9 | 62.0 | 60.0 |
| Part I Violent Crime Rate (Per 1,000 Population) | # | 2.2 | 1.9 | 1.8 | 2.0 | 2.1 |
| **Maintain the Safety of the City's Roadways** | | | | | | |
| Total DUI Arrests | # | 2,400.0 | 2,413.0 | 2,429.0 | 2,400.0 | 2,400.0 |
| Total Fatality Crashes | # | 20.0 | 17.0 | 26.0 | 22.0 | 22.0 |
| **Maintain Timely Response for Emergency Calls** | | | | | | |
| Average Police Response Time to Emergency Calls (in minutes) | # | 6.3 | 6.7 | 6.6 | 6.7 | 6.7 |
| Uniform Patrol Emergency Calls for Service | # | 17,500.0 | 17,858.0 | 17,590.0 | 17,600.0 | 17,800.0 |
| **Maintain Timely Response to Non Emergency Calls** | | | | | | |
| Average Police Response Time to Non Emergency Calls (Priority 3) | # | 15.6 | 16.2 | 16.2 | 16.2 | 16.2 |
| Uniform Patrol Non Emergency Calls for Service (Priority 3) | # | 147,000.0 | 146,588.0 | 147,313.0 | 147,300.0 | 147,300.0 |
| **Reduce Crime, the Fear of Crime, and Improve Safety** | | | | | | |
| Crowd Management Incidents Handled | # | 500.0 | 600.0 | 700.0 | 700.0 | 700.0 |
| Mounted Patrol Arrests and Summonses | # | 700.0 | 593.0 | 790.0 | 700.0 | 700.0 |
| Neighborhood is a Safe Place to Live | % | 94.0 | 93.6 | 92.0 | 92.0 | 92.0 |
| Number of Neighborhood Watch Communities | # | 230.0 | 213.0 | 233.0 | 230.0 | 230.0 |
| VB is a Safe Place to Live | % | 94.0 | 94.2 | 94.6 | 94.6 | 94.6 |
| **Internal Process** | | | | | | |
| **Reduce Sworn Officer Turnover Rate** | | | | | | |
| Percent of Sworn Positions Vacant | % | 2.0 | 4.8 | 2.8 | 3.0 | 3.0 |
| Sworn Officer Turnover Rate | % | 6.5 | 6.7 | 5.5 | 6.5 | 6.5 |

**Major Changes**

The Police Department's FY 2012-13 operating budget totals $92,076,002. To maintain its emergency response capability, minimize loss of staff, and cover increased operating costs in various areas of its operations, the department reallocated costs where possible due to personnel turnover or realignment/reduction of certain accounts based on past spending levels. Overall, the department's budget increased by 3.9% or $3,453,046 due in part to a 2.8% increase ($2.1 million) in personnel costs from fringe benefits including health insurance, retirement and life insurance and 10.4% increase ($1.3 million) in operating costs due to a variety of factors including increased risk management charges, annualized operations of the replacement Animal Care and Adoption Center, increased cost of the red light camera annual contract, increased number and unit cost to replace protective vests, as well as new cost to begin phasing in the replacement of 10-year old gas masks.

| Change | Impact |
|---|---|
| Annualized cost of the replacement Animal Care and Adoption Center. | • The Police Department's operating budget has been increased in FY 2012-13 by $315,518 for the annualized cost of the replacement Animal Care and Adoption Center, which opened December, 2011. With increased cost of fringe benefits added, the amount of increase is $417,019. The total additional operating cost for the expanded facility is $1.1 million, which is less than the initial estimate of $1.4 million. |

Additional information about other unfunded needs is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The department's expenditures are comprised mainly of personnel costs for 1,007.36 FTEs (84.7% totaling $77.9 million), including 806.0 FTEs that are sworn personnel. Only 15.3% ($14.1 million) of the department's budget is for operating and capital support costs. Examples of these support costs include: risk management, training including lease costs for a firearms training facility, uniforms and supplies, personal protective apparel and equipment replacements (e.g., body armor and gas masks), ammunition, fuel, vehicle radios and other equipment maintenance and repair, various contracts with private firms for operations and billing for the "PHOTOSafe" red light camera program as well as various records management software applications used by the department, and etc.

The Police Department's core areas of operations are:

- **Administration -** Includes the Chief's Office, Professional Standards, Public Information Office, and volunteer Police Chaplains.

- **Uniform Patrol -** this bureau of the Operations Division includes basic patrol, initial response to criminal incidents, calls for service, traffic control and enforcement.

- **Special Operations -** This bureau of the Operations Division supports department wide operations and neighboring jurisdictions with various highly trained specialty tactical units including: S.W.A.T., crisis negotiators, K-9 unit, helicopter unit, dive team, marine patrol, bomb squad, selective enforcement team, motorcycle unit, traffic safety unit, fatal crash team, hit and run team, mounted patrol, and motor carrier safety unit. Mounted Patrol includes officers on horseback, who patrol heavily crowded areas such as the summertime oceanfront patrol, Town Center, shopping center parking lots, high school football games, special events such as 4th of July and Neptune Festival. The Bureau of Animal Control includes enforcement and shelter management to provide holistic animal services to the community that balance health, safety and welfare needs of the people and animals in our city. Services include educating the public about responsible companion animal ownership, investigating animal cruelty cases, providing compassion and humane care for unwanted, stray, abused, and abandoned animals in our city, giving adoptable animals a second chance at a forever home, and etc.

- **Crime Prevention -** This bureau of the Operations Division provides for a safer city by preventing and/or reducing crime through various educational programs for the public and forming community partnerships. Examples of some programs include Neighborhood Watch, Business Watch, Faith Based Watch training, College and High School Internships, Every 15 Minutes Youth Drunk Driving Education, Citizens/Youth/ Senior Citizens Police Academies, McGruff the Crime Dog,

Self Defense workshops, July 4th/Pungo Strawberry Festival/Oceana Air show participation and display, Drive Smart Hampton Roads, Citizens' Corps, and Police Auxiliary Volunteers.

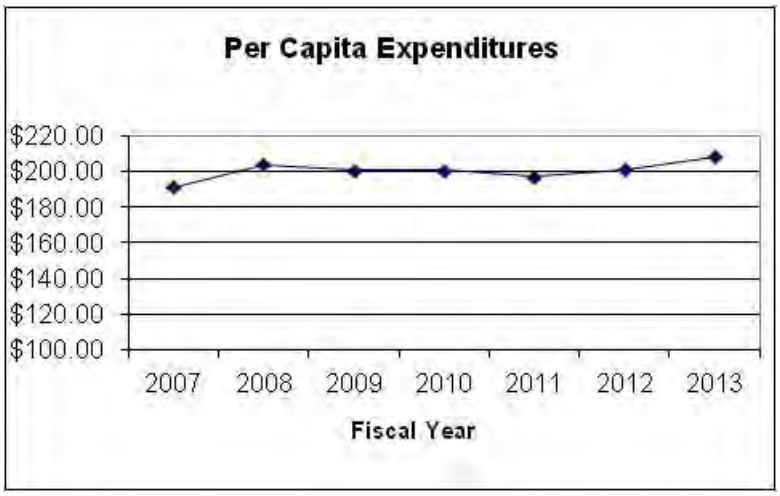
- **Detective Bureau -** This bureau of the Investigative Division investigates most crimes in the city, including homicides, rapes, robberies, assaults, domestic violence, burglaries, larcenies, auto thefts, identity theft and embezzlements, and other property crimes. It includes a Forensics Unit to provide various technical services needed for investigations.

- **Special Investigations -** This bureau of the Investigative Division has several units conducting investigations of various types of criminal activity including the Criminal Intelligence Unit (including gangs), Narcotics Unit, Vice Squad, Diversion Unit related to investigations involving pharmaceutical drugs, and Computer Crimes Unit.

- **Support Division -** This division is staffed by mostly civilians and is responsible for maintaining police records, property and evidence storage, uniform and supply issue, department payroll, entering data, such as protective orders and other warrants into local, state, and national systems, conducting criminal history checks, administering the "PHOTOSafe" red light camera and false alarm programs, coordinating departmental purchasing and budgeting, conducting statistical analysis, and special projects.

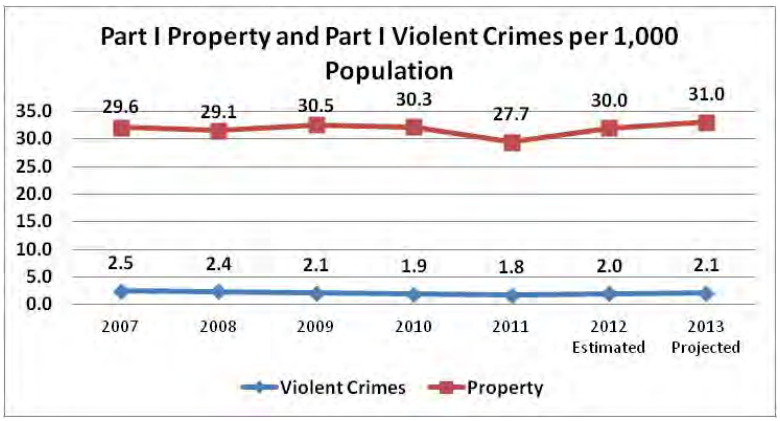
**Trends and Issues**

- The per capita expenditure for the Police Department will increase 3.5% from $200.85 in FY 2011-12 to $207.97 in FY 2012-13 or by 1.2% annually from FY 2010 to FY 2013. As mentioned previously, with 84.7% of the Police Department's budget being personnel costs, salary and fringe benefit increases have historically been the biggest cost driver in the Police Department's budget.




- The City of Virginia Beach continues to be considered one of the safest cities in the nation according to FBI statistics despite lower ratios of police officers per 1,000 population compared with most other cities in Hampton Roads: Chesapeake 1.7, Virginia Beach 1.8, Hampton 2.1, Newport News 2.4, Portsmouth 2.6, Norfolk 3.1.

- As shown in the graph, Part I Violent Crimes include homicide, rape, robbery and aggravated assault. Recently the number of violent crimes per 1,000 residents has been overall trending down from 2.5 in 2007 to 1.8 in 2011. While this has been a nationwide trend, Virginia Beach's violent crime rate has remained far below that of most comparable sized cities. Trends in violent crime during FY 2011-12 indicate to the Police Department that the rate of reported violent crime may slightly increase during the next fiscal year. Although the city's Part I Property Crime rate has fluctuated since 2007, the number of Part I Property Crimes per 1,000 residents has steadily declined from 30.5 in 2009 to 27.7 in 2011, but is predicted to increase to 31.0 by 2013. Based on the latest available data, the Police Department has had significantly higher case clearance rates for Part I violent (62.2% 2010 and 62.9% 2011) and property (25.2% 2010 and 28.2% 2011) crimes than the national average for all cities with 250,000 population or more (39.9% for Part I Violent and 13.8% for Part I Property Crimes in 2010).



- The replacement Animal Care and Adoption Center (Center) held its grand opening December 10-11, 2011 with a record breaking 46 adoptions. Adoption rates from January 1, 2011 through December 31, 2011 of 92% for dogs and 48% for cats exceed the goals established in 2007 of 85% for dogs and 40% for cats. The Center has increased marketing and outreach using traditional and social media outlets, increased on-site adoption and other off-site animal oriented events partnering with other external organizations. The use of volunteers at the Center has expanded substantially with the number of volunteers and volunteer service hours rising from: FY 2009-10, 51 volunteers providing 1,821 hours, to FY 2010-11, 108 volunteers providing 6,817 hours. A volunteer recruitment video is planned for spring 2012 and expanded areas of volunteer use including adoption counselor, call taker, front desk assistance, lost and found assistance, and the newsletter publishing team.

- In FY 2010-11, the Police Department maintained a sworn officer vacancy rate average of 2.8%, which was a significant improvement over the 4.8% vacancy rate in FY 2009-10. It anticipates maintaining a 3% vacancy rate in FY 2011-12 and FY 2012-13 due to normal attrition and hiring full academy classes. The Police Department has experienced a high number of sworn officer turnover rates in the past with officers leaving for law enforcement agencies in other localities, states, and/or the federal government. To combat this trend, the department has developed a strategic focus aimed to “improve retention to reduce employee turnover”. These efforts have shown positive results as the Police Department has seen a declining percentage in its sworn officer turnover rate in the last four years from: 9.7% in FY 2006-07, 7.1% in FY 2007-08, 6.5% in FY 2008-09, 6.7% in FY 2009-10, and 5.5% in FY 2010-11. However, the turnover rate is anticipated to increase to 6.5% in FY 2011-12 and FY 2012-13 due to anticipated service retirements and the likelihood that federal law enforcement agencies will resume hiring.

- As part of the Mayor's Action Challenge initiative, the Chief of Police, members of his command staff, along with precinct police officers, conducted 1,400 citizen surveys in selected neighborhoods in the four police precincts during January and February 2012, to evaluate the public’s feelings of safety, strengthen connections between the police and those who live in the community, and help the department obtain information on what is needed to improve safety in their neighborhood. In addition to completing the survey, police officers provided informational pamphlets pertaining to Crime Prevention tips and other information to help citizens become more involved in their community.

## Police - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 1,610,819 | 1,718,313 | 1,777,417 | 59,104 |
| False Alarms | 43,006 | 78,122 | 67,467 | (10,655) |
| Personnel and Training | 3,935,157 | 4,076,475 | 4,270,824 | 194,349 |
| Crime Prevention | 697,226 | 865,181 | 891,785 | 26,604 |
| Support | 4,168,883 | 4,715,701 | 4,797,263 | 81,562 |
| K-9 Unit | 1,608,523 | 1,574,708 | 1,640,435 | 65,727 |
| Helicopter Unit | 1,463,453 | 1,457,792 | 1,447,677 | (10,115) |
| Uniform Patrol | 45,880,237 | 47,050,778 | 49,441,307 | 2,390,529 |
| Red Light Camera Program | 1,200,565 | 1,227,613 | 1,293,185 | 65,572 |
| Mounted Patrol | 1,330,868 | 1,459,349 | 1,455,409 | (3,940) |
| Marine Patrol | 872,913 | 922,893 | 953,400 | 30,507 |
| School Resource Officer Program | 2,372,703 | 2,510,269 | 2,604,683 | 94,414 |
| Investigative Division | 11,925,728 | 12,307,697 | 12,557,507 | 249,810 |
| Special Investigative Unit | 4,421,444 | 4,572,761 | 4,695,499 | 122,738 |
| Commercial Extraditions | 328,826 | 736,464 | 413,184 | (323,280) |
| Animal Control | 2,511,037 | 3,276,075 | 3,693,094 | 417,019 |
| Total Expenditures | 84,371,388 | 88,550,191 | 92,000,136 | 3,449,945 |
| Revenues | | | | |
| Fees | 4,035,494 | 3,409,025 | 3,511,435 | 102,410 |
| State | 292,530 | 657,900 | 371,950 | (285,950) |
| Transfers | 0 | 15,000 | 15,000 | 0 |
| Total Revenues | 4,328,024 | 4,081,925 | 3,898,385 | (183,540) |
| General City Support | 80,043,364 | 84,468,266 | 88,101,751 | 3,633,485 |
| **142 DEA Seized Property Special Revenue Fund** | | | | |
| Expenditures | | | | |
| DEA - Personnel and Training | 50,000 | 0 | 0 | 0 |
| DEA - K-9 | 13,000 | 0 | 0 | 0 |
| DEA - Uniform Patrol | 8,573 | 0 | 0 | 0 |
| DEA - Special Investigative Unit | 10,340 | 0 | 0 | 0 |
| Total Expenditures | 81,913 | 0 | 0 | 0 |
| Revenues | | | | |
| Fees | 6,133 | 0 | 0 | 0 |
| State | 447,184 | 0 | 0 | 0 |
| Federal | 332,654 | 0 | 0 | 0 |
| Total Revenues | 785,971 | 0 | 0 | 0 |
| General City Support | (704,058) | 0 | 0 | 0 |
| **183 Grants Consolidated Fund** | | | | |
| Expenditures | | | | |
| Police - Uniform Patrol Grants | 35,918 | 72,765 | 75,866 | 3,101 |
| Total Expenditures | 35,918 | 72,765 | 75,866 | 3,101 |
| Revenues | | | | |
| Federal | 20,951 | 39,521 | 39,521 | 0 |
| Transfers | 32,000 | 33,244 | 36,345 | 3,101 |
| Total Revenues | 52,951 | 72,765 | 75,866 | 3,101 |
| General City Support | (17,033) | 0 | 0 | 0 |

## Police - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| Total Department Expenditure | 84,489,219 | 88,622,956 | 92,076,002 | 3,453,046 |
| Total Department Revenue | 5,166,946 | 4,154,690 | 3,974,251 | (180,439) |
| Total General City Support | 79,322,273 | 84,468,266 | 88,101,751 | 3,633,485 |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Director's Office | 16.80 | 16.80 | 16.80 | 0.00 |
| False Alarms | 1.75 | 1.75 | 1.75 | 0.00 |
| Personnel and Training | 31.72 | 32.72 | 32.72 | 0.00 |
| Crime Prevention | 8.00 | 8.00 | 8.00 | 0.00 |
| Support | 58.00 | 58.00 | 59.00 | 1.00 |
| K-9 Unit | 16.00 | 16.00 | 16.00 | 0.00 |
| Helicopter Unit | 8.00 | 8.00 | 8.00 | 0.00 |
| Uniform Patrol | 565.53 | 565.23 | 565.23 | 0.00 |
| Red Light Camera Program | 2.40 | 2.40 | 2.40 | 0.00 |
| Mounted Patrol | 16.00 | 16.00 | 16.00 | 0.00 |
| Marine Patrol | 10.46 | 10.46 | 10.46 | 0.00 |
| School Resource Officer Program | 30.00 | 30.00 | 30.00 | 0.00 |
| Investigative Division | 144.00 | 144.00 | 143.00 | -1.00 |
| Special Investigative Unit | 52.00 | 52.00 | 52.00 | 0.00 |
| Animal Control | 35.00 | 45.00 | 45.00 | 0.00 |
| Total | 995.66 | 1,006.36 | 1,006.36 | 0.00 |
| **183 Grants Consolidated Fund** | | | | |
| Police - Uniform Patrol Grants | 1.00 | 1.00 | 1.00 | 0.00 |
| Total | 1.00 | 1.00 | 1.00 | 0.00 |
| Total Position Summary | 996.66 | 1,007.36 | 1,007.36 | 0.00 |

**Resource Summary Notes**

Increases in costs for the majority of program units (e.g. Personnel and Training, Uniform Patrol, Investigative Division, Special Investigative Unit) are mainly due to increase in fringe benefits (VRS, life insurance and health insurance and in risk management charges net of other operating account decreases).

Commercial extradition costs, which are funded by State reimbursements (except for over-time and risk management costs), were reduced based on actual costs FY 2008-09 through FY 2011-12 and anticipated caseloads.

Animal Control costs reflect a full year of operations in FY 2012-13 for the replacement Animal Shelter with an additional $315,518 along with an additional $101,501 for increased cost of fringe benefits (VRS, life insurance, health insurance). The expanded facility was funded for a partial year operations in FY 2011-12 (December through June).

The department adjusted various revenue estimates for FY 2012-13 based on performance in FY 2011-12 as well as recent years, and budgeted revenues not previously budgeted by Police including animal disposal fees ($2,000) and overweight vehicle penalties ($124,000) formerly budgeted by the Planning Department. The result of these adjustments is a net reduction in overall revenue estimates by 4.5% or $183,540 compared with the FY 2011-12 amended Operating Budget. The majority of the reduction is due to a reduction in false alarm fees based on actual revenue collected in FY 2011-12, and a decrease in State extradition revenue reimbursements ($285,950 reduction) based on actual revenues received from FY 2008-09 through FY 2011-12.

## Sheriff and Corrections

The mission of the Sheriff's Department is assuming responsibility for the care and custody of persons placed in the Virginia Beach Correctional Center by the Courts. This includes the initial booking of the individual, providing food and medical care during their incarceration, and access to educational and work opportunities. This Department is also responsible for courtroom security and serving civil documents. In addition, the Department also works with elementary School children to teach them how to avoid many of the problems associated with drug use. The Department is dedicated to the efficient and effective provision of Sheriff's services to our community. The commitment of the Department focuses on competent, expeditious, and courteous services that enhance citizen safety while providing value for their tax dollar. For example, the Sheriff's Work Force saves the citizens thousands of dollars each year by providing services that would otherwise have been paid for through tax revenues.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Maintain professional and adequately trained workforce** | | | | | | |
| Mandated training hours completed at LETA | # | 4,500.0 | 4,724.0 | 4,724.0 | 4,750.0 | 4,750.0 |
| New applicants tested by Human Resources | # | 1.0 | 1.0 | 4.0 | 4.0 | 4.0 |
| Number of Inmate programs handled through Accounting | # | 200.0 | 250.0 | 269.0 | 275.0 | 275.0 |
| **Customer** | | | | | | |
| **Enhance Inmate services while reducing operational cost** | | | | | | |
| Projected Inmate Fees Collected | $ | 0 | 0 | 123,762 | 570,000 | 638,675 |
| **Maintain Incarceration Facilities to House Inmates** | | | | | | |
| Cost per Inmate per Day | $ | 63 | 63 | 64 | 64 | 64 |
| Inmate Population | # | 1,780.0 | 1,375.0 | 1,450.0 | 1,400.0 | 1,400.0 |
| Inmates over State Department of Corrections Certified Capacity | # | 900.0 | 495.0 | 570.0 | 520.0 | 520.0 |
| Number of Arrestees Processed | # | 30,648.0 | 31,261.0 | 35,000.0 | 35,000.0 | 35,000.0 |
| **Serve Legal Documents** | | | | | | |
| Court Papers Served | # | 125,000.0 | 161,400.0 | 175,198.0 | 165,000.0 | 165,000.0 |
| **Services to Community through Inmate Labor** | | | | | | |
| Hours of Inmate Labor Utilized | # | 928,427.0 | 943,160.0 | 955,000.0 | 1,000,000.0 | 1,000,000.0 |
| **Learning & Growth** | | | | | | |
| **Teach D.A.R.E. to Elementary Students in VBCPS** | | | | | | |
| Number of Schools Serviced by DARE | # | 64.0 | 64.0 | 64.0 | 64.0 | 64.0 |

**Major Changes**

In total, the department of Sheriff and Corrections operating budget increased $1,443,840 and had a net decrease of 3.17 FTEs between FY 2011-12 and FY 2012-13. The budget for this department was prepared based on the latest information available at the time regarding the state budget. The city and Sheriff's department will continue to analyze the state budget and determine if there are any significant changes that will require adjustments to the Sheriff's department budget.

In years prior, the Sheriff's department operated in the Sheriff's department Special Revenue Fund and the Inmate Services Special Revenue Fund. Beginning in FY 2012-13 the Sheriff's department will consolidate these funds and only operate through the use of the Sheriff's department Special Revenue Fund. There is no reduction in services as a result of this accounting change. Merging these special revenue funds will also result in merging the respective fund balances within each fund.

| Change | Impact |
|---|---|
| Fund Balance Usage | • In FY 2012-13, the Sheriff's department budget includes the use of $1,255,833 in Special Revenue Fund Balance. This amount equates to 3% of the department's total revenue.<br>• Once appropriated in FY 2012-13, the Sheriff's department will have an estimated undesignated fund balance of $2,421,963. The Sheriff's department is encouraged to continue efforts in reducing overall expenditures and increasing sustainable revenues sources. |
| State Compensation Board unfunded 7 Sheriff Deputy positions in FY 2012-13 | • During the FY 2012-13 budget process, the State Compensation Board unfunded seven Sheriff Deputy positions.<br>• Since that time, the Governor has proposed the restoration of funding for these positions; however, the Sheriff's department has opted to reflect these positions as unfunded until legislative decisions are finalized.<br>• If these positions are funded by the state, additional state revenue will be estimated in the Sheriff department's operating budget. No additional city funds will be required. |
| Addition of part-time positions for Special Investigative Unit | • Positions were added midyear FY 2011-12 to the Sheriff's department for the purpose of creating a Special Investigative Unit. |
| Addition of part-time Account Clerk position | • This position will be responsible for preparing pay vouchers, collecting of supporting documentations, scanning, filing, verification of statement of accounts and attending to vendors follow up payments. Additional workload requests of the accounting division increased when the Sheriff's department took over the operation of the canteen and began the Caremart and Fresh Favorites programs.<br>• Funding this position will result in a estimated net increase of $55,620 in Commissary Services revenue. |
| Addition of Public Safety Analyst II | • This position was eliminated by the State Compensation Board early in the FY 2011-12 budget process. Funding was later restored for this position; however, the Sheriff's department operating budget had already been adopted by City Council.<br>• This FTE and the estimated state revenue supporting this position are being restored in the Sheriff departments FY 2012-13 operating budget. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The Sheriff's department is funded through a combination of state, local and federal revenues. State and federal revenues are tied to the number of inmates. Local funds are currently provided for Central Booking, the DARE program, inmate medical and food contracts, Deputy Sheriff's salary supplements and overall jail support. The services provided by the department of Sheriff and Corrections are divided into two primary divisions:

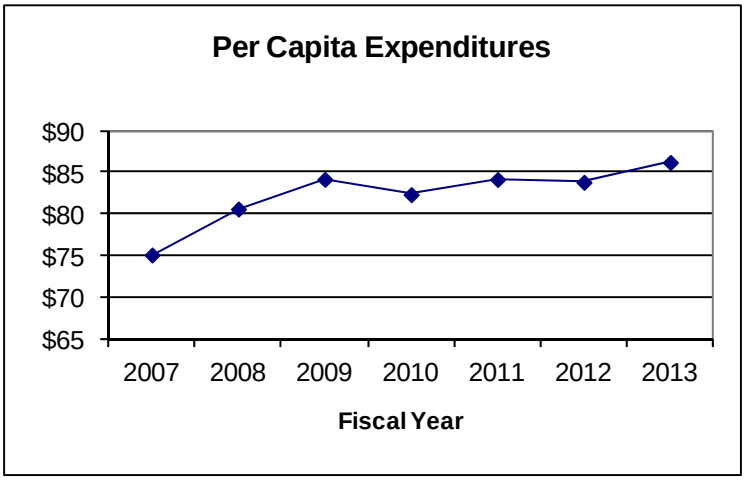
**The Community Services Division includes**:

- **Administration -** Provides personnel, training and financial administration for the department as well as program development.
- **Court Support -** Provides security and order in the various Virginia Beach courts, and processes and serves civil documents.
- **Work Force Services -** Utilizes inmate labor to provide various services to the community at little cost, while providing inmates with the opportunity for skill and self development.
- **Drug Abuse and Resistance Education (D.A.R.E.) Program -** Provides drug education, stranger danger, and gun safety instruction by deputies to students.

**The Correctional Services Division includes:**

- **Correctional Operations -** Provides for the care and custody of persons placed in the Virginia Beach Correctional Center. The functions include safety and security, providing food and medical care during incarceration, and access to educational and work opportunities.
- **Central Booking -** Processes all arrestees for all law enforcement agencies utilizing the Virginia Beach Correctional Center. This involves fingerprinting and photographing of each arrestee. This is a contract between the city and department and is 100% locally funded.
- **Inmate Services -** Provides additional services to inmates financed by inmate fees. These services include GED classes, substance abuse counseling, and provision of Alcoholics and Narcotics Anonymous.

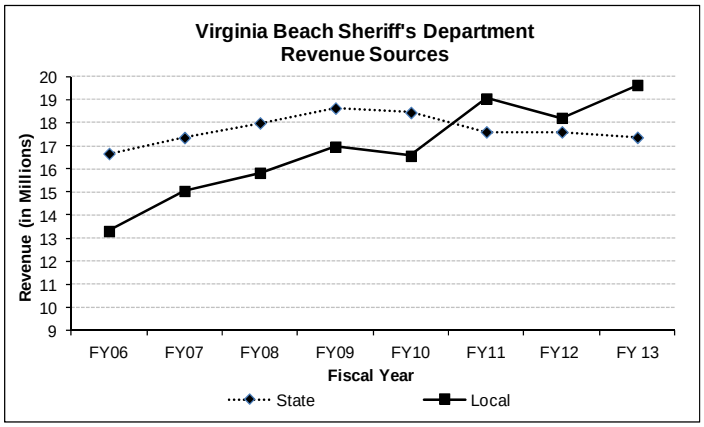
**Trends and Issues**




- When reviewing the historical per capita expenditures of the Sheriff's department, it would appear that the department has not been affected much by the downturn in the economy; however, the Sheriff's department operates through special revenue funds and has been afforded the unique opportunity to use departmental fund balance to soften reductions from both the city and state. Although not a long term sustainable budgeting solution to shrinking revenues, the use of fund balance has allowed the Sheriff's department to manage state and local reductions in funding. For example, in FY 2010-11, the State Compensation Board eliminated 11 FTEs in the Sheriff department's budget. Using fund balance to temporarily fund these positions allowed for the Sheriff's department to manage the elimination of these positions through attrition as opposed to eliminating 11 filled FTEs. From FY 2006-07 to FY 2008-09, the Sheriff department's expenditure per capita increased primarily as a result of increased inmate food and medical contract costs. The Sheriff's department expenditures declined in FY 2009-10 due to a one-time use of fund balance in the previous fiscal year to purchase equipment and supplies. In FY 2010-11, departmental expenditures increased slightly due to the use of fund balance to provide support for a Courthouse Security grant. In FY 2011-12, the Sheriff's department expenditures decreased as a result of eliminating 11 unfunded State Compensation Board FTEs, and reducing use of fund balance. In FY 2012-13, department expenditures are increasing primarily due to increase Virginia Retirement System, life insurance and health insurance cost. The city absorbed the full cost of these increases and increased the transfer from the General Fund to the Sheriff's Special Revenue Fund by $1.5 million in FY 2012-13.

- In recent years, state revenue supporting the Sheriff's department operations has continually declined. State revenue supports just under 46% of the department's budget. Between FY 2009-10 and FY 2010-11, the General Assembly reduced revenue from the state to the Sheriff's department by over $2 million. Currently, it is estimated that state revenue coming to the City of Virginia Beach Sheriff's department will be $237,474 less than the amount received in FY 2011-12. This decrease is based on the assumption that funding for the seven unfunded State Deputy positions is not restored by the General Assembly.

- Federal revenue is based solely on the number of federal prisoners per day. This revenue source represents nearly 3% of the departments total revenue collected.




- Local revenue includes city supplements to entry level Sheriff Deputy salaries at two pay ranges below an entry level Police Officer, as well as providing funding for medical and food to inmates. The city also contracts with the Sheriff's department to operate the Central Booking Program and various inmate services for mowing and maintenance. Additionally, local revenue is used to support the operation of the DARE program within the Sheriff's department. Local revenue is 51% of the total revenue in FY 2012-13 (including fund balance usage). The department collects over $4 million in local revenue for fees generated through programs such as work force services, inmate telephone fees, court security, Caremart, Fresh Favorites and Inmate Canteen Fund.

- Inmate Canteen - This program has been in existence for years; however, FY 2011-12 was the first year that the Sheriff's department performed these functions without the use of an external contract. As a result of bringing this function in-house, the Sheriff's department will retain 100% of the revenue generated from canteen sales. Although this program is fully implemented, a full year of actual revenue has not yet been realized. The department has a conservative revenue estimate of $438k in FY 2012-13. Net revenue generated by this program allows the Sheriff's department to fund jail operations limiting the need of additional city funds. In FY 2012-13, the Sheriff's department is utilizing these programmatic revenues to replace inmate kitchen equipment and inmate medical facility equipment.

- Caremart and Fresh Favorites - People can purchase items online through the Sheriff controlled "Caremart" and have items delivered to confined individuals. Or through the "Fresh Favorites" program, the public may order freshly cooked meals and have them delivered to incarcerated individuals. Because of delays in implementing these programs, a full year of actual revenue has not yet been realized. For this reason, the Sheriff's department reflects a conservative revenue estimate of $300k in FY 2012-13.

- Historically, Sheriff's department employees have not been paid overtime. Since FY 2009-10, the Sheriff's department lost funding from the Compensation Board for 18 Deputy Sheriff positions; however, inmate population has remained constant. This has generated a staffing shortfall and caused a significant amount of compensated time being earned. A request for overtime funds was submitted; however, this request was not funded do to the lack of available resources.

**Council Amendment**

On May 8, 2012, City Council voted to increase the Sheriff Department's Operating Budget by $800.000 to address overtime concerns. The State Compensation Board will not provide funding for overtime or compensation payouts.

## Sheriff and Corrections - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **149 Sheriff's Department Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Sheriff's Office | 1,930,167 | 2,180,641 | 2,331,515 | 150,874 |
| Court Support Services | 3,083,654 | 3,125,481 | 3,349,010 | 223,529 |
| Correctional Operations | 25,585,037 | 26,344,186 | 28,057,077 | 1,712,891 |
| Centralized Booking | 1,883,520 | 2,021,234 | 2,136,204 | 114,970 |
| D.A.R.E. - Sheriff | 651,468 | 738,845 | 762,517 | 23,672 |
| Sheriff's Workforce | 883,277 | 909,413 | 851,775 | (57,638) |
| Inmate Services | 688,710 | 1,105,437 | 1,298,196 | 192,759 |
| Law Enforcement Training | 117,333 | 145,147 | 149,526 | 4,379 |
| Transfer to Other Funds | 24,551 | 146,147 | 24,551 | (121,596) |
| Total Expenditures | 34,847,717 | 36,716,531 | 38,960,371 | 2,243,840 |
| Revenues | | | | |
| Fees | 3,745,048 | 3,715,627 | 4,450,011 | 734,384 |
| State | 17,532,842 | 17,607,506 | 17,359,747 | (247,759) |
| Federal | 659,756 | 901,155 | 1,149,750 | 248,595 |
| Transfers | 11,822,545 | 12,458,538 | 14,745,030 | 2,286,492 |
| Fund Balance | 0 | 2,033,705 | 1,255,833 | (777,872) |
| Total Revenues | 33,760,191 | 36,716,531 | 38,960,371 | 2,243,840 |
| General City Support | 1,087,526 | 0 | 0 | 0 |
| Total Department Expenditure | 34,847,717 | 36,716,531 | 38,960,371 | 2,243,840 |
| Total Department Revenue | 33,760,191 | 36,716,531 | 38,960,371 | 2,243,840 |
| Total General City Support | 1,087,526 | 0 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **149 Sheriff's Department Special Revenue Fund** | | | | |
| Sheriff's Office | 23.43 | 24.43 | 25.43 | 1.00 |
| Court Support Services | 61.84 | 60.84 | 61.84 | 1.00 |
| Correctional Operations | 362.60 | 352.60 | 346.60 | -6.00 |
| Centralized Booking | 37.00 | 37.00 | 37.00 | 0.00 |
| D.A.R.E. - Sheriff | 11.00 | 11.00 | 11.00 | 0.00 |
| Sheriff's Workforce | 13.00 | 12.00 | 10.00 | -2.00 |
| Inmate Services | 20.74 | 20.74 | 23.57 | 2.83 |
| Law Enforcement Training | 1.00 | 1.00 | 1.00 | 0.00 |
| Total | 530.61 | 519.61 | 516.44 | -3.17 |
| Total Position Summary | 530.61 | 519.61 | 516.44 | -3.17 |

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# SECTION FOUR

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## Planning

The Mission of the Department of Planning is to ensure the economic, social and physical quality of the community by: ensuring that the department is, and stays aligned with Council's destination points; providing effective planning assistance and support to the City Council, City Manager and various Boards and Commissions; formulating a comprehensive plan for the orderly development and regeneration of the City with our citizens and through teamwork with other agencies; preserving the City's outstanding environmental resources; and providing quality customer service in the plan review, inspection, code enforcement, and administration process.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Board of Zoning Appeals** | | | | | | |
| Number of BZA Items Heard Yearly | # | 168.0 | 155.0 | 174.0 | 168.0 | 168.0 |
| **Chesapeake Bay Preservation Board** | | | | | | |
| Number of CBPA Items Heard Yearly | # | 126.0 | 78.0 | 113.0 | 126.0 | 126.0 |
| **Development Services Center Performance Indicators** | | | | | | |
| Erosion & Sediment Control and ROW Permits Issued Annually | # | 165.0 | 131.0 | 165.0 | 165.0 | 165.0 |
| Number of Plans Reviewed in DSC | # | 2,060.0 | 2,056.0 | 2,056.0 | 2,058.0 | 2,060.0 |
| **Enforce and Administer City Building Code** | | | | | | |
| Number of P & I Permits Issued Yearly | # | 29,000.0 | 27,377.0 | 26,410.0 | 29,000.0 | 29,000.0 |
| P & I Inspections Yearly | # | 108,000.0 | 130,200.0 | 102,984.0 | 108,272.0 | 108,272.0 |
| **Enforce and Administer City Zoning Ordinance** | | | | | | |
| Number of Current Planning Inspections Yearly | # | 43,400.0 | 40,543.0 | 40,484.0 | 43,488.0 | 43,488.0 |
| Number of Current Planning Permits Issued Yearly | # | 1,740.0 | 1,656.0 | 1,748.0 | 1,740.0 | 1,740.0 |
| **Planning Commission/City Council Planning Items** | | | | | | |
| Number of PC/CC Applications Heard Yearly | # | 360.0 | 312.0 | 268.0 | 368.0 | 368.0 |
| **Waterfront Plan Review Joint Permit Applications** | | | | | | |
| Waterfront Plan Review Joint Permit Applications Yearly | # | 250.0 | 189.0 | 263.0 | 253.0 | 250.0 |
| **Wetlands Board Applications Heard Yearly** | | | | | | |
| Number of Wetlands Board Applications Heard Yearly | # | 132.0 | 64.0 | 76.0 | 132.0 | 132.0 |
| **Internal Process** | | | | | | |
| **Prepare, Maintain, Coordinate, and Administer the Sustainability Plan** | | | | | | |
| Meetings Attended to Track Performance and Coordinate Activities | # | 100.0 | 55.0 | 75.0 | 100.0 | 100.0 |

**Major Changes**

In total, the Planning department's budget of $14,982,270 for FY 2012-13 is an increase of $1,122,734, or 8.1%, over the FY 2011-12 amended operating budget. This increase is primarily the result of the changes shown below and the higher costs associated with health insurance, retirement, and life insurance.

| Change | Impact |
|---|---|
| Additional Business Application Specialist II | This position will support the Planning department's Accela Automation System, which integrates and automates business activities associated with Permits and Inspections (P&I). P&I requires information from Zoning Complaints, Planning Commission applications, and cases heard by the Board of Zoning Appeals, the Chesapeake Bay Preservation Act Board, and the Wetlands Board. This position will support Accela Automation development for these activities as well as for the activities of Waterfront Operations, Street Addressing, Comprehensive Planning, and the Development Services Center. |
| Additional Contracted Manpower for a Planner I and a Planning Technician I | These positions have been funded only through FY 2011-12, partially by a grant. This funding will continue to fund the positions in FY 2012-13 and the support they provide to the activities of the Planning department's Environment and Sustainability Office, including the development and maintenance of the City Sustainability Plan, tracking of Water Quality Initiatives for meeting TMDL requirements, development of the Integrated Site Design Guide, development and maintenance of the ESO and VB Green websites, and liaison support to the Clean Waters Task Force, Sustainability Advisory Team, and Energy Advisory Committee. |
| Additional funding for Hampton Roads Transit | Additional funding in the amount of $953,534 is needed to address increased costs and expanded bus services in FY 2012-13. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The Planning department is responsible for a multitude of tasks that contribute to a Quality Physical Environment in Virginia Beach. Below is a brief narrative and description of the various programs within the Planning department:

- **Director's Office -** Provides financial, technical and executive leadership of the Planning department.

- **Environment and Sustainability Office -** Prepares and maintains city's Environmental Sustainability Plan and advocates responsible stewardship of city's Natural Resources. It provides staffing support for the Chesapeake Bay Preservation Area Board and the Wetlands Board. This office is responsible for the interpretation and enforcement of the Chesapeake Bay Preservation Area and Southern Watershed Management Ordinances. Waterfront construction and dredging permits and inspections in Virginia Beach are coordinated through this unit.

  **Chesapeake Bay Preservation Area Board -** Reviews applications requesting variance from the Chesapeake Bay Preservation Area Ordinance (CBPAO). The CBPAO was adopted to improve the water quality of the Chesapeake Bay watershed by protecting environmentally sensitive areas such as buffers adjacent to the waterways, tidal shores, wetland and highly erodible soils. This unit provides board salaries, legal notice requirements and related supplies.

  **Wetlands Board -** Reviews applications requesting permit for use alteration or development of wetlands, coastal primary sand dunes and beaches. Civil charge assessments and restoration orders for violations of regulations are reviewed by this board. This unit provides support cost related to the board.

- **Transportation Planning -** Coordinates and implements projects and plans associated with improving the city's transportation network. Housed in the Strategic Growth Area (SGA) Office, this unit develops and implements plans for transit oriented development and parking projects. Mass transit operations are coordinated with the regional transit authority and capital road projects are coordinated with other state and local agencies.

- **Mass Transit Operations -** The City of Virginia Beach's contribution to Hampton Roads Transit (HRT). This includes contributions from the Lynnhaven Tax Increment Financing (TIF) for routes that serve the Lynnhaven Mall, and the Tourism Growth Investment Fund to help offset the cost of trolleys at the oceanfront.

- **Comprehensive Planning -** Prepares, maintains and leads implementation of the City of Virginia Beach's Comprehensive Plan and related Strategic Growth Area Plans. The Comprehensive Plan provides City Council's statement regarding the future physical development of the city. Provides staffing support to the Historic Review Board.

- **Current Planning and Zoning Administration -** Provides staffing support for Planning Commission, Board of Zoning Appeals and planning items that go to City Council. Current planning members work with applicants on each phase of the process that ensures land use compliance with ordinances and plans. The zoning staff is responsible for the interpretation and enforcement of the city's zoning ordinance.

  **Planning Commission -** Reviews applications for zoning district changes, conditional use permits and street closures. Reviews zoning ordinance amendments, land use plans and other related matters. The Planning Commission makes recommendations to City Council. This unit provides board salaries, legal notice requirements and related supplies.

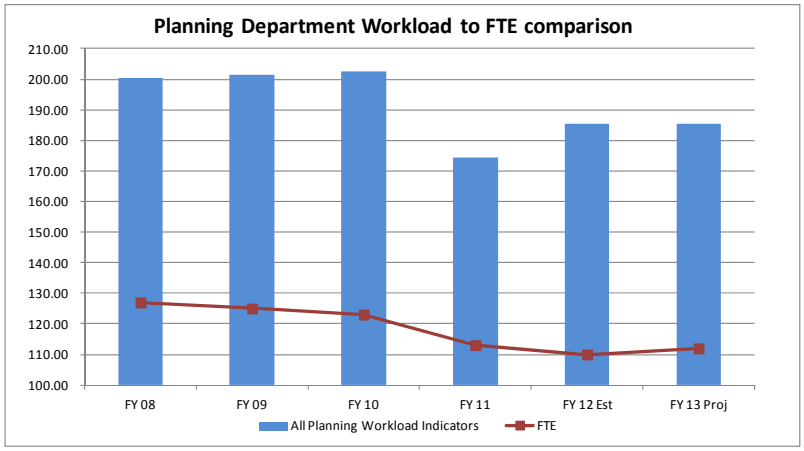
  **Board of Zoning Appeals -** Reviews, then approves or denies applications requesting variances from the zoning ordinance and appeals of the decisions of the Zoning Administrator. This unit provides the board salaries, legal notice requirements and related supplies.

- **Development Services -** Coordinates the review and approval of subdivision plats and development plans to ensure engineering compliance with ordinances, standards, specifications and City Council requirements. Development projects can be either public or private and include plans for commercial sites, subdivision construction, land management for septic systems in poorly drained soils, and Chesapeake Bay Preservation Area single family sites. This unit administers development sureties and coordinates review and recordation of legal documents and agreements designed to ensure construction of requirements established during the plan review and approval process.

- **Building Permits and Inspections -** Administers the Uniform Statewide Building Code and associated laws and ordinances. Issues permits for and performs inspections of building construction, plumbing, electrical and mechanical systems installation and alteration.

**Trends and Issues**

- The businesses of the Planning department are unique in that the department's policies, procedures and productivity are directly tied to the economy. Although the most recent recession has hindered some development and construction, the overall workload of the Planning department has remained relatively stable. Planning and development work in the strategic growth areas has generated several new rehabilitation projects. Moreover, renovation of existing residential and commercial structures requires similar plan reviews, permits and inspections as new construction. It should be noted there has been a significant increase in the number of zoning and building code citizen concerns and subsequent enforcement inspections.

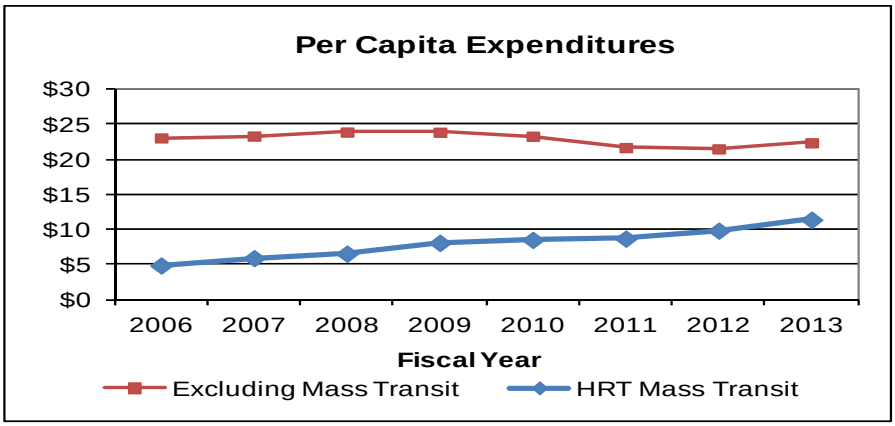



- Mass Transit operations for the City of Virginia Beach are handled by Hampton Roads Transit (HRT). The city works with HRT to develop a Mass Transit routes and the required municipal contribution that will address citizen's needs. The required contribution is determined after fares and other funds have been applied to route costs. This contribution is

paid out to HRT in quarterly payments and is budgeted within the Planning department's operating budget. Over the period from FY 2007-08 to FY 2011-12 the city's contribution to HRT has risen substantially, partially because of new and expanded routes, with dollar per capita increasing almost 150%. HRT has recently undergone an efficiency study that has resulted in reducing inefficient routes that have been driving up HRT's fixed costs; however, in FY 2012-13, some service in the City of Virginia Beach will be expanded, as shown below:

- Limited stop service on Virginia Beach Blvd between Cedar Grove and 19th and Pacific to reduce the commute time between Pacific Ave and the Newtown Tide station.
- Dam Neck route operating on Dam Neck Road between TCC and the Dam Neck Annex, serving NAS Oceana, Dam Neck Annex, and Corporate Landing Business Park, all of which are currently without service.
- New route operating between Pleasure House Road and the Tide's Newtown Station to connect Pleasure House/Shore Drive to the Tide station at Newtown Road while serving several apartments and neighborhoods, Bayside High School, and the new Williams Farm Recreation Center.

To determine the true per-capital cost of the Planning department's operations, the contribution made each year to HRT should be excluded from the department's expenses. The chart shows the per capita expenditures associated specifically with the mass transit costs and the department's per capita expenditures without the HRT costs. Even when the HRT costs are excluded, the department's per capita expenditures are increasing from FY 2011-12 to FY 2012-13 primarily because of the additional funding for support of the department's Accela Automation System and the Environment and Sustainability Office, as discussed earlier, as well as higher benefit costs.




- In FY 2011-12 the Planning department went live with the Accela Automation System. The new system enables customers to obtain building related permits for simple projects, schedule inspections, view inspection results and authorize a credit card payment – all online. The new web-based permitting system provides 24/7 customer service. In FY 2012-13 the Planning department will be integrating and automating business activities associated with BZA, CBPA, and Wetlands Board applications, zoning complaints, citizen inquiries, Street Addressing, Waterfront Operations and Comprehensive Planning. In 2013-14, the Planning department anticipates implementation of Accela Automation of the Development Services Center, Planning Commission and Planning items that go to City Council. With full deployment of Accela Automation customers will be able to electronically submit application, plans and drawings and will have greater access to information about all Planning activities. A Business Application Specialist II position has been added to the department's FY 2012-13 budget to support this system. A new Planning Technology Fee is included in the Department's FY 2012-13 budget to support the maintenance of the Accela Automation System.

**Council Amendment**

On May 8, 2012, City Council voted to add $50,000 to the Planning Department for contractual staffing to address the increased permit backlog. The number of permits processed during FY 2012-13 is expected to increase to over 40,000.

## Planning - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 1,021,663 | 1,115,563 | 1,126,283 | 10,720 |
| Environment and Sustainability | 608,062 | 222,663 | 326,203 | 103,540 |
| Chesapeake Bay Program | 36,839 | 202,636 | 206,108 | 3,472 |
| Wetlands Program | 0 | 147,590 | 153,906 | 6,316 |
| Transportation Planning | 0 | 198,886 | 206,919 | 8,033 |
| Comprehensive Planning | 605,559 | 456,635 | 474,748 | 18,113 |
| Current Planning | 1,615,192 | 536,656 | 499,106 | (37,550) |
| Zoning Administration | 0 | 1,053,484 | 1,138,035 | 84,551 |
| Development Services Center | 1,575,682 | 1,612,782 | 1,702,853 | 90,071 |
| PU / Development Services | 263,410 | 273,160 | 283,837 | 10,677 |
| Building Permits and Inspections | 3,599,707 | 3,592,148 | 3,763,737 | 171,589 |
| Chesapeake Bay Preservation Board | 0 | 14,215 | 14,215 | 0 |
| Wetlands Board | 3,684 | 11,235 | 10,903 | (332) |
| Mass Transit Operations | 3,222,909 | 3,519,145 | 4,472,679 | 953,534 |
| Planning Commission | 0 | 40,910 | 40,910 | 0 |
| Board of Zoning Appeals | 21,203 | 21,828 | 21,828 | 0 |
| Total Expenditures | 12,573,910 | 13,019,536 | 14,442,270 | 1,422,734 |
| Revenues | | | | |
| Fees | 3,489,917 | 3,425,611 | 3,982,812 | 557,201 |
| Transfers | 479,796 | 358,522 | 368,436 | 9,914 |
| Total Revenues | 3,969,713 | 3,784,133 | 4,351,248 | 567,115 |
| General City Support | 8,604,197 | 9,235,403 | 10,091,022 | 855,619 |
| **152 Tourism Investment Program Fund** | | | | |
| Expenditures | | | | |
| TIP - Mass Transit Operations | 590,000 | 590,000 | 590,000 | 0 |
| Total Expenditures | 590,000 | 590,000 | 590,000 | 0 |
| Revenues | | | | |
| Local Taxes | 590,000 | 590,000 | 590,000 | 0 |
| Total Revenues | 590,000 | 590,000 | 590,000 | 0 |
| General City Support | 0 | 0 | 0 | 0 |
| **165 Lynnhaven Mall Tax Increment Financing Fund** | | | | |
| Expenditures | | | | |
| Lynnhaven TIF - Mass Transit Operations | 250,000 | 250,000 | 0 | (250,000) |
| Total Expenditures | 250,000 | 250,000 | 0 | (250,000) |
| Revenues | | | | |
| Local Taxes | 231,751 | 250,000 | 0 | (250,000) |
| Total Revenues | 231,751 | 250,000 | 0 | (250,000) |
| General City Support | 18,249 | 0 | 0 | 0 |
| Total Department Expenditure | 13,413,910 | 13,859,536 | 15,032,270 | 1,172,734 |
| Total Department Revenue | 4,791,464 | 4,624,133 | 4,941,248 | 317,115 |
| Total General City Support | 8,622,446 | 9,235,403 | 10,091,022 | 855,619 |

## Planning - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Director's Office | 11.00 | 10.00 | 10.00 | 0.00 |
| Environment and Sustainability | 6.00 | 2.00 | 2.00 | 0.00 |
| Chesapeake Bay Program | 0.00 | 2.00 | 2.00 | 0.00 |
| Wetlands Program | 0.00 | 2.00 | 2.00 | 0.00 |
| Transportation Planning | 0.00 | 2.00 | 2.00 | 0.00 |
| Comprehensive Planning | 6.00 | 5.00 | 5.00 | 0.00 |
| Current Planning | 20.00 | 5.50 | 5.00 | -0.50 |
| Zoning Administration | 0.00 | 13.50 | 14.00 | 0.50 |
| Development Services Center | 18.00 | 18.00 | 18.00 | 0.00 |
| PU / Development Services | 3.00 | 3.00 | 3.00 | 0.00 |
| Building Permits and Inspections | 49.00 | 47.00 | 47.00 | 0.00 |
| Total | 113.00 | 110.00 | 110.00 | 0.00 |
| Total Position Summary | 113.00 | 110.00 | 110.00 | 0.00 |

**Resource Summary Notes**

The increased expense associated with Environment and Sustainability includes the additional funding in support of the Department's Environment and Sustainability Office and the City's Sustainability Plan.

The increased funding for Building Permits and Inspections is primarily the additional funding for a Business Application Specialist II position and operating expenses in support of the Department's new Accela Automation System. This system is discussed under the Department Trends and Issues.

The added funding in Mass Transit Operations reflects increased HRT costs and expanded transit services within Virginia Beach.

Increased fee revenue in FY 2012-13 is based on higher than anticipated actual revenue collections in FY 2011-12 and the establishment of a new technology fee. The technology fee will offset the expenses associated with the new Business Application Specialist II position and maintenance of the Department's new Accela Automation System.

## Public Utilities

The mission of the Department of Public Utilities is to provide public water, including water for fire protection, and public sanitary sewer service to the urban areas of Virginia Beach. The goals of this department include: 1) operate as a revenue supported enterprise; 2) provide quality public service at reasonable costs; 3) plan, build, operate, and maintain its facilities to meet the community needs, environmental responsibilities and regulatory requirements; and 4) develop an environment that fosters innovation, creative ideas, and adaptability to change in meeting the needs of our customers.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Locate and Mark Water and Sewer** | | | | | | |
| Miss Utility Locating Requests Received | # | 70,000.0 | 59,897.0 | 59,500.0 | 64,500.0 | 70,000.0 |
| **Maintain Fire Hydrants** | | | | | | |
| Defect Notices per 1,000 Hydrants | # | 8.0 | 12.0 | 8.0 | 10.0 | 8.0 |
| Fire Hydrants Serviced | # | 1,600.0 | 1,651.0 | 1,152.0 | 1,820.0 | 1,600.0 |
| **Provide Safe Drinking Water** | | | | | | |
| Active Water Connections | # | 133,100.0 | 131,618.0 | 131,897.0 | 132,800.0 | 133,100.0 |
| Annual Water Quality Samples Tested | # | 2,550.0 | 2,441.0 | 2,513.0 | 2,500.0 | 2,550.0 |
| **Customer** | | | | | | |
| **Respond to Water and Sanitary Sewer Line Defects** | | | | | | |
| Number of Sewer Stoppages | # | 4,000.0 | 4,750.0 | 4,000.0 | 4,000.0 | 4,000.0 |
| Sanitary Sewer Laterals Replaced | # | 350.0 | 408.0 | 335.0 | 335.0 | 350.0 |
| Sanitary Sewer Main CCTV'd (feet) | # | 185,000.0 | 111,983.0 | 283,894.0 | 185,000.0 | 185,000.0 |
| Sanitary Sewer Main Cleaned (feet - in millions) | # | 1.0 | 1.2 | 1.0 | 1.3 | 1.0 |
| Water Main Breaks per 1,000 miles | # | 150.0 | 116.0 | 167.0 | 133.0 | 150.0 |
| **Sanitary Sewer Overflow Reduction** | | | | | | |
| Sanitary Sewer Overflow's per 100 miles of piping | # | 0.0 | 2.3 | 0.8 | 1.8 | 1.1 |
| **Financial** | | | | | | |
| **Accurate Water Meter Reading** | | | | | | |
| Number of Misreads | # | 600.0 | 587.0 | 576.0 | 600.0 | 600.0 |
| Water Meters Read | # | 790,000.0 | 793,594.0 | 753,000.0 | 800,794.0 | 790,000.0 |
| **Aged Meter Replacement Program** | | | | | | |
| Water Meters Replaced | # | 9,500.0 | 7,234.0 | 7,089.0 | 7,300.0 | 9,500.0 |
| **Bad Debt Percentage of Billed Revenues** | | | | | | |
| Bad Debt Percentage of Billed Revenues | % | 0.5 | 0.3 | 0.4 | 0.4 | 0.4 |
| **Safe Pump Station Operations** | | | | | | |
| Cost per Sewer Pump Station | $ | 16,870 | 15,088 | 16,547 | 17,062 | 16,870 |
| Cost per Water Pump Station | $ | 295,963 | 295,541 | 306,163 | 314,707 | 295,963 |
| Sewer Pump Stations Maintained Each Year | # | 410.0 | 405.0 | 406.0 | 410.0 | 410.0 |
| Sewer Pump Stations Maintained per Electrical Crew | # | 82.0 | 101.3 | 101.5 | 82.0 | 82.0 |
| Water Pump Stations Maintained Each Year | # | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Water Pump Stations per Electrical Crew | # | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |

**Major Changes**

In total, the department of Public Utilities' budget of $115,046,896 for FY 2012-13 is an increase of $1,818,873, or 1.6%, over the FY 2011-12 amended operating budget. The department's budget includes a portion of the increase in sanitary sewer fees (the second year of an approved 4-year annual increase) to address a federal consent order and a $1.1 million true-up payment from water and sewer fund balance to the City of Norfolk for the cost of water service provided to Virginia Beach during FY 2009-10 and FY 2010-11 in excess of the amount paid by the city for that service. In addition, the department is receiving approximately $1.0 million in revenue as a subsidy from the federal government to reduce the interest cost paid by the Water and Sewer Fund on taxable Build America Bonds (BABS). Debt Service has increased by $2.3 million because of the need for additional revenue bonds in the department's FY 2012-13 Capital Improvement Program.

| Change | Impact |
|---|---|
| Elimination of a Laboratory Technician I position | This position is no longer needed because of technology improvements in water quality testing that have developed in the past few years. The three fundamental trends that have resulted in reduction in the laboratory workload are:<br>• The lab adopted a new technology, Colilert, to analyze over 250 coliform bacteria samples per month. This process is much less labor intensive than the previously used Membrane Filtration Technique.<br>• The water flushing program has resulted in a sustained 75% reduction in customer calls related to water quality that were handled by the Lab.<br>• The Environmental Protection Agency has initiated regulatory initiatives that have increased the capability to reasonably define the impacts to our water distribution system and consequently our staffing needs several years into the future. |

**Departmental Overview**

The department of Public Utilities, also called the Water and Sewer Enterprise Fund, provides water and sanitary sewer services to the residents of Virginia Beach. The water distribution system is the part of the utility infrastructure that carries potable water from the water treatment plant and delivers it to customers. The water system also provides fire protection through fire hydrants, installed throughout the pipe network. The sanitary sewer system is the part of the utility infrastructure that carries wastewater from individual properties and delivers it to one of two Hampton Roads Sanitation District sewer treatment plants in the city.

Public Utilities has a schedule of fees and charges for both water and sanitary sewer services. These charges are necessary to fund the water and sanitary sewer operations, Capital Improvement Program, ensure continued compliance with state and federal laws and regulations, and ensure reliable quality customer service. The bills issued by Public Utilities represent a combined statement for Public Works and Public Utilities and include water supply, service availability, utility tax, and sanitary sewer service, charges for storm water and the solid waste collection fee (Public Works). The Water and Sewer Enterprise Fund issues debt through revenue bond sales and maintains a strong AA/AAA bond rating.

The core services provided by Public Utilities may be divided into the following general areas:

- **Engineering and Capital Construction -** Includes review, development and implementation (project management and construction inspection) of the Capital Improvement Program (CIP) for the water and sanitary sewer systems; coordination of department efforts to reduce/eliminate sanitary sewer overflows to comply with the Clean Water Act and other requirements of the U.S. Environmental Protection Agency (EPA) and Virginia Department of Environmental Quality (DEQ) 2007 Hampton Roads consent order; assessment of the city's water supply needs; operation and maintenance of the Lake Gaston and Stumpy Lake Water Supply Projects; and provision of engineering technical support in other areas such as water quality, groundwater monitoring, map maintenance, record keeping, and regional water and sanitary sewer issues.

- **Operations and Maintenance -** Includes provision of continuous, 24 hour per day water supply services and sanitary sewer collection system to meet customer demands; monitoring, maintenance and repair of the city's water and sanitary sewer systems, including 9 water pump stations, 11 storage facilities, 406 sanitary sewer pump stations, 8,106 fire hydrants, and other components of the utility systems; protection of the utility systems by locating facilities in accordance with the Underground Utility Damage Prevention Act; compliance with Safe Drinking Water Act by

collecting and analyzing monthly, quarterly, semi-annual and annual water samples; and flushing water distribution lines to maintain water quality.

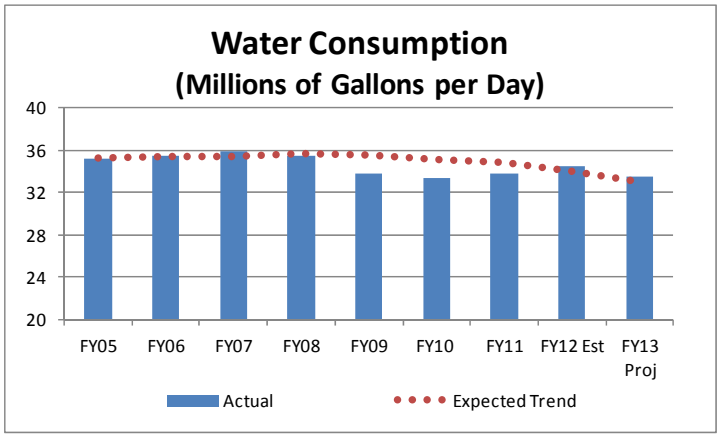
- **Business Operations -** Includes management of the department's water and sanitary sewer customer call center that receives 190,000 calls annually, customer accounting of 131,897 water accounts (e.g., account initiation, billings, payment arrangements, revenue collection), field service orders, and service discontinuance; ensures the fiscal integrity and budgetary self-sufficiency of the water and sewer utility enterprise fund including compliance with the requirements of the Master Bond Resolution; administration of the Norfolk Water Services Contract; and administration of various public education and awareness programs including water conservation, Fats, Oils & Grease (FOG), and backflow prevention.

The department of Public Utilities, as a member of the Quality Physical Environment business area, provides many services that help meet specific City Council vision areas. Through the Capital Improvement Program, the necessary water and sanitary sewer infrastructure has been put in place and is maintained to meet the needs of housing units and businesses to help create a vibrant Town Center. This same infrastructure provided at the Oceanfront and Convention Center helps to support existing and new development that go towards creating a first class resort. This is also supported by initiatives such as the Laskin Road Gateway infrastructure projects.

By securing a long-term water source through the Lake Gaston Project and in partnership with the City of Norfolk through the Water Services Contract, the department helps to provide water that is necessary for diverse, distinctive neighborhoods, helps support a diverse local economy and helps maintain beautiful natural settings and residences.

**Trends and Issues**

- As an enterprise operation, the Water and Sewer Fund must adjust operating expenses to meet anticipated revenues. The department's estimated revenues from current water and sewer rates would be expected to decline for several reasons, including (a) consumers are using less water due to higher efficiency appliances and smaller households, (b) a national trend to reduce individual consumption and increased focus on conservation, (c) higher vacancy rates for homes due to foreclosures, (d) the economy has slowed new home construction, so the growth in new accounts is minimal, and (e) lower interest rates resulting in depressed interest earnings on deposits. Rate increases are necessary to maintain current levels of service in addition to meeting new requirements imposed by the state/federal governments for infrastructure upgrades and replacement.




- In addition to economic trends affecting revenues, the department experienced expenditure increases that had some significant impacts. The increase reflected in the department's FY 2012-13 budget includes a portion of the additional $5.7M in funding from the scheduled increase in the sanitary sewer fee to address the federal consent order regarding sanitary sewer overflows and the true-up payment to the City of Norfolk (about $1.1 million) for the cost of water service provided to Virginia Beach during FY 2009-10 and FY 2010-11 in excess of the amount paid by Virginia Beach for that service. In addition, charges associated with the use of the department's rolling stock equipment are 28% higher in the FY 2012-13 budget than in the FY 2011-12 budget.

- A key service and cost driver is the increased volume and cost for maintenance, repair and replacement of aging water and sanitary sewer infrastructure funded over a 15 to 20 year cycle in the Capital Improvement Program. The federal Environmental Protection Agency and the state Department of Environmental Quality issued a consent order for Hampton Roads in September 2007. The intent of the consent order is to reduce and control sanitary sewer overflows in the region. This consent order mandates significant increases, primarily in capital expenditures to overhaul the sewer system, but also includes both operational and maintenance impacts. In total, the anticipated capital expenditures needed to comply with this mandate is over $350 million. In FY 2012-13 the department is in the second year of a four-

year stepped rate increase approved by City Council with the FY 2010-11 Capital Improvement Program to address consent order compliance.

Phase I of the consent order involves analysis of the sanitary sewer system with a deadline of FY 2012-13. Phase II is from FY 2012-13 to FY 2022-23 and involves comprehensive sanitary sewer system rehabilitation. The consent order will require major expenditures, including:

- Monitoring and evaluating 240 sewer pump stations and service areas (including cleaning, closed circuit television (CCTV) inspection, and repairs of significant defects).
- Conducting an infiltration and inflow reduction program, including smoke testing for those 240 service areas.
- Flow monitoring for 100 to 200 sewer pump stations.
- Establishing a Fats, Oils and Grease (FOG) Program to manage, inspect and enforce compliance on more than 1,200 food service establishments on an ongoing, annual basis.
- Root Control Program for more than 75 miles of mainline collector pipe each year.
- Immediate cleaning, televised inspection and repair of major defects for the line segments upstream and downstream of every sewer overflow and major blockage.
- Comprehensive sanitary sewer system rehabilitation plan.
- A sanitary sewer hydraulic model (integrated with the Hampton Roads Sanitation District (HRSD) model).
- Extensive engineering analysis to support the development of a Regional Wet Weather Management Plan in 2014.

To date, the department has completed 80% of the Phase I analysis. The remaining portion will be completed in the Capital Improvement Program over the next twenty-four months.

- The cost of maintaining and upgrading the city's water and sewer system, and especially the financial effects of complying with the mandate, can be understood when considering the size, age and condition of the city's water and sewer system. The water and sanitary sewer system is extensive and has an estimated replacement of nearly $5 billion. The average lifespan of water and sewer lines are 100 years and 40 years respectively, replacement and rehabilitation schedules repairs fix the worst defects first to minimize breaks and other failures. Currently, the city is on a replacement schedule that invests less than 1% of the system value per year. To achieve the optimal replacement/rehab schedule, it would require an annual investment of $97 million, or an additional $57 million investment annually beyond the program that increased in FY 2011-12 to $40 million. Even at this level of capital funding, it would only equate to 2% of the current system value.

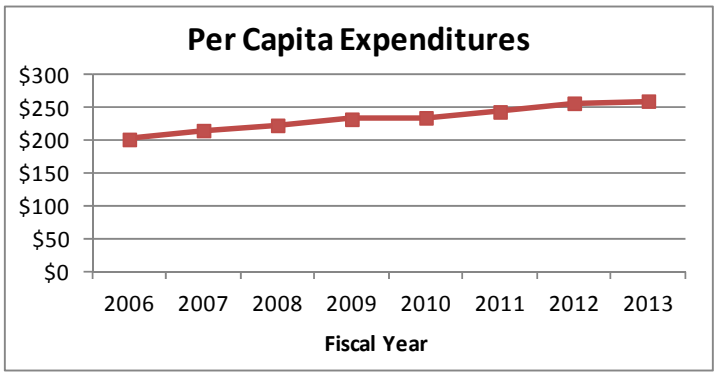
- The following table illustrates the financial impact of water and sewer rate increases on a typical single family residence using 5,000 gallons of water per month and a 5/8" meter for water and sewer.

**DEPARTMENT OF PUBLIC UTILITIES**
**ADOPTED WATER AND SANITARY SEWER RATE INCREASES**
**FY 2011 THROUGH FY 2015**

| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|
| Monthly Water Supply Charge (Single Family Residence, 5,000 gallons) | $26.46 | $26.46 | $26.46 | $26.46 | $26.46 |
| Monthly Sanitary Sewer Charge (Single Family Residence, 5/8" Meter) | 19.54 | 22.12 | 24.86 | 27.76 | 30.81 |
| **Total Water and Sanitary Sewer** | **$46.00** | **$48.58** | **$51.32** | **$54.22** | **$57.27** |
| Monthly Increase to Residential Bill ($) (Single Family Residence, 5,000 gallons, 5/8" Meter) | | $2.58 | $2.74 | $2.90 | $3.05 |

A full schedule of water and sewer rates is available on the Public Utilities departmental site on vbgov.com under "Rates, Fees & Charges."

- Per capita expenditures are increasing only about 1.3% in FY 2012-13, which maintains staffing and services and funds some additional expenses beyond those in the current year. In addition to the sewer rate increase previously mentioned, Public Utilities has also budgeted almost $1.1 million for a "true-up" payment to the City of Norfolk to make up the difference between the projected wholesale water rates for FY 2009-10 and FY 2010-11 and the actual costs incurred during that period.




**Council Amendment**

On May 8, 2012, City Council voted to reduce the Reserve for Contingencies in the Department of Public Utilities by $310,000 and transfer those funds from the Water and Sewer Fund to the Capital Improvement Program to cover the cost of utility work associated with CIP project 2-401, Greenwich Road Crossover. Funding totaling $31,754 is transferred to the General Fund for the Water and Sewer Fund's share of covering the cost of the monitoring the multi-functional device and printing contracts.

## Public Utilities - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **241 Water and Sewer Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 378,283 | 399,804 | 417,993 | 18,189 |
| Engineering | 6,968,601 | 8,077,485 | 8,222,044 | 144,559 |
| Lake Gaston Facilities | 2,118,389 | 3,182,065 | 3,161,265 | (20,800) |
| Water Services Contract | 28,702,893 | 29,629,525 | 27,741,296 | (1,888,229) |
| Operations Administration | 2,983,670 | 3,508,322 | 3,647,893 | 139,571 |
| Water Distribution | 3,717,911 | 3,821,276 | 3,956,226 | 134,950 |
| Water Pump Stations | 2,485,792 | 2,802,239 | 2,728,657 | (73,582) |
| Meter Operations | 3,512,492 | 3,648,727 | 3,966,729 | 318,002 |
| Sewer Collection | 6,158,836 | 6,766,813 | 7,056,297 | 289,484 |
| Sewer Pump Stations | 6,335,186 | 6,872,035 | 7,136,219 | 264,184 |
| Business Division | 6,307,175 | 7,502,730 | 7,640,182 | 137,452 |
| Debt Service | 8,172,608 | 17,763,841 | 20,050,544 | 2,286,703 |
| Reserve for Contingencies | 0 | 1,309,761 | 1,072,393 | (237,368) |
| Transfer to Other Funds | 14,603,623 | 17,943,400 | 18,249,158 | 305,758 |
| Total Expenditures | 92,445,459 | 113,228,023 | 115,046,896 | 1,818,873 |
| Revenues | | | | |
| Fees | 105,062,816 | 109,226,586 | 112,282,188 | 3,055,602 |
| Federal | 0 | 0 | 1,017,733 | 1,017,733 |
| Transfers | 264,233 | 639,494 | 658,679 | 19,185 |
| Fund Balance | 0 | 3,361,943 | 1,088,296 | (2,273,647) |
| Total Revenues | 105,327,049 | 113,228,023 | 115,046,896 | 1,818,873 |
| General City Support | (12,881,590) | 0 | 0 | 0 |
| Total Department Expenditure | 92,445,459 | 113,228,023 | 115,046,896 | 1,818,873 |
| Total Department Revenue | 105,327,049 | 113,228,023 | 115,046,896 | 1,818,873 |
| Total General City Support | (12,881,590) | 0 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **241 Water and Sewer Fund** | | | | |
| Director's Office | 3.00 | 3.00 | 3.00 | 0.00 |
| Engineering | 81.00 | 84.00 | 84.00 | 0.00 |
| Operations Administration | 21.00 | 21.00 | 22.00 | 1.00 |
| Water Distribution | 41.00 | 41.00 | 41.00 | 0.00 |
| Water Pump Stations | 25.00 | 25.00 | 25.00 | 0.00 |
| Meter Operations | 45.00 | 45.00 | 43.00 | -2.00 |
| Sewer Collection | 64.00 | 64.00 | 64.00 | 0.00 |
| Sewer Pump Stations | 59.00 | 61.00 | 61.00 | 0.00 |
| Business Division | 65.50 | 68.00 | 68.00 | 0.00 |
| Total | 404.50 | 412.00 | 411.00 | -1.00 |
| Total Position Summary | 404.50 | 412.00 | 411.00 | -1.00 |

Resource Summary Notes
Debt Service increased $2,286,703 because of the need for additional Water and Sewer Revenue Bonds in the Department's Capital Improvement Program.

The $1,017,733 in federal revenue is a subsidy from the federal government to reduce the interest cost paid by the Water and Sewer Fund on taxable Build America Bonds (BABS). The subsidy is equal to 35% of the interest cost.

The use of $1,088,296 in fund balance is associated with the payment due to the City of Norfolk for the cost of water service provided to Virginia Beach during FY 2009-10 and FY 2010-11 in excess of the amount paid by the City for that service.

## Public Works

The mission of the skilled and professional people of the Department of Public Works is to provide total life cycle management of the public infrastructure and key essential services. We succeed through the proper management of programs and resources to enhance the health, safety, and welfare of the residents, businesses, and visitors of the City of Virginia Beach.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Enhance Storm Water Quality** | | | | | | |
| Completed Storm Water Maintenance Work Orders | # | 6,000.0 | 6,955.0 | 5,071.0 | 6,000.0 | 6,000.0 |
| **Operate City Landfill II** | | | | | | |
| Inspections of Landfills by Regulating Agencies | # | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Inspections of Landfills with Satisfactory Rating | % | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Provide Custodial Services** | | | | | | |
| Custodial Contract Service Cost Per Square Foot | # | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 |
| Custodial In-House Service Cost Per Square Foot | # | 1.7 | 1.6 | 1.6 | 1.7 | 1.7 |
| Total Square Footage of Buildings Maintained (in millions) | # | 3.3 | 3.2 | 3.2 | 3.3 | 3.3 |
| **Provide Facility Maintenance Services** | | | | | | |
| Average Cost Per Completed Facility Maintenance Work Order | $ | 157 | 187 | 157 | 157 | 157 |
| Emergency Maintenance Calls | # | 301.0 | 349.0 | 301.0 | 301.0 | 301.0 |
| Facility Maintenance Work Orders Completed | # | 25,142.0 | 23,056.0 | 25,142.0 | 25,142.0 | 25,142.0 |
| Facility Maintenance Work Orders Requested | # | 26,103.0 | 22,062.0 | 26,103.0 | 26,103.0 | 26,103.0 |
| **Provide Fleet Management** | | | | | | |
| Average Days to Complete an Automotive Services Work Order | # | 7.6 | 7.4 | 7.6 | 7.8 | 7.6 |
| **Provide Roadway Maintenance** | | | | | | |
| Lane Miles of Streer Reconstruction | # | 8.0 | 8.5 | 8.7 | 8.0 | 8.0 |
| Roadway Resurfacing Cycle (in years) | # | 15.0 | 19.0 | 18.0 | 24.0 | 25.0 |
| **Provide Waste Collection Service** | | | | | | |
| Tons of Regular Waste Collected (in thousands) | # | 155.0 | 144.5 | 145.1 | 145.0 | 155.0 |
| Tons of Yard Debris Collected (in thousands) | # | 37.0 | 44.5 | 44.0 | 41.0 | 36.2 |
| Waste Collection Complaints Per 10,000 Customers | # | 3.1 | 6.1 | 1.6 | 3.1 | 3.1 |
| Waste Collections made to Residential Customers (in millions) | # | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| **Recycle Materials** | | | | | | |
| Tons of Recycled Materials | # | 38,000.0 | 35,000.0 | 35,000.0 | 35,000.0 | 35,000.0 |

**Major Changes**

In total, the FY 2012-13 proposed budget for the department of Public Works totals $164,380,771 in all funds, including Internal Service Funds. Departmental expenditures increased about $7.4 million over the FY 2011-12 amended budget and the number of personnel increased by 7 FTEs. Of the total increase, almost $2.2 million was related to increased costs for retirement, health and life insurance. Eighty-five percent of the department's expenditures are covered through state revenue, and fees and charges. Revenue increases can be seen in the internal service funds based on increased usage; the Storm Water Utility Fund related to a previously approved 5-cent increase in the Equivalent Residential Unit (ERU); the $10 monthly Waste Management Fee that was effective January 1, 2012 has been annualized; and the city is anticipating additional revenue from the state to support roadway maintenance based on current VDOT formulas, which results in an increase of $1.2 million over the original FY 2011-12 revenue estimate.

| Change | Impact |
|---|---|
| Establishing a Waste Management Special Revenue Fund | • The FY 2012-13 budget transitions all Waste Management programs, including recycling, to a new fund to illustrate the costs and revenues associated with these services, including the $10 monthly fee.<br>• Historically, the City of Virginia Beach has paid the full tipping fee to SPSA and SPSA has reimbursed the city for the difference between the current rate and the city's contract amount of $65 per ton. This has been treated as a credit to expenditures since it was a reimbursement. To increase transparency, the city is estimating the full cost and full revenue in FY 2012-13. FY 2010-11 actual and FY 2011-12 amended amounts have been adjusted to reflect this accounting change. |
| Increased Efficiencies in Waste Management Operations | • Two Waste Management Operator positions were eliminated due to route efficiencies; the landfill operation will close on Mondays, enabling four positions to be transferred to the Yard Debris Program and decrease reliance on contracted manpower. |
| Addressing Storm Water Utility Service Backlogs | • Two additional Engineers are included to staff the enhancements in the Storm Water Utility Capital Projects Program and an additional six-person ditch maintenance crew is being added to address infrastructure maintenance backlogs. |
| Opening the Williams Farm Community Recreation Center | • Building maintenance and utility cost increases of $327,000 are shown in the Parks and Recreation Special Revenue Fund operations. |
| Transfer of Energy Management Function from Planning to Public Works | • One full-time position was transferred from the Planning department to coordinate the city's energy management functions. |
| Maintain a Reserve to Address Fuel and Energy Increases | • A $1.5 million reserve has been established in the General Fund to address shortfalls that may occur related to fuel and energy increases. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

Most of the department's operations receive financial support through the General Fund. Other funds that support the department include the Storm Water Utility Fund, which funds the majority of storm water operations; the Parks and Recreation Special Revenue Fund, which provides funding to Public Works for recreation center maintenance; the Tourism Growth Investment Fund, which supports recycling, beach operations, and building maintenance in the resort area; the City Garage and Fuels Internal Service Funds, which provide automotive maintenance and fuel for the city's rolling stock; and the Capital Projects Internal Service Fund, which provides operational support for capital projects.

The core services provided by the Public Works department are as shown below:

- **Infrastructure Maintenance, Repairs and Asset Management -** This is the primary interface of the Public Works department with the citizens and city employees to receive, record, investigate, and resolve reports of deficiencies that

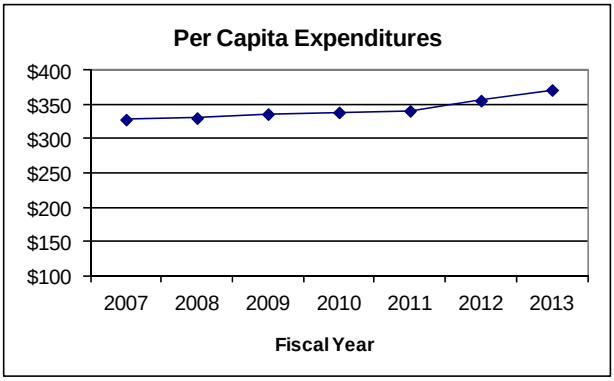
require maintenance, repair, and restoration. Assets managed include all the city owned administrative, recreational, industrial and public safety facilities; all roadways, bridges, curbs, gutters, sidewalks, storm water pipe, swales, and the roadside and off-road ditch network; storm water BMP inspections; public beaches; navigational maintenance dredging of Rudee Inlet, various rivers and bays, and navigational buoys and markers; traffic management operations, traffic signs, signalized intersections and markings; and mosquito/vector population assessment, control and reporting. The department maintains an infrastructure inventory and utilizes asset management methods to determine appropriate maintenance cycles; provides engineering design solutions in support of maintenance; and administers architectural and engineering and service/minor construction contracts.

- **Capital Construction and Replacement -** This includes system planning, design, acquisition of property, project management, construction and inspection of all new and replacement roadways, storm water, coastal, and building infrastructure, as well as parks and recreation capital projects and other large capital projects. This effort includes development of project scopes, coordination with numerous city, state and federal agencies, coordination with citizens, effective right-of-way and site acquisition, development of designs that are functional, low maintenance, yet aesthetically pleasing, and ensuring quality control during the construction phase.

- **Waste Management -** This includes long range planning, providing citywide residential automated, manual and special solid waste collections, providing containers for residents to dispose of large quantities of yard debris, centralizing the city's recycling effort, operating a city landfill, and serving as a conduit between the city and the Southeastern Public Service Authority, which is the agency responsible for the regional waste disposal program.

- **Automotive Services -** This provides both routine and preventive maintenance and full life cycle services to the city's rolling stock inventory of about 3,600 major pieces of equipment including automobiles, construction vehicles and equipment, fire and rescue apparatus, helicopters, boat motors and generators. Fleet replacement recommendations are provided through a customer team. Fuel services and a motor pool are also provided to all city agencies.

**Trends and Issues**




- In FY 2012-13, department expenditures increase 4.7% from the FY 2011-12 amended budget. This can be attributed to eight additional full time positions and operating expenses funded by an increase in the Storm Water Utility Fee, as well as the increases in retirement, health, and life insurance.

- The department was able to produce a number of efficiencies in the area of Waste Management. In addition to the elimination of two waste collection positions, the city was able to renegotiate the recycling contract with Tidewater Fiber Corporation. This will result in annual savings of $1.3 million. This will enable Public Works to use the savings in the Spring of 2012 to pursue expanding the use of the wheeled recycling bins which will greatly increase the amount of recyclables collected, by as much as 10%, further reducing our future costs. A portion of that savings will also be used for a routing study for waste collection to determine optimal designs. The goal is to reduce the number of routes from 38 to 30 and ultimately increase the number of tandem trucks in the fleet.

- The City of Virginia Beach was the first locality in Virginia to be approved under the state's Urban Construction Initiative (UCI) Certification Program. This moves the local administration of roadways to the city. In order to qualify, the city had to demonstrate competency in thirteen core areas required by federal regulation. An accountant position is being added to the Finance department as part of the Capital Projects Internal Service Fund to assist Public Works with the financial management of the Roadways Capital Projects section.

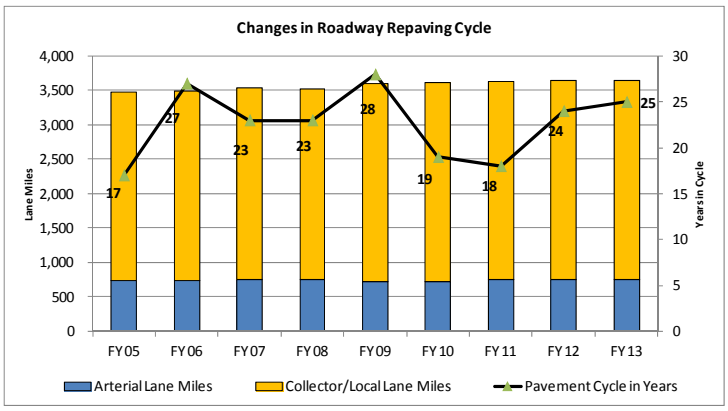
- This budget includes an increase in the Storm Water Equivalent Residential Unit (ERU) fee. The approved three-year phased increases, 7.5 cents in FY 2011-12, 5 cents in FY 2012-13, and 5 cents in FY 2013-14, provide funding to begin to address the significant backlogs in the areas of flood control, water quality, and operations and maintenance. An additional off-road ditch maintenance crew will be added in FY 2012-13, which will increase the capacity by an

additional seven miles per year, bringing the annual total to about thirty miles of ditches cleared by city workers and contractual staff each year. With this additional crew, the maintenance cycle will reach the goal of an eight-year cycle, down from 10 and a half. The additional ERU revenue also enables more progress in the Storm Water Capital Projects Program. Flood control programs are approximately $3.2 million annually, water quality enhancements represent about $3.5 million in annual capital expenditures, and operations and maintenance is significantly enhanced at $11 million per year for most of the six-year program.

- Traffic Engineering retimed eight corridors this past year, with an average reduction in delay of 16.5%:

  - Northampton Boulevard – reduced delay by 27.3%
  - Birdneck Road – reduced delay by 5.9%
  - North Independence Boulevard – reduced delay by 25.4%
  - Princess Anne Road – reduced delay by 19.5%
  - Great Neck Road – reduced delay by 23.7%
  - Pacific Avenue – reduced delay by 16.9%
  - Newtown Road – reduced delay by 8.5%
  - Shore Drive – reduced delay by 4.9%

- Various factors continue to compound the maintenance needs and costs for roadways, including aging infrastructure, increasing demand, and the significant increase in the cost of petroleum-based products. The accepted industry standard for the average repaving cycle is every 15 years to maintain level of service and avoid costly deterioration and reconstruction. Over 80% of the city's roadways are over 15 years old, and that percentage has been increasing at a rate of about 2% each year since FY 1997-98. At the same time, traffic volume demands placed on the roadways have increased 13% to 15% since FY 1997-98. Concurrently, the costs related to roadway maintenance have increased at a rate much faster than inflation with the increased costs of petroleum products. In FY 2010-11 an increase in the paving funding allowed Public Works to reduce the paving cycle down to 18 years; however, due to recent increases in the cost of petroleum products, the current FY 2011-12 cycle time has increased to 24 years, with no improvement in pricing expected in the upcoming year. Public Works will continue to maximize the work accomplished with available funding and evaluate cost effective maintenance alternatives.




- On September, 13, 2011, the City Council established the Old Donation Creek Area Dredging Special Service District (SSD) at an additional 18.4 cents per $100 of assessed real estate value. This project, 8-500, will construct a neighborhood navigation system and will include a city-funded spur channel leading from the western branch of Lynnhaven River. The SSD rate will be evaluated every four years to ensure all neighborhood channel costs are paid by the end of the sixteen-year program. Other neighborhoods are considering implementation.

**Council Amendment**

On May 8, 2012, City Council voted to reduce the Reserve for Contingencies in the Department of Public Works Storm Water Utility Fund by $30,000 and transfer those funds to the Capital Improvement Program to cover the cost of utility work associated with CIP project 2-401, Greenwich Road Crossover. Funding totaling $1,675 is transferred to the General Fund for the Storm Water Utility Fund's share of covering the cost of monitoring the multi-functional device and printing contracts. The adopted budget also reflects a reduction of $3.1 million in reimbursement revenue from Southeastern Public Service Authority and disposal expenditures related to the tipping fee cap being reduced from the $145 per ton to $125 per ton.

## Public Works - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 268,010 | 290,131 | 291,743 | 1,612 |
| Business Center | 6,289,906 | 6,230,692 | 7,121,284 | 890,592 |
| Contracts | 551,727 | 605,010 | 510,513 | (94,497) |
| Facilities Management | 3,507 | 479,389 | 593,082 | 113,693 |
| Real Estate | 845,353 | 920,403 | 907,715 | (12,688) |
| Engineering Program Management | 706,749 | 747,802 | 773,771 | 25,969 |
| Surveys | 1,009,132 | 1,102,271 | 1,149,338 | 47,067 |
| Engineering Technical Support | 482,042 | 471,662 | 414,630 | (57,032) |
| Traffic Engineering | 1,110,707 | 1,155,949 | 1,202,413 | 46,464 |
| Transportation Program and Project Management | 1,209,659 | 1,158,870 | 1,194,926 | 36,056 |
| Engineering and Construction Management Services | 1,287,053 | 1,105,903 | 1,122,977 | 17,074 |
| Coastal Program and Project Management | 493,122 | 346,360 | 354,852 | 8,492 |
| Facilities Design and Construction | 667,063 | 693,033 | 721,247 | 28,214 |
| Street Light Installations | 221,207 | 510,000 | 510,000 | 0 |
| Operations Management Support | 1,014,438 | 1,006,838 | 1,060,266 | 53,428 |
| Planning, Estimating, and Scheduling | 622,723 | 448,319 | 438,250 | (10,069) |
| Technical Services and Asset Management | 1,044,587 | 989,041 | 1,055,213 | 66,172 |
| Infrastructure Maintenance Contracts | 636,796 | 564,133 | 650,271 | 86,138 |
| Infrastructure Maintenance Support | 837,754 | 833,482 | 885,683 | 52,201 |
| Street Maintenance | 11,849,933 | 14,283,266 | 14,493,405 | 210,139 |
| Dredge Maintenance | 1,647,136 | 1,697,662 | 1,653,655 | (44,007) |
| Mosquito Control | 1,713,886 | 1,494,562 | 1,541,187 | 46,625 |
| Traffic Management Operations | 4,357,015 | 4,364,324 | 4,538,902 | 174,578 |
| Beach Operations | 1,178,084 | 1,234,365 | 1,317,179 | 82,814 |
| Bridge Maintenance | 323,831 | 376,218 | 391,696 | 15,478 |
| Building Maintenance Management and Support | 8,478,632 | 8,881,389 | 7,664,745 | (1,216,644) |
| Electrical | 1,690,294 | 1,650,278 | 1,727,188 | 76,910 |
| Heat and Air Conditioning | 1,958,555 | 1,788,590 | 1,887,386 | 98,796 |
| General Maintenance | 3,427,368 | 3,353,343 | 3,145,129 | (208,214) |
| Custodial | 3,162,990 | 3,605,704 | 3,735,328 | 129,624 |
| Resort Building Maintenance | 440,022 | 550,246 | 585,451 | 35,205 |
| Total Expenditures | 59,529,281 | 62,939,235 | 63,639,425 | 700,190 |
| Revenues | | | | |
| Fees | 509,198 | 510,000 | 513,000 | 3,000 |
| State | 36,913,701 | 35,348,954 | 36,555,534 | 1,206,580 |
| Transfers | 2,038,430 | 2,279,339 | 2,306,111 | 26,772 |
| Total Revenues | 39,461,329 | 38,138,293 | 39,374,645 | 1,236,352 |
| General City Support | 20,067,952 | 24,800,942 | 24,264,780 | (536,162) |

## Public Works - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **144 Waste Management Special Revenue Fund** | | | | |
| Expenditures | | | | |
| WM Program Support | 977,834 | 991,755 | 1,040,838 | 49,083 |
| WM Bureau of Waste Disposal | 23,357,561 | 25,013,226 | 21,350,943 | (3,662,283) |
| WM Bureau of Waste Collection | 11,971,064 | 11,424,457 | 12,500,363 | 1,075,906 |
| WM Yard Debris & Hazardous Household Waste | 9,888 | 1,761,564 | 1,925,542 | 163,978 |
| WM Recycling | 5,274,917 | 5,767,290 | 4,637,718 | (1,129,572) |
| Total Expenditures | 41,591,264 | 44,958,292 | 41,455,404 | (3,502,888) |
| Revenues | | | | |
| Fees | 15,173,162 | 22,344,950 | 26,645,070 | 4,300,120 |
| State | 0 | 44,000 | 35,390 | (8,610) |
| Transfers | 26,418,102 | 22,569,342 | 14,774,944 | (7,794,398) |
| Total Revenues | 41,591,264 | 44,958,292 | 41,455,404 | (3,502,888) |
| General City Support | 0 | 0 | 0 | 0 |
| **151 Parks and Recreation Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Recreation Centers Building Maintenance | 2,321,722 | 2,413,510 | 2,772,645 | 359,135 |
| Total Expenditures | 2,321,722 | 2,413,510 | 2,772,645 | 359,135 |
| Revenues | | | | |
| Local Taxes | 2,577,098 | 2,413,510 | 2,445,645 | 32,135 |
| Transfers | 0 | 0 | 327,000 | 327,000 |
| Total Revenues | 2,577,098 | 2,413,510 | 2,772,645 | 359,135 |
| General City Support | (255,376) | 0 | 0 | 0 |
| **152 Tourism Investment Program Fund** | | | | |
| Expenditures | | | | |
| TIP - Recycling | 32,250 | 52,000 | 52,000 | 0 |
| TIP Beach Operations | 339,799 | 374,335 | 387,723 | 13,388 |
| TIP Resort Building Maintenance | 402,784 | 459,237 | 475,961 | 16,724 |
| Total Expenditures | 774,833 | 885,572 | 915,684 | 30,112 |
| Revenues | | | | |
| Local Taxes | 774,833 | 873,262 | 915,684 | 42,422 |
| Total Revenues | 774,833 | 873,262 | 915,684 | 42,422 |
| General City Support | 0 | 12,310 | 0 | (12,310) |
| **172 Open Space Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Open Space - Surveys | 0 | 15,300 | 15,300 | 0 |
| Total Expenditures | 0 | 15,300 | 15,300 | 0 |
| Revenues | | | | |
| Local Taxes | 0 | 15,300 | 15,300 | 0 |
| Total Revenues | 0 | 15,300 | 15,300 | 0 |
| General City Support | 0 | 0 | 0 | 0 |

## Public Works - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **174 Town Center Special Service District** | | | | |
| Expenditures | | | | |
| Town Center Street Sweeping | 0 | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Revenues | | | | |
| Local Taxes | 15,136 | 0 | 0 | 0 |
| Total Revenues | 15,136 | 0 | 0 | 0 |
| General City Support | (15,136) | 0 | 0 | 0 |
| **183 Grants Consolidated Fund** | | | | |
| Expenditures | | | | |
| Public Works - Grants | 0 | 15,000 | 15,000 | 0 |
| Total Expenditures | 0 | 15,000 | 15,000 | 0 |
| Revenues | | | | |
| State | 0 | 15,000 | 15,000 | 0 |
| Total Revenues | 0 | 15,000 | 15,000 | 0 |
| General City Support | 0 | 0 | 0 | 0 |
| **255 Storm Water Utility Enterprise Fund** | | | | |
| Expenditures | | | | |
| SWU - Project Management | 1,251,935 | 2,026,396 | 2,206,971 | 180,575 |
| SWU - Customer Service | 128,197 | 146,682 | 149,332 | 2,650 |
| SWU - Operations and Maintenance | 8,368,308 | 11,218,732 | 11,779,860 | 561,128 |
| SWU - Inspections and Environmental Spill Response | 461,529 | 1,250,094 | 1,137,310 | (112,784) |
| SWU - Street Sweeping | 63,842 | 312,607 | 347,805 | 35,198 |
| SWU - Construction and Engineering | 0 | 0 | 561,849 | 561,849 |
| Debt Service | 1,281,013 | 2,011,002 | 2,036,328 | 25,326 |
| Debt Service (General) | 489,509 | 473,428 | 323,448 | (149,980) |
| Reserve for Contingencies | 0 | 73,985 | 220,000 | 146,015 |
| Transfer to Other Funds | 10,047,870 | 12,359,097 | 15,764,934 | 3,405,837 |
| Total Expenditures | 22,092,203 | 29,872,023 | 34,527,837 | 4,655,814 |
| Revenues | | | | |
| Fees | 29,043,394 | 27,980,768 | 32,403,283 | 4,422,515 |
| State | 2,656,916 | 0 | 0 | 0 |
| Federal | 0 | 0 | 288,259 | 288,259 |
| Transfers | 72,258 | 1,891,255 | 1,836,295 | (54,960) |
| Total Revenues | 31,772,568 | 29,872,023 | 34,527,837 | 4,655,814 |
| General City Support | (9,680,365) | 0 | 0 | 0 |

## Public Works - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **606 City Garage Internal Service Fund** | | | | |
| Expenditures | | | | |
| Automotive Services | 10,372,465 | 9,317,854 | 10,480,506 | 1,162,652 |
| Motor Pool | 111,505 | 173,898 | 166,263 | (7,635) |
| Reserve for Contingencies | 0 | 418,138 | 0 | (418,138) |
| Total Expenditures | 10,483,970 | 9,909,890 | 10,646,769 | 736,879 |
| Revenues | | | | |
| Fees | 10,209,190 | 9,909,890 | 10,646,769 | 736,879 |
| Total Revenues | 10,209,190 | 9,909,890 | 10,646,769 | 736,879 |
| General City Support | 274,780 | 0 | 0 | 0 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Expenditures | | | | |
| Capital Projects - Public Works | 0 | 228,721 | 283,348 | 54,627 |
| Total Expenditures | 0 | 228,721 | 283,348 | 54,627 |
| Revenues | | | | |
| Fees | 0 | 228,721 | 283,348 | 54,627 |
| Total Revenues | 0 | 228,721 | 283,348 | 54,627 |
| General City Support | 0 | 0 | 0 | 0 |
| **616 Fuels Internal Service Fund** | | | | |
| Expenditures | | | | |
| Fuels | 6,361,284 | 5,512,210 | 7,009,359 | 1,497,149 |
| Reserve for Contingencies | 0 | 233,474 | 0 | (233,474) |
| Total Expenditures | 6,361,284 | 5,745,684 | 7,009,359 | 1,263,675 |
| Revenues | | | | |
| Fees | 6,706,779 | 5,745,684 | 6,876,428 | 1,130,744 |
| Fund Balance | 0 | 0 | 132,931 | 132,931 |
| Total Revenues | 6,706,779 | 5,745,684 | 7,009,359 | 1,263,675 |
| General City Support | (345,495) | 0 | 0 | 0 |
| Total Department Expenditure | 143,154,557 | 156,983,227 | 161,280,771 | 4,297,544 |
| Total Department Revenue | 133,108,197 | 132,169,975 | 137,015,991 | 4,846,016 |
| Total General City Support | 10,046,360 | 24,813,252 | 24,264,780 | (548,472) |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Director's Office | 2.00 | 2.00 | 2.00 | 0.00 |
| Business Center | 8.00 | 8.00 | 11.00 | 3.00 |
| Contracts | 8.00 | 8.00 | 7.00 | -1.00 |
| Facilities Management | 0.00 | 2.00 | 3.00 | 1.00 |
| Real Estate | 12.00 | 12.00 | 11.00 | -1.00 |
| Engineering Program Management | 9.00 | 9.00 | 9.00 | 0.00 |
| Surveys | 16.00 | 16.00 | 16.00 | 0.00 |
| Engineering Technical Support | 5.00 | 5.00 | 4.00 | -1.00 |
| Traffic Engineering | 13.00 | 13.00 | 13.00 | 0.00 |
| Transportation Program and Project Management | 12.00 | 12.00 | 12.00 | 0.00 |

## Public Works - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Engineering and Construction Management Services | 15.00 | 11.00 | 11.00 | 0.00 |
| Coastal Program and Project Management | 5.00 | 3.00 | 3.00 | 0.00 |
| Facilities Design and Construction | 6.00 | 6.00 | 6.00 | 0.00 |
| Operations Management Support | 14.00 | 14.00 | 14.00 | 0.00 |
| Planning, Estimating, and Scheduling | 8.00 | 5.00 | 5.00 | 0.00 |
| Technical Services and Asset Management | 13.00 | 10.00 | 10.00 | 0.00 |
| Infrastructure Maintenance Contracts | 8.00 | 7.00 | 7.00 | 0.00 |
| Infrastructure Maintenance Support | 10.00 | 9.00 | 9.00 | 0.00 |
| Street Maintenance | 68.00 | 58.00 | 58.00 | 0.00 |
| Dredge Maintenance | 21.00 | 21.00 | 21.00 | 0.00 |
| Mosquito Control | 27.00 | 19.00 | 19.00 | 0.00 |
| Traffic Management Operations | 38.88 | 39.88 | 39.88 | 0.00 |
| Beach Operations | 9.00 | 9.00 | 9.00 | 0.00 |
| Bridge Maintenance | 6.00 | 6.00 | 6.00 | 0.00 |
| Building Maintenance Management and Support | 12.90 | 12.00 | 12.00 | 0.00 |
| Electrical | 21.00 | 21.00 | 21.00 | 0.00 |
| Heat and Air Conditioning | 22.00 | 22.00 | 22.00 | 0.00 |
| General Maintenance | 43.00 | 43.00 | 43.00 | 0.00 |
| Custodial | 61.00 | 61.00 | 61.00 | 0.00 |
| Resort Building Maintenance | 3.00 | 3.00 | 3.00 | 0.00 |
| Total | 496.78 | 466.88 | 467.88 | 1.00 |
| **144 Waste Management Special Revenue Fund** | | | | |
| WM Program Support | 15.00 | 15.00 | 15.00 | 0.00 |
| WM Bureau of Waste Disposal | 15.00 | 15.00 | 11.00 | -4.00 |
| WM Bureau of Waste Collection | 150.00 | 145.50 | 143.50 | -2.00 |
| WM Yard Debris & Hazardous Household Waste | 0.00 | 1.00 | 5.00 | 4.00 |
| WM Recycling | 0.50 | 2.00 | 2.00 | 0.00 |
| Total | 180.50 | 178.50 | 176.50 | -2.00 |
| **151 Parks and Recreation Special Revenue Fund** | | | | |
| Recreation Centers Building Maintenance | 4.00 | 4.00 | 4.00 | 0.00 |
| Total | 4.00 | 4.00 | 4.00 | 0.00 |
| **152 Tourism Investment Program Fund** | | | | |
| TIP Beach Operations | 5.00 | 5.00 | 5.00 | 0.00 |
| TIP Resort Building Maintenance | 8.00 | 8.00 | 8.00 | 0.00 |
| Total | 13.00 | 13.00 | 13.00 | 0.00 |
| **255 Storm Water Utility Enterprise Fund** | | | | |
| SWU - Project Management | 11.00 | 18.00 | 19.00 | 1.00 |
| SWU - Customer Service | 2.00 | 2.00 | 2.00 | 0.00 |
| SWU - Operations and Maintenance | 75.00 | 99.00 | 104.00 | 5.00 |
| SWU - Inspections and Environmental Spill Response | 5.00 | 16.00 | 13.00 | -3.00 |
| SWU - Street Sweeping | 1.00 | 4.00 | 4.00 | 0.00 |
| SWU - Construction and Engineering | 0.00 | 0.00 | 5.00 | 5.00 |
| Total | 94.00 | 139.00 | 147.00 | 8.00 |

## Public Works - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **606 City Garage Internal Service Fund** | | | | |
| Automotive Services | 79.00 | 79.00 | 79.00 | 0.00 |
| Total | 79.00 | 79.00 | 79.00 | 0.00 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Capital Projects - Public Works | 0.00 | 3.00 | 3.00 | 0.00 |
| Total | 0.00 | 3.00 | 3.00 | 0.00 |
| Total Position Summary | 867.28 | 883.38 | 890.38 | 7.00 |

**Resource Summary Notes**

Waste Management was previously budgeted in the General Fund; however, these programs are now shown in a separate Waste Management Special Revenue Fund (144) beginning in FY 2012-13. The $1,216,644 reduction in Building Maintenance Management and Support is related to the reallocation of Risk Management charges across the City. The $1,206,580 increase in State revenue is reimbursement for Road Maintenance.

In the Storm Water Fund, The Construction and Engineering function was separated out from Operations and Maintenance and Inspections and Environmental Spill Response in FY 2012-13. The increase in the transfers to other funds is primarily attributable to the increased pay-as-you-go funding to the Storm Water Capital Projects Fund.

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# SECTION FIVE

## CULTURAL AND RECREATIONAL OPPORTUNITIES

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## Cultural Affairs

The mission of the Office of Cultural Affairs is to integrate the arts and humanities, in their full ethnic and cultural diversity, into the fabric of everyday life. Toward this end, the Office exists to stimulate and support excellence and accessibility in the arts and humanities for all citizens.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Assist in Cultural Programs** | | | | | | |
| Attendees to Events at the Sandler Center for the Arts | # | 108,000.0 | 89,400.0 | 108,000.0 | 107,000.0 | 103,000.0 |
| **Foster Cultural Depth, Richness & Diversity for the Arts** | | | | | | |
| Grants Awarded by Arts & Humanities Commission | # | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 |
| **Learning & Growth** | | | | | | |
| **Make Art a Vital Part of Community Development** | | | | | | |
| Event Days at the Sandler Center for the Arts | # | 724.0 | 404.0 | 744.0 | 724.0 | 724.0 |
| Programs Funded by Arts & Humanities Commission | # | 412.0 | 375.0 | 412.0 | 412.0 | 412.0 |

**Major Changes**

The FY 2012-13 operating budget for the Office of Cultural Affairs is $39,673, or 1.7% less than the previous year. The decrease is in the Sandler Center unit as noted below.

| Change | Impact |
|---|---|
| Decreased funding of $52,747 in contractual services for the Sandler Center. | • Reduced funding for production and marketing costs will eliminate two public performances as part of the Great Performance Series at the Sandler Center. This will limit the ability of the Sandler Center to secure nationally and internationally-known performers. |

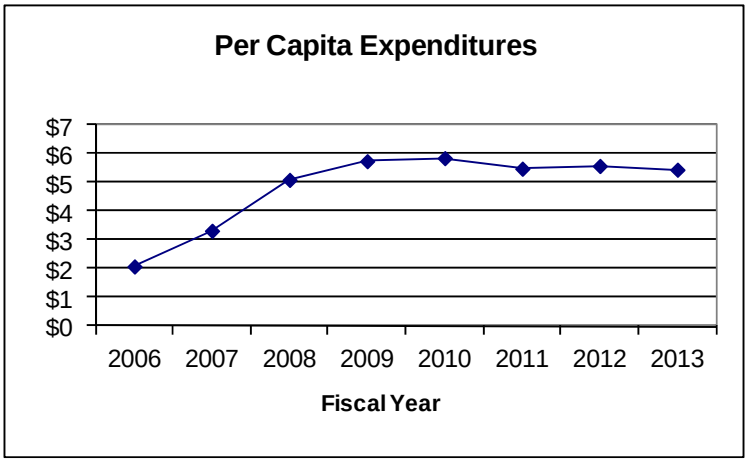
Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The Office of Cultural Affairs works with the Virginia Beach Arts and Humanities Commission to support cultural activities throughout the city. Funding for the Commission is provided on a per capita basis and grants are provided to local arts organizations. Cultural Affairs also oversees the Sandler Center for the Performing Arts, a 1,200 seat theater, which opened fall of 2007 at Town Center and is managed by a private contractor. This office also provides a grant to the Contemporary Art Center for utilities and educational programs. Also, the Cultural Affairs budget includes support for the Boardwalk Art Show funded by the Tourism Investment Program (TIP) Fund.

**Trends and Issues**

- As the per capita graph indicates, the Sandler Center for the Performing Arts increased its budget between FY 2006-07 and FY 2008-09 from pre-opening expenses to supporting a full management contract. The slight decrease between FY 2011-12 and FY 2012-13 is due to reduced funding for the Great Performance Series at the Sandler Center.




- The operating budget includes a city contribution to the Sandler Center for the Performing Arts as outlined in a July 1, 2008 MOU between the city and the Foundation. Contributions will span a 10-year period from 2008 to 2017. To date, the city has contributed a total of $431,715; the amount for FY 2012-13 is $89,548.

- The Virginia Beach Arts and Humanities Commission is comprised of 11 members appointed by City Council to serve two-year terms, and are eligible for reappointment to four consecutive terms (i.e., eight years). The Commission meets in late March to determine grant allocations for the upcoming fiscal year. The Commission awards two types of grants: Project Grants and Leadership and Organizational Development Grants. Project Grants are designed to increase access to quality cultural programs for all residents of Virginia Beach, and this program supports a wide variety of artistic and cultural activities. Organizations awarded Project Grants in FY 2011-12 are listed on the following page.

| FY 2011-12 Project Grants | |
|---|---|
| Organization | Amount |
| Ballet Virginia International | $ 5,000 |
| Belissima, Inc. | 500 |
| Hampton Roads Writers | 500 |
| Little Theatre of Virginia Beach | 20,000 |
| Virginia Museum of Contemporary Art | 125,000 |
| Natchel Blues Network, Inc. | 1,000 |
| Old Coast Guard Station | 2,000 |
| Symphonicity-the Symphony Orchestra of Virginia Beach | 58,050 |
| Tidewater Arts Outreach | 3,000 |
| The Tidewater Winds | 14,000 |
| Virginia Arts Festival | 17,000 |
| Virginia Beach Chorale | 2,000 |
| Virginia Beach Forum | 13,000 |
| Virginia Chorale | 2,000 |
| Virginia Musical Theatre | 86,000 |
| Virginia Opera Association, Inc. | 11,000 |
| Virginia Stage Company | 5,000 |
| Virginia Symphony Orchestra | 45,000 |
| WHRO | 1,500 |
| World Affairs Council of Greater Hampton Roads | 5,000 |
| Young Audiences of Virginia, Inc. | 10,000 |
| Total | $426,550 |

- Leadership and Organizational Development Grants are designed to improve the ability of arts leaders to acquire the needed skills to successfully lead their arts organizations. These grants also help organizations achieve greater levels of productivity for improved public value and sustainability. Organizations awarded these types of grants in FY 2011-12 are shown below.

| FY 2011-12 Leadership and Organizational Development Grants | |
|---|---|
| Organization | Amount |
| Museum of Contemporary Art | $ 500 |
| Virginia Stage Company | 500 |
| Symphonicity | 500 |
| Total | $1,500 |

## Cultural Affairs - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Cultural Affairs | 200,891 | 218,661 | 261,661 | 43,000 |
| Sandler Center | 1,590,213 | 1,513,350 | 1,425,677 | (87,673) |
| Contemporary Arts Center Grant | 177,220 | 230,900 | 230,900 | 0 |
| Arts and Humanities Commission | 440,261 | 435,686 | 440,686 | 5,000 |
| Total Expenditures | 2,408,585 | 2,398,597 | 2,358,924 | (39,673) |
| Revenues | | | | |
| Fees | 0 | 125,426 | 89,548 | (35,878) |
| State | 0 | 5,000 | 5,000 | 0 |
| Total Revenues | 0 | 130,426 | 94,548 | (35,878) |
| General City Support | 2,408,585 | 2,268,171 | 2,264,376 | (3,795) |
| **152 Tourism Investment Program Fund** | | | | |
| Expenditures | | | | |
| Cultural Affairs - TIP | 50,500 | 50,500 | 50,500 | 0 |
| Total Expenditures | 50,500 | 50,500 | 50,500 | 0 |
| Revenues | | | | |
| Local Taxes | 50,500 | 50,500 | 50,500 | 0 |
| Total Revenues | 50,500 | 50,500 | 50,500 | 0 |
| General City Support | 0 | 0 | 0 | 0 |
| Total Department Expenditure | 2,459,085 | 2,449,097 | 2,409,424 | (39,673) |
| Total Department Revenue | 50,500 | 180,926 | 145,048 | (35,878) |
| Total General City Support | 2,408,585 | 2,268,171 | 2,264,376 | (3,795) |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Cultural Affairs | 3.00 | 3.00 | 3.00 | 0.00 |
| Total | 3.00 | 3.00 | 3.00 | 0.00 |
| Total Position Summary | 3.00 | 3.00 | 3.00 | 0.00 |

**Resource Summary Notes**

Reduced funding in the Sandler Center reflects a reduction of the City's contribution based on a July 1, 2008 MOU, and a reduction in the production and marketing budget.

## Museums

The mission of the Department of Museums is to contribute to the quality of life, economic vitality and education of the citizens of and visitors to the City of Virginia Beach through the operation of a world-class aquarium and history museums.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Attract Visitors to Historic Houses and History Museums** | | | | | | |
| Visitors to the Historic Houses | # | 10,000.0 | 7,163.0 | 7,452.0 | 8,500.0 | 9,500.0 |
| **Customer** | | | | | | |
| **Attract Visitors to Aquarium** | | | | | | |
| Total Number of Memberships | # | 7,500.0 | 6,921.0 | 7,015.0 | 8,000.0 | 7,500.0 |
| Visitors to the Aquarium | # | 625,000.0 | 635,212.0 | 620,590.0 | 615,000.0 | 610,000.0 |
| **Operate IMAX Theater** | | | | | | |
| IMAX Theater Attendance | # | 125,000.0 | 130,371.0 | 100,124.0 | 100,000.0 | 110,000.0 |
| Revenue per Visitor Generated by IMAX Theater | # | 6.0 | 6.0 | 6.1 | 6.5 | 5.6 |
| **Financial** | | | | | | |
| **Earned Revenue Through Museum Store Sales** | | | | | | |
| Historic House Revenue Generation | $ | 50,000 | 41,468 | 35,358 | 36,000 | 48,145 |
| **Financial Support for Aquarium** | | | | | | |
| Aquarium Earned Revenue (in millions) | $ | 7 | 7 | 7 | 7 | 7 |
| Revenue per Visitor Generated at the Aquarium Store | # | 1.4 | 1.2 | 1.3 | 1.4 | 1.3 |
| Revenue per Visitor Generated by Aquarium Admissions | # | 2.2 | 1.9 | 2.1 | 2.3 | 2.2 |
| Revenue per Visitor Generated by Membership Sales | # | 80.0 | 80.7 | 83.7 | 81.3 | 80.0 |
| **Learning & Growth** | | | | | | |
| **Curriculum Programs for Historic Homes to Students** | | | | | | |
| Historic House Program Participation | # | 2,500.0 | 2,907.0 | 1,891.0 | 1,500.0 | 3,000.0 |

**Major Changes**

In FY 2012-13, the Museum's budget will increase by $414,587 or 4.3% from the adjusted FY 2011-12 budget. This increase is primarily the result of the addition of two positions for Historic Resources and increases in fringe benefits and risk management charges associated with a change in the city-wide allocation of these charges. The following table highlights key changes in the budget:

| Change | Impact |
|---|---|
| Revitalize and Expand Historic Home Programs | • Two positions (one position restores a previously eliminated position) to increase educational programming, rebuild the volunteer program, maximize rentals for meetings/receptions, initiate social media technologies, improve the web site, and to make the historic houses more active and visible. |
| Operations Efficiencies | • Reductions totaling $103,759 to supplies, repairs and maintenance, contractual services, and other charges will be challenging to create more operational efficiencies to provide the same level of programming and services with decreased funding for operational needs. |
| Revenues | • Fee revenues are $229,000 less than last year's adjusted budget. This downward adjustment brings revenues in line with actual revenue trends. The recovery in revenues from the recession and leveling of attendance after opening *Restless Planet*, the aquarium $25 million exhibit renovation, that opened in FY 2009-10. |

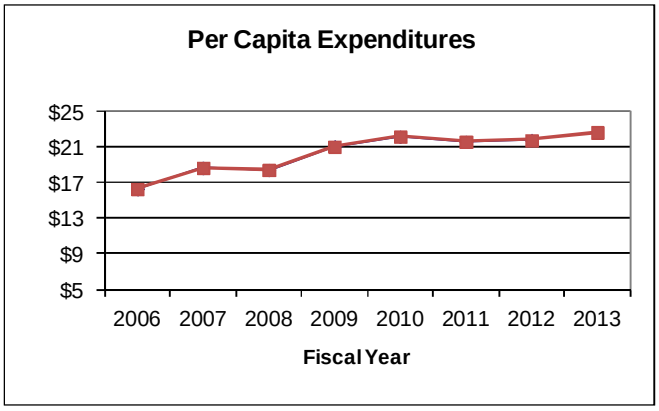
Additional information about program requests is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The services provided by the department of Museums and Historic Resources are divided between the Virginia Aquarium & Marine Science Center (Aquarium) and Historic Resources which oversees the city's historic houses and programming. Both the Aquarium and the historic houses generate revenue through ticket sales, memberships, store sales and special events. The department relies on the support of private citizens as volunteers, board members and donors.

- **The Virginia Aquarium & Marine Science Center (Aquarium) -** Houses a 3D IMAX® Theater and over 800,000 gallons of aquariums featuring sharks, harbor seals, river otters and a host of other regionally indigenous plant life and animals. Restless Planet, the Aquarium's $28 million renovation of its 20-year old galleries was completed in November 2009 and features extensive additions to the exhibits, which represent Virginia's environment at various periods of time, including a forty-foot, 100,000 gallon walk-through Aquarium with spotted eagle rays and other colorful tropical fishes, a misty peat swamp featuring Tomistoma crocodiles, an arid coastal desert and volcanic region with komodo dragons.

- **Historic Preservation -** Includes the operation of the Francis Land House, the Adam Thoroughgood House, the Lynnhaven House, the Princess Anne County Training School/Union Kempsville High School Museum located in the Renaissance Academy. The Historic Resources division coordinates projects and initiatives for the preservation of the city's historic resources, administers the Virginia Beach Historical Register, and provides educational programs and activities on the grounds of the historic museums it operates. This division also administers grants to the Atlantic Wildfowl Heritage Museum at the DeWitt Cottage and the Old Coast Guard Station Museum, and helps coordinate the work of the Historic Preservation Commission.




**Trends and Issues**

- The per capita expenditure graph indicates that Museums increased significantly between FY 2007-08 and FY 2009-10 in anticipation of the Restless Planet renovation. The decreases since have primarily been related to the decision not to pursue a 4-D IMAX

Theater retrofit at this time, eliminating the associated revenue, and the decline in revenue from IMAX ticket purchases. This theater faces stiff competition with general theaters that are now showing a significant number of 3-D releases.

- Historic Resouces staffing conducted two meetings with citizens who have expressed concerns about historic preservation issues and primarily about the Adam Thoroughgood House. The highest ranked outcomes from the meeting included: "restore volunteer base," "costume the interpreters," "do archaeology," "living history – develop scripted character interpretation," and "tell the story of the settlement of Virginia Beach/VA/US." Returning to year-round hours of operations for the historic homes has provided opportunities for visitors to experience historical activities during the winter months and will maintain consistent community interest in activities at the various history museums. The two new positions will enable the department to offer a range of educational outreach programs to take to the classrooms and specialty groups, such as scouts.

- The city-operated history museums have a website, www.museumsvb.org, which is separate from the vbgov.com website. The site is anticipated to increase walk-in visitation and program attendance, update interested citizens about volunteer and membership opportunities, and serve as a vehicle for advertising special events and programming.

- The department of Museums and Historic Resources is participating in a pilot program for developing outcome performance measures and aligning them with the department's strategic plan that has been revised through the same process. City departments have been tracking performance measures since the late 1970's. These measures have largely been limited to Output (product or service produced by program), Efficiency (cost per output, output per worker, or output per cost of output/program), and Service/Quality (satisfaction with, accuracy of, timeliness of program/service) measures. The city initiated Pilot Outcome Measure Project (POMP) for three departments (Public Works, Museums, and Libraries) to begin building capacity within the individual departments to measure the impacts (i.e. outcomes) of their programs and services on their customer base/the citizenry. The goals of these pilot programs are for departments to: change the way they look at measurement and evaluation within the context of their day-to-day operations and activities; revise their goal statements to make them more readily measureable (and to connect them more logically and seamlessly with the department's mission and vision); and to develop a set of measures that will allow them to measure the impact that their services have on their customers. When completed by the participating departments, this initiative will be launched to all other city departments.

- The Virginia Aquarium is in the process of completing a Strategic Plan to guide its actions through 2016. The purpose of the plan is to keep focus on meeting the mission – *to inspire conservation of the marine environment through education, research, and sustainable practices* – while aspiring toward a vision *to be the preferred destination for an aquarium experience and recognized experts in conservation of the marine environment.* The plan's six goals emphasize the importance of engaging guests and the community through quality exhibits, programs, research, and stewardship while doing business in a fiscally-responsible and customer-friendly manner.

**Council Amendment**

On May 8, 2012, City Council voted to provide $42,625 in additional funding to the department of Museums to provide various program support for the City's historic homes, including a climate controlled storage unit, and funding of the Historic Prevention Commission.

## Museums - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Aquarium and Marine Science Center | 1,653,769 | 1,773,379 | 1,785,160 | 11,781 |
| Gift Shop | 983,147 | 1,025,843 | 984,823 | (41,020) |
| Custodial Services | 309,046 | 329,375 | 356,451 | 27,076 |
| IMAX Theater | 582,674 | 477,785 | 505,104 | 27,319 |
| Education | 509,350 | 552,465 | 449,074 | (103,391) |
| Exhibits | 2,388,742 | 2,512,742 | 2,802,578 | 289,836 |
| Marketing | 781,396 | 780,789 | 835,078 | 54,289 |
| Research and Conservation | 358,708 | 386,660 | 410,133 | 23,473 |
| Aquarium Foundation | 691,264 | 1,070,884 | 1,100,841 | 29,957 |
| Coastal Resources | 13,482 | 31,728 | 44,004 | 12,276 |
| Francis Land House | 76,012 | 37,278 | 37,176 | (102) |
| Adam Thoroughgood House | 97,546 | 88,851 | 85,503 | (3,348) |
| Lynnhaven House | 21,361 | 71,869 | 144,829 | 72,960 |
| Historic Homes Administration | 202,093 | 245,327 | 296,374 | 51,047 |
| Union Kempsville High School Museum | 71 | 80,218 | 84,704 | 4,486 |
| Historic Preservation | 115,073 | 116,905 | 117,478 | 573 |
| Total Expenditures | 8,783,734 | 9,582,098 | 10,039,310 | 457,212 |
| Revenues | | | | |
| Fees | 7,892,823 | 8,372,036 | 8,142,652 | (229,384) |
| Federal | 31,000 | 31,000 | 31,000 | 0 |
| Total Revenues | 7,923,823 | 8,403,036 | 8,173,652 | (229,384) |
| General City Support | 859,911 | 1,179,062 | 1,865,658 | 686,596 |
| Total Department Expenditure | 8,783,734 | 9,582,098 | 10,039,310 | 457,212 |
| Total Department Revenue | 7,923,823 | 8,403,036 | 8,173,652 | (229,384) |
| Total General City Support | 859,911 | 1,179,062 | 1,865,658 | 686,596 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Aquarium and Marine Science Center | 27.26 | 26.86 | 27.94 | 1.08 |
| Gift Shop | 10.22 | 9.47 | 9.47 | 0.00 |
| Custodial Services | 7.50 | 8.00 | 7.73 | -0.27 |
| IMAX Theater | 4.58 | 4.60 | 3.85 | -0.75 |
| Education | 15.59 | 11.79 | 10.53 | -1.26 |
| Exhibits | 44.53 | 45.13 | 45.88 | 0.75 |
| Marketing | 4.00 | 4.00 | 5.00 | 1.00 |
| Research and Conservation | 3.81 | 3.81 | 3.85 | 0.04 |
| Aquarium Foundation | 25.94 | 28.09 | 27.35 | -0.74 |
| Coastal Resources | 0.85 | 0.85 | 1.00 | 0.15 |
| Francis Land House | 1.88 | 1.28 | 1.28 | 0.00 |
| Adam Thoroughgood House | 1.72 | 2.12 | 2.12 | 0.00 |
| Lynnhaven House | 0.67 | 2.47 | 4.47 | 2.00 |
| Historic Homes Administration | 3.75 | 3.22 | 3.22 | 0.00 |
| Union Kempsville High School Museum | 0.00 | 1.78 | 1.78 | 0.00 |
| Total | 152.30 | 153.47 | 155.47 | 2.00 |
| Total Position Summary | 152.30 | 153.47 | 155.47 | 2.00 |

**Resource Summary Notes**

The decrease in the “Education” program budget is due to a shift of part-time positions to the “Exhibits” program budget. An increase in City-wide Risk Management charges also accounts for the increase cost reflected in the “Exhibits” program budget.

## Parks and Recreation

The mission of the Department of Parks and Recreation is to provide a balanced, sustainable, and value-focused system of parks, recreation, and public spaces that creates a sense of community. The Department's mission is to: Deliver parks, recreation programs and public spaces that reflect the priorities of our community; Support tiered levels of service that recognize the diverse needs of our community; and Focus on sustainability of core programs, services and facilities through efficient business practices.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Provide Landscape Maintenace for Divided Highways** | | | | | | |
| Average Mowing Frequency for Divided Roadways (days) | # | 20.5 | 19.6 | 25.2 | 22.0 | 20.5 |
| **Customer** | | | | | | |
| **Enhance Citizens' Access to Natural Areas** | | | | | | |
| Developed Park Acres Per 1,000 Residents | # | 12.0 | 5.5 | 5.5 | 5.5 | 5.8 |
| Open Space Acres Acquired | # | 50.0 | 112.7 | 792.0 | 129.0 | 6.0 |
| Percent of Open Space Acquisition Acres Developed | % | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| **Enhance Service Delivery** | | | | | | |
| Monetary Value of Volunteer Involvement | $ | 1,600,000 | 1,636,715 | 1,644,027 | 1,550,600 | 1,500,000 |
| Value of Sponsorships, Donations, and Grants | $ | 340,000 | 536,000 | 341,000 | 1,382,000 | 1,095,000 |
| **Maintain Citizen Satisfaction Rating of 95%** | | | | | | |
| Citizens Satisfied with Recreation Centers, Programs and Classes | % | 95.0 | 95.2 | 95.0 | 93.5 | 95.0 |
| Percent of Citizens Satisfied with Parks | % | 95.0 | 93.2 | 93.0 | 93.6 | 93.6 |
| **Provide Safe, Functional & Attractive Facilities** | | | | | | |
| Number of Park Visits (in thousands) | # | 2,460.0 | 2,448.0 | 2,454.0 | 2,461.0 | 2,461.0 |
| Number of Recreation Center Visits | # | 1,611,000.0 | 1,597,444.0 | 1,611,001.0 | 1,342,448.0 | 1,326,339.0 |
| Recreation Center Memberships | # | 46,000.0 | 47,849.0 | 46,451.0 | 38,704.0 | 40,639.0 |

**Major Changes**

In FY 2012-13, the Parks and Recreation's budget will increase by $2,661,600 or 4.9% from the adjusted FY 2011-12 budget. It reflects a net addition of 3.51 positions in FY 2012-13. Parks and Recreation eliminated 14.12 positions, 7.0 of which relate to a reduction in school funding for landscaping of schools, and this was offset by an increase of 17.63 net positions for the opening of the Williams Farm Recreation Center and park. Excluding these new positions and debt service for Williams Farm and excluding the reduction in school landscaping, Parks and Recreation's budget will increase 1.3% from last year. The major changes are reflected in the following table:

| Change | Impact |
|---|---|
| Williams Farm Recreation Center and Park Staffing | • This recreation center opens in September of 2012, and this budget includes funding for a total of 17.63 positions**.** In total, there will be 50.81 positions associated with the recreation center (39.4), park (5.4), and the Out-of-School Time program (6.01) that operates in this center. Regarding the recreation center, 8.23 are included in this budget that accompanies the 5.0 funded in advance of the opening in FY 2012-13. The residual staffing of 26.17 FTEs for the recreation center were reassigned as a result of the temporary closure of Bow Creek Recreation Center for modernization (CIP project 4-505). The reassignment of these staff will delay hiring, until sometime in FY 2013-14, the remaining positions. 5.4 positions for the Williams Farm Park are funded in this budget, and 4.0 positions are funded for the Out-of-School Time program (an additional 2.01 positions will be funded sometime in FY 2013-14). The debt service for this center is reflected in this budget as well.<br><br>The Williams Farm Recreation Center will have several amenities that are unique among the Virginia Beach recreation centers. The major highlights in the pool are a zero-depth entry point, a pool slide that travels outside the building before looping back into the pool, a lazy river feature, and an outdoor spray ground. For fitness enthusiasts, a unique addition is a walking track that spans the perimeter of the second story, traveling through the weight room and overlooking the double gymnasium and the lobby area. |
| Marketing Catalog | • The department conducts a market segmentation analysis based on postal carrier routes to determine the areas of the city from which the majority of registration and revenues are generated. This request will enable the department to effectively reach carrier routes that represent 91% of revenue, which is currently only achieved every two quarters (the other two reach 67%). The 2010 Community Survey indicated that catalogs represent the number one way in which residents learn about the department's programs. |
| Replacement of HRT Vans for Recreation Programs | • The department provides transportation services primarily to school-age children and disabled individuals for Out-of-School Time, Kinderbuddies, and Therapeutic programs. Currently, 284 patrons use transportation services, representing approximately 38% of enrollment for these programs (100% of the Kinderbuddies participants use this transporation). The buses are used five days a week for the six recreation centers. There is no charge for this service, but patrons who rely on the bus service generate $348,000 in revenues, revenues exceed the associated expenditures ($154,340). The department had been leasing vans from HRT. However, legal requirements no longer allow HRT to contract with an agency for exclusive use. Surplus buses are not available from the schools. In fact, federal law prohibits schools from using passenger vans to transport students, and private daycare providers are also moving toward eliminating the use of passenger vans. Staff determined purchasing these vans is less expensive in the long term than leasing. Fund balance will be used for this one-time purchase. |
| Landscape Maintenance for New Capital Projects and Acquired Properties | • There are 6 new projects in FY 2012-13 that will require landscape maintenance, which will be contracted. These projects include Animal Control Center; Baker Road; Laskin Gateway; Lake Smith Playground; Princess Anne Gateway |

| | |
|---|---|
| | (associated with park); and Williams Farm Recreation Center. There are approximately 70 properties, primarily associated with roadway projects, for which the department provides landscape maintenance. An increase in state roadway maintenance funds for landscaping cover the majority of this cost. |
| Reduction in Landscaping of Schools | • Because of a reduction in funding from the schools, the mowing cycle will be extended to 16-18 days from the current cycle of 12-14 days. Litter pickup and planting bed maintenance will also be performed on a 16-18 day cycle rather than the normal 12-14 days. Landscape maintenance, including winter over-seeding of all irrigated athletics fields at high schools and replenishment of infield clay on middle and high school baseball fields, will be reduced. The impacts will be an overall degradation of appearance to school sites city-wide and lower quality athletic facilities, mostly at high schools. |
| Support to Athletic Leagues | • Reduce boys and girls basketball games at middle schools. Currently, 215 teams play 8 or 9 games per season. This reduction in funding will result in shortening the number of games per team to 7 or 8. Also staffing will be reduced at school gymnasiums and clerical assistance will be reduced. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

Funding for the department comes primarily through fees, dedicated referendum funding from the real estate tax, a non-dedicated general fund transfer, a revenue transfer from schools (for maintaining landscaping and site infrastructure of School facilities), and use of fund balance. The core services provided by Parks and Recreation are divided into four broad areas:

- **Administration and Business Systems -** Responsible for budgeting, finance, human resources, golf lease management, marketing, resource development, sponsorships, partnerships, and information systems management for all divisions.

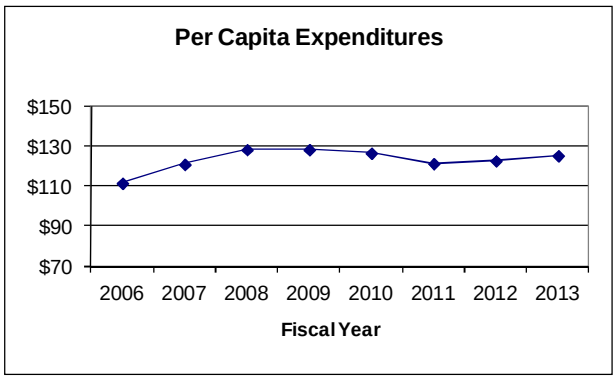
- **Planning, Design and Development -** Manages the construction and replacement of Parks and Recreation facilities, the city's Open Space Program, and implements the Virginia Beach Outdoors Plan and Bikeways and Trails Plan. Oversees the development and implementation of the department's Capital Improvement Program.

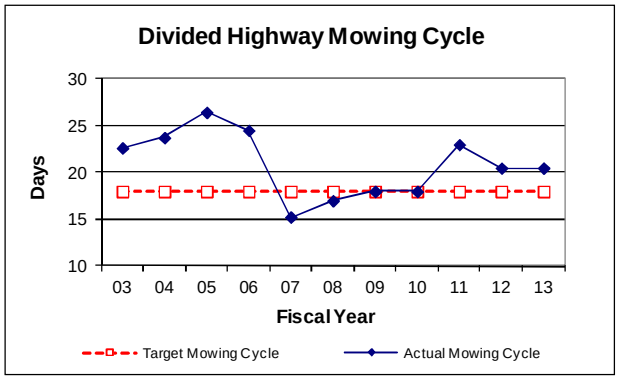
- **Programming and Operations -** Includes all indoor and outdoor recreation and park operations and programs, the Youth Opportunities Office, Out-of-School Time programs, therapeutic recreation and inclusion services for people with disabilities.

- **Landscape Management -** Provides landscape services for all public infrastructure, roadways, and public buildings, including the Municipal Center, the resort area, Town Center, public spaces, parks and School sites.

**Trends and Issues**

- After declining in FY 2009-10 and FY 2010-11 due to the recessionary impacts on funding, per capita expenditures are rising slightly primarily due to staffing for the new Williams Farm Recreation Center and park.






- The Divided Highway Mowing Cycle graph illustrates the historical trend in the landscape maintenance of divided highways. The increase in contractual maintenance in FY 2006-07 had a dramatic positive effect. The average number of days between mowing cycles dropped to 15.25 from nearly 25 in the previous year. The division's goal is not to exceed an 18-day mowing cycle. Due to the recessionary impacts on the budget, the mowing cycles reverted to 23 days in FY 2010-11. For FY 2011-12 and for FY 2012-13, the mowing cycle will be 20-21 days. For comparison purposes, the cycles in Norfolk and Chesapeake are 17 and 21 days respectively.

- As the data in the table indicates, our city relies more heavily on fees than any other of the benchmarks selected. On a per capita basis, we provide more funding than any locality except Norfolk, but we provide the second lowest General Fund support per capita (Chesterfield representing the lowest). Note, however, that benchmarking is never perfect; it is impossible to control for variables that could influence or offer an alternative explanation for differences.

**Selected Comparisons of Parks and Recreation Operations for FY 2011-12**

| | Operating* | | Fee Revenue | Per Capita | |
|---|---|---|---|---|---|
| | Budget | Revenue** | as a % of Budget | Total | Non Fee*** |
| Virginia Beach | $28,722,329 | $16,495,252 | 55.5% | $65.6 | $29.2 |
| Chesapeake | $11,489,123 | $1,508,220 | 13.1% | $51.7 | $44.9 |
| Norfolk | $16,990,700 | $1,324,700 | 7.8% | $70.0 | $64.5 |
| Chesterfield | $9,984,000 | $2,803,000 | 28.1% | $31.6 | $22.7 |
| Henrico | $17,339,153 | $652,800 | 3.8% | $56.5 | $54.4 |
| Prince William | $26,432,516 | $12,057,236 | 45.6% | $65.8 | $35.8 |

*includes only the traditional parks and recreation functions (excluding landscaping and other functions), and excludes debt service and capital budget.
** parks and recreation, departmental generated revenue through charges/fees.
***Non Fee portion means the General Fund funding.
Sources: respective localities budgets; Census Bureau

- Efficiency Savings and Improvements
  - The department was able to eliminate 4.76 FTE's without any programmatic impacts. The majority (3.76) of these positions staffed scanning stations and front desks at recreation centers. Over the last several years, the responsibility of these positions has been met by using staff whose job descriptions more closely align with those functions. By continually monitoring the use of part-time staff, the department was able to increase efficiencies and eliminate these positions. One other position was eliminated due the centralizing the answering phone inquiries from the public.
  - The department continues to use volunteers to ensure the delivery of programs and services. Last year, volunteers provided the equivalent service of 81 full-time employees, or approximately $1,732,265.
  - Investing in more energy efficient equipment and lighting systems through the CIP, Parks and Recreation has reduced electrical consumption by 1,158,157 kilowatt hours in recreation centers and at athletic fields over the last four years for a total expenditure savings of $348,066.

- By cancelling the rural roadways contract and mowing more than 150 miles of roadway shoulders in-house, Landscape Management will be able to save more than $35,000 annually.
- The City Arborist has been able to work with several large neighborhoods to train the residents on how to prune their street trees.

- The department annually reviews its fee structure to ensure appropriate pricing of services. The table shows the fee increases proposed for FY 2012-13.

**Fee Increase Schedule**

| Name of Fee | Current Amount | FY 2012-13 Proposed Amount | Date of Last Increase |
|---|---|---|---|
| **Recreation Center Memberships:** | | | |
| Adult – Annual | $79 | $81 | FY 2011-12 |
| Adult – 6 Month | $48 | Discontinued | FY 2011-12 |
| Adult – Month to Month | Not Offered | $11 a month | |
| Child – 6 Month | $18 | Discontinued | FY 2011-12 |
| Youth – 6 Month | $22 | Discontinued | FY 2011-12 |
| Senior – Annual | $64 | $65 | FY 2011-12 |
| Senior – 6 Month | $38 | Discontinued | FY 2011-12 |
| Senior – Month to Month | Not Offered | $9 a month | |
| Non-Residential Annual | $308 | $317 | FY 2011-12 |
| Non-Residential 6 Months | $185 | Discontinued | FY 2011-12 |
| Non-Residential 3 Months | $108 | Discontinued | FY 2011-12 |
| Non-Residential Month to Month | Not Offered | $31 a month | |
| Adult Day Passes | $7 | $8 | FY 2004-05 |
| Adult Fun Pack | $50 | $59 | Represents first increase |
| **Aquatic Class Fees:** | | | |
| Learn to Swim | $43 - $52 | $46 - $55 | FY 2010-11 |
| Preschool Paddlers | $45 - $56 | $48 - $59 | FY 2010-11 |
| Lifeguard Training | $125 - $140 | $135 - $150 | FY 2011-12 |
| Lifeguard Training Instructor | $150 | $175 | FY 2011-12 |
| Water Safety Instructor | $150 | $175 | FY 2011-12 |
| **Therapeutic Recreation:** | | | |
| Around Town Program | $35/$65 | $40/$70 | FY 2009-10 |
| Swim Lessons | $43 - $52 | $46 - $55 | FY 2010-11 |
| **Owl Creek Tennis Center:** | | | |
| 1 Hour Indoor Court Rental | $25 per hour | $28 per hour | FY 2007-08 |
| 1 Hour Ball Machine Rental | $19.15 per hour | $20 per hour | FY 2007-08 |
| **Pottery and Ceramics Classes:** | | | |
| Fees for Classes | Various | Various – each class will be increased by $10 to $20 | FY 2009-10 |

## Parks and Recreation - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Landscape Asset Management | 2,943,484 | 1,806,858 | 1,877,996 | 71,138 |
| Landscape Maintenance Management | 4,369,320 | 5,801,670 | 6,247,332 | 445,662 |
| Landscape Life Cycle Management | 2,852,423 | 3,023,799 | 3,052,373 | 28,574 |
| Landscape Special Zone Management - Resort Area | 1,317,776 | 1,321,860 | 1,406,217 | 84,357 |
| Landscape Special Zones Management - Municipal Center | 611,612 | 606,858 | 649,907 | 43,049 |
| Total Expenditures | 12,094,615 | 12,561,045 | 13,233,825 | 672,780 |
| Revenues | | | | |
| Fees | 68,882 | 3,500 | 28,500 | 25,000 |
| State | 600 | 4,447,482 | 4,596,705 | 149,223 |
| Transfers | 301,679 | 314,370 | 490,883 | 176,513 |
| Total Revenues | 371,161 | 4,765,352 | 5,116,088 | 350,736 |
| General City Support | 11,723,454 | 7,795,693 | 8,117,737 | 322,044 |
| **151 Parks and Recreation Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 292,542 | 301,775 | 280,175 | (21,600) |
| Planning, Design and Development | 560,951 | 602,476 | 629,277 | 26,801 |
| Business Systems | 960,728 | 843,652 | 857,512 | 13,860 |
| Parks and Recreation Human Resources | 448,314 | 490,199 | 499,803 | 9,604 |
| Parks and Natural Areas | 1,883,821 | 1,960,545 | 2,215,116 | 254,571 |
| Lynnhaven Boat Ramp and Beach Facility | 115,627 | 135,762 | 138,505 | 2,743 |
| Outdoor Programming and Special Events | 635,681 | 644,721 | 638,643 | (6,078) |
| Little Island Park | 208,301 | 238,481 | 242,948 | 4,467 |
| Lynnhaven Municipal Marina | 0 | 29,772 | 29,889 | 117 |
| Owl Creek Municipal Tennis Center | 416,255 | 412,712 | 428,380 | 15,668 |
| Recreation Centers Landscaping | 40,057 | 128,969 | 52,804 | (76,165) |
| Golf Administration | 1,364,872 | 140,136 | 101,266 | (38,870) |
| Recreation Centers | 10,431,356 | 9,604,977 | 10,542,147 | 937,170 |
| Out-of-School Time - Recreation Center Based | 0 | 1,552,633 | 2,144,261 | 591,628 |
| Programming and Operations Administration | 397,941 | 608,100 | 592,192 | (15,908) |
| Marketing and Resource Development | 817,737 | 879,457 | 951,164 | 71,707 |
| Youth Opportunities Office | 189,841 | 210,813 | 287,831 | 77,018 |
| Athletic Leagues | 895,338 | 950,197 | 947,871 | (2,326) |
| Therapeutic Recreation Programs | 455,311 | 499,710 | 496,962 | (2,748) |
| Princess Anne Athletic Complex | 266,529 | 287,802 | 469,494 | 181,692 |
| Inclusion Services | 380,536 | 383,358 | 378,857 | (4,501) |
| Out-of-School Time - School Based | 4,414,491 | 4,943,112 | 4,949,250 | 6,138 |
| Landscape Special Zone Management - Princess Anne Athletic Complex | 410,353 | 462,261 | 456,692 | (5,569) |
| Pottery and Ceramics | 0 | 34,341 | 33,116 | (1,225) |
| Debt Service | 0 | 563,591 | 1,889,313 | 1,325,722 |
| Future C.I.P. Commitments | 0 | 4,531,592 | 1,597,465 | (2,934,127) |
| Transfer to Other Funds | 304,355 | 361,281 | 2,573,615 | 2,212,334 |
| Total Expenditures | 25,890,937 | 31,802,425 | 34,424,548 | 2,622,123 |
| Revenues | | | | |
| Local Taxes | 9,649,979 | 14,803,459 | 14,303,364 | (500,095) |
| Fees | 14,108,531 | 13,415,657 | 14,419,184 | 1,003,527 |
| State | 55,912 | 11,000 | 26,000 | 15,000 |
| Federal | 996 | 0 | 0 | 0 |
| Transfers | 3,244,604 | 3,572,309 | 5,149,918 | 1,577,609 |
| Fund Balance | 0 | 0 | 526,082 | 526,082 |

## Parks and Recreation - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **151 Parks and Recreation Special Revenue Fund** | | | | |
| Total Revenues | 27,060,022 | 31,802,425 | 34,424,548 | 2,622,123 |
| General City Support | (1,169,085) | 0 | 0 | 0 |
| **152 Tourism Investment Program Fund** | | | | |
| Expenditures | | | | |
| Improvements to Sportsplex - TIP Sportsplex UFL | 0 | 240,000 | 240,000 | 0 |
| Landscape Special Zone Management - TIP Resort Area | 26,498 | 33,780 | 35,485 | 1,705 |
| Total Expenditures | 26,498 | 273,780 | 275,485 | 1,705 |
| Revenues | | | | |
| Local Taxes | 26,498 | 273,780 | 275,485 | 1,705 |
| Total Revenues | 26,498 | 273,780 | 275,485 | 1,705 |
| General City Support | 0 | 0 | 0 | 0 |
| **172 Open Space Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Open Space Management and Maintenance | 324,028 | 324,328 | 327,925 | 3,597 |
| Open Space Planning | 146,539 | 150,231 | 162,913 | 12,682 |
| Debt Service | 2,444,749 | 2,456,342 | 2,433,043 | (23,299) |
| Transfer to Other Funds | 2,340,000 | 2,340,000 | 2,026,724 | (313,276) |
| Total Expenditures | 5,255,316 | 5,270,901 | 4,950,605 | (320,296) |
| Revenues | | | | |
| Local Taxes | 4,030,493 | 4,124,881 | 4,386,729 | 261,848 |
| Fees | 11,804 | 47,090 | 14,560 | (32,530) |
| Transfers | 0 | 11,073 | 0 | (11,073) |
| Fund Balance | 0 | 1,087,857 | 549,316 | (538,541) |
| Total Revenues | 4,042,297 | 5,270,901 | 4,950,605 | (320,296) |
| General City Support | 1,213,019 | 0 | 0 | 0 |
| **174 Town Center Special Service District** | | | | |
| Expenditures | | | | |
| Landscape Special Zone Management - Town Center | 31,564 | 53,000 | 29,367 | (23,633) |
| Total Expenditures | 31,564 | 53,000 | 29,367 | (23,633) |
| Revenues | | | | |
| Local Taxes | 53,480 | 53,000 | 29,367 | (23,633) |
| Total Revenues | 53,480 | 53,000 | 29,367 | (23,633) |
| General City Support | (21,916) | 0 | 0 | 0 |
| **613 School Landscaping Internal Service Fund** | | | | |
| Expenditures | | | | |
| Schools Landscaping | 4,562,918 | 3,867,990 | 3,676,911 | (191,079) |
| Total Expenditures | 4,562,918 | 3,867,990 | 3,676,911 | (191,079) |
| Revenues | | | | |
| Fees | 3,923,833 | 3,867,990 | 3,676,911 | (191,079) |
| Total Revenues | 3,923,833 | 3,867,990 | 3,676,911 | (191,079) |
| General City Support | 639,085 | 0 | 0 | 0 |

## Parks and Recreation - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **908 City Beautification Fund** | | | | |
| Expenditures | | | | |
| Landscape Beautification Projects | 31,614 | 72,500 | 72,500 | 0 |
| Total Expenditures | 31,614 | 72,500 | 72,500 | 0 |
| Revenues | | | | |
| Fees | 35,131 | 72,500 | 72,500 | 0 |
| Total Revenues | 35,131 | 72,500 | 72,500 | 0 |
| General City Support | (3,517) | 0 | 0 | 0 |
| **911 Parks and Recreation Gift Fund** | | | | |
| Expenditures | | | | |
| Parks and Recreation Gift Fund | 9,408 | 30,000 | 30,000 | 0 |
| Sponsorships / Partnerships | 23,762 | 125,000 | 25,000 | (100,000) |
| Total Expenditures | 33,170 | 155,000 | 55,000 | (100,000) |
| Revenues | | | | |
| Fees | 40,884 | 155,000 | 55,000 | (100,000) |
| Total Revenues | 40,884 | 155,000 | 55,000 | (100,000) |
| General City Support | (7,714) | 0 | 0 | 0 |
| Total Department Expenditure | 47,926,632 | 54,056,641 | 56,718,241 | 2,661,600 |
| Total Department Revenue | 35,553,306 | 46,260,948 | 48,600,504 | 2,339,556 |
| Total General City Support | 12,373,326 | 7,795,693 | 8,117,737 | 322,044 |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Landscape Asset Management | 24.00 | 24.00 | 23.00 | -1.00 |
| Landscape Maintenance Management | 81.00 | 81.00 | 82.00 | 1.00 |
| Landscape Life Cycle Management | 40.00 | 40.00 | 39.00 | -1.00 |
| Landscape Special Zone Management - Resort Area | 20.00 | 20.00 | 20.00 | 0.00 |
| Landscape Special Zones Management - Municipal Center | 14.00 | 14.00 | 14.00 | 0.00 |
| Total | 179.00 | 179.00 | 178.00 | -1.00 |
| **151 Parks and Recreation Special Revenue Fund** | | | | |
| Director's Office | 2.00 | 2.00 | 2.00 | 0.00 |
| Planning, Design and Development | 7.00 | 7.00 | 7.00 | 0.00 |
| Business Systems | 11.00 | 10.00 | 10.00 | 0.00 |
| Parks and Recreation Human Resources | 7.72 | 7.72 | 7.72 | 0.00 |
| Parks and Natural Areas | 48.72 | 49.34 | 55.35 | 6.01 |
| Lynnhaven Boat Ramp and Beach Facility | 4.40 | 4.40 | 4.40 | 0.00 |
| Outdoor Programming and Special Events | 10.61 | 10.61 | 10.19 | -0.42 |
| Little Island Park | 7.48 | 7.48 | 7.48 | 0.00 |
| Lynnhaven Municipal Marina | 0.00 | 0.85 | 0.85 | 0.00 |
| Owl Creek Municipal Tennis Center | 3.36 | 3.36 | 3.31 | -0.05 |
| Golf Administration | 31.80 | 1.00 | 1.00 | 0.00 |
| Recreation Centers | 270.23 | 221.98 | 226.58 | 4.60 |

## Parks and Recreation - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **151 Parks and Recreation Special Revenue Fund** | | | | |
| Out-of-School Time - Recreation Center Based | 0.00 | 42.69 | 46.50 | 3.81 |
| Programming and Operations Administration | 6.26 | 8.00 | 8.00 | 0.00 |
| Marketing and Resource Development | 7.00 | 7.00 | 7.00 | 0.00 |
| Youth Opportunities Office | 2.00 | 2.00 | 3.00 | 1.00 |
| Athletic Leagues | 13.05 | 13.05 | 11.67 | -1.38 |
| Therapeutic Recreation Programs | 13.90 | 14.14 | 13.32 | -0.82 |
| Princess Anne Athletic Complex | 6.32 | 6.32 | 6.32 | 0.00 |
| Inclusion Services | 10.39 | 13.50 | 13.35 | -0.15 |
| Out-of-School Time - School Based | 129.73 | 147.35 | 146.26 | -1.09 |
| Landscape Special Zone Management - Princess Anne Athletic Complex | 7.00 | 7.00 | 7.00 | 0.00 |
| Pottery and Ceramics | 0.00 | 1.19 | 1.19 | 0.00 |
| Total | 599.97 | 587.98 | 599.49 | 11.51 |
| **152 Tourism Investment Program Fund** | | | | |
| Landscape Special Zone Management - TIP Resort Area | 1.00 | 1.00 | 1.00 | 0.00 |
| Total | 1.00 | 1.00 | 1.00 | 0.00 |
| **172 Open Space Special Revenue Fund** | | | | |
| Open Space Management and Maintenance | 5.40 | 5.40 | 5.40 | 0.00 |
| Open Space Planning | 2.00 | 2.00 | 2.00 | 0.00 |
| Total | 7.40 | 7.40 | 7.40 | 0.00 |
| **613 School Landscaping Internal Service Fund** | | | | |
| Schools Landscaping | 68.00 | 68.00 | 61.00 | -7.00 |
| Total | 68.00 | 68.00 | 61.00 | -7.00 |
| Total Position Summary | 855.37 | 843.38 | 846.89 | 3.51 |

Resource Summary Notes
Landscape Maintenance Management: The increase is due to funding for maintenance of new buildings and acquired property as well as a position that was transferred from Landscape Life Cycle Management. Also, expenditures associated with landscaping services that were previously budgeted in other departments are now reflected in Landscape Maintenance, which reduces transfers between departments and improves efficiency.

Parks and Natural Areas: The increase is due to the new positions for Williams Farm park.

Recreation Center Landscaping: The decrease is due to directly recording some of the expenditures for landscape maintenance of recreation centers in the Recreation Centers program unit.

Out-of-School Time – Recreation Center Based: This was combined in Recreation Centers in FY 2010-11 (that is why Actual expenditures are zero), and now this represents a separate program budget.

Future C.I.P. Commitments: In FY 2011-12, Parks and Recreation eliminated the transfer to the CIP for Recreation Center Repairs and Renovations (there were sufficient funds to forgo the transfer for one year), and redirected these funds to this reserve for future debt service for the modernization of the Bow Creek Recreation Center.

Debt Service: The increase is due to the debt service for Williams Farm Recreation Center.

Transfer to Other Funds: As noted above, the transfer to the CIP for recreation center repairs was forgone in FY 2011-12, and reinstated in FY 2012-13.

Parks and Recreation Special Revenue Fund Revenues: Regarding Local Taxes, the decrease is due to the decline in real estate taxes associated with the dedicated tax for recreation centers.

Open Space Special Revenue Fund: The decrease in Transfer to Other Funds is due a lower amount of funds transferred to the Capital Improvement Program.

Parks and Recreation Gift Fund: The decrease is due to the elimination of a contract with a vendor to boost sponsorship revenue, which never materialized (the corresponding expenditure was not realized either).

# TABLE OF CONTENTS
# SECTION SIX

## QUALITY EDUCATION AND LIFELONG LEARNING

Library ..... 6-1

Public Education ..... 6-8

## Library

The mission of the Virginia Beach Public Libraries is to provide diverse opportunities for learning and gathering that promote personal fulfillment, self-reliance and a sense of community, provide free and convenient access to accurate and current information and materials, and to promote reading as a critical life skill and an enjoyable activity for the entire Virginia Beach community.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Customer Access to Information and Materials** | | | | | | |
| In-Library Material Use | # | 81,000.0 | 82,158.0 | 79,716.0 | 80,513.0 | 81,000.0 |
| Library Materials Circulated - in thousands | # | 3,700.0 | 3,498.0 | 3,636.0 | 3,688.0 | 3,700.0 |
| Reference Question Fill Rate | % | 94.0 | 94.0 | 94.0 | 94.0 | 94.0 |
| Reference Questions | # | 360,000.0 | 457,080.0 | 352,560.0 | 356,530.0 | 360,000.0 |
| Virtual Visitation - in thousands | # | 1,761.0 | 1,453.0 | 1,596.0 | 1,677.0 | 1,761.0 |
| **Increase Library Customer Base** | | | | | | |
| Registered Borrowers | # | 225,000.0 | 220,375.0 | 204,523.0 | 219,000.0 | 220,000.0 |
| **Increase the Use of and Satisfaction with Library** | | | | | | |
| Library Visitation - in thousands | # | 1,766.0 | 1,913.7 | 1,817.3 | 1,753.3 | 1,766.3 |
| Program Attendance | # | 95,000.0 | 112,073.0 | 112,070.0 | 95,390.0 | 95,000.0 |
| Turnover Rate of Library Materials | # | 4.1 | 3.4 | 4.2 | 4.2 | 4.1 |
| **Promote Early Childhood Literacy** | | | | | | |
| Attendance at Preschool Programs | # | 65,000.0 | 53,885.0 | 60,526.0 | 66,000.0 | 70,000.0 |
| Circulation of Children's Materials - in thousands | # | 1,106.7 | 996.0 | 1,079.2 | 1,085.4 | 1,106.7 |
| **Provide Customers Access to Legal Resources** | | | | | | |
| Law Library Walk-in Clients | # | 18,000.0 | 15,181.0 | 16,921.0 | 17,398.0 | 18,000.0 |
| Law Library Website Visits | # | 30,240.0 | 15,312.0 | 27,428.0 | 28,800.0 | 30,240.0 |
| **Financial** | | | | | | |
| **Enhance Service through Citizen Volunteer Support** | | | | | | |
| Value of Volunteer Hours | $ | 522,500 | 334,280 | 382,000 | 475,000 | 522,500 |
| Volunteer Hours | # | 45,000.0 | 31,920.0 | 31,206.0 | 40,700.0 | 44,770.0 |
| **Provide Materials and Information in a Cost Effective Manner** | | | | | | |
| Expenditures per Registered Borrower | $ | 74 | 79 | 71 | 66 | 74 |
| **Internal Process** | | | | | | |
| **Manage all City Records** | | | | | | |
| Files Retrieved and Refiled | # | 29,918.0 | 23,969.0 | 28,201.0 | 29,047.0 | 29,918.0 |
| Storage Boxes Managed | # | 40,985.0 | 38,556.0 | 38,548.0 | 39,704.0 | 40,985.0 |

**Major Changes**

In FY 2012-13, the Virginia Beach Public Libraries budget will increase by $1,848,076 or 11.7% from the adjusted FY 2011-12 budget. This increase is primarily the result of opening the Joint Use Library, a collaborative partnership with Tidewater Community College, in May 2013, and increases in fringe benefits. The following table highlights key changes in the budget:

| Change | Impact |
|---|---|
| Joint Use Library | • The Joint-Use Library will be the largest library in Virginia Beach. It will be open to students, faculty, and the general public. The current South Rosemont Youth Library will close, and staff and programs from that facility will be transferred, along with Mobile Services (bookmobile), to the Joint Use library when it opens. These are reflected as transferred for this budget. An additional 40.0 FTEs (1.0 was funded in FY 2011-12) will be required to operate the building due to its size (122,000 square feet), and its public service hours (over 80 hours per week). It is estimated that the city's share of the first full-year of new operating costs (including staffing, custodial, maintenance, IT, and supplies/services) for the Joint Use Library, will be approximately $2.1 million. After the library opens, staff will monitor usage and staffing coverage to determine whether future staffing adjustments will be needed. |
| Efficiency Savings | • Libraries streamlined and simplified the collection management and cataloging services, eliminating one Librarian IV position at a savings of $73,000. Further, the department reduced operating accounts by over $100,000. |
| Conversion of Two Part-Time Positions to One Full-Time Position | • Because the department has experienced significant turnover in an office support position, two part-time positions were converted to one full-time position that should reduce turnover. The department absorbed the small incremental cost of this conversion within existing appropriations. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The Virginia Beach Public Libraries rely mainly on general city revenues. The department collects a small amount of revenue (4.5%) through fines and fees and also receives a small amount of assistance from the State (1.7%). However, state revenue decreased as a percentage of the department's resources this year. The department's major programs are highlighted below:

- **Records Management -** Ensures the protection of permanent, archival, and non-current records for the city, schools, and courts, ensuring that all federal, state, and local records retention and disposition requirements are met in accordance with the Virginia Public Records Act.

- **Meyera E. Oberndorf Central Library, Community Libraries, and Neighborhood Libraries -** Provides reference, information, programming and circulation services to customers visiting, telephoning, or emailing the libraries in support of lifelong learning, education, and leisure needs.

- **Online Library Services -** This program is available twenty-four hours a day, seven days a week and allows citizens to access library resources easily from anywhere they have internet access. The library's website customers can download audio books, e-books and music, access magazines and newspapers, review an extensive collection of research material and electronic resources, browse digital collections of local history, photographs and postcards, and place holds or renew materials. There are also librarians available to answer questions and provide assistance via email, texting or instant messaging.

- **Mobile Services (Bookmobile) -** Transformed into a mobile Early Literacy Center in 2010, the bookmobile travels to preschools, child care centers, Title I Schools, Head Start programs, at risk neighborhoods and after school programs throughout the city. It reaches children and parents who otherwise might not be able to visit the library and provides

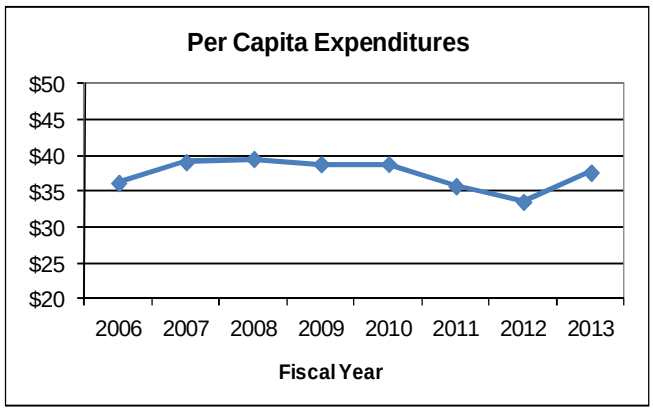
access to books and electronic databases to support educational and recreational needs for young children and their parents.

- **Special Services for the Blind and Physically Handicapped -** A sub-regional library of the National Library Service for the Blind, located at the Bayside Area Library, loans braille, recorded, and large print materials and equipment to registered customers, and provides information services for individuals with disabilities. Beginning in FY 2010-11, the Special Services library began providing services to Virginia Beach and Suffolk residents only (Virginia Beach has entered into an Memorandum of Understanding with the City of Suffolk to continue to provide these services to their residents for a fee).

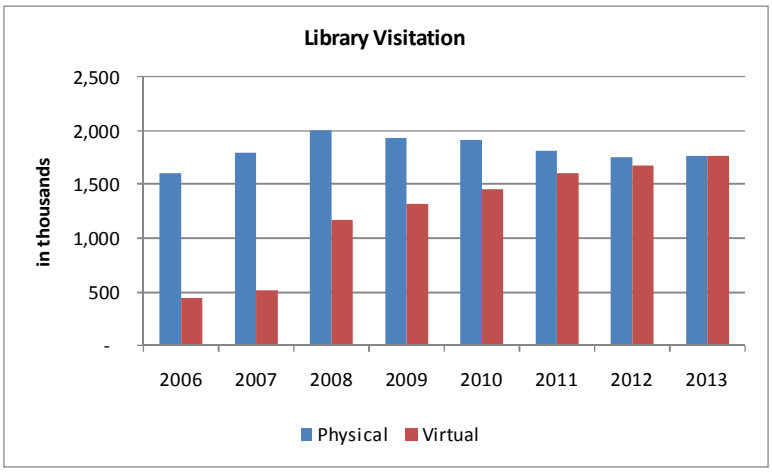
- **The Wahab Public Law Library -** Assists members of the general public and the legal profession, high school and college students, and city, state, and federal government employees with legal research in person, by telephone, or by email. The Law Library acts as the primary agency to which city departments can refer citizens in need of legal information.

**Trends and Issues**

- The per capita expenditure graph illustrates that budgeted expenditures for the Virginia Beach Public Libraries have decreased from 2008 through 2012. The major decline in expenditures per capita came in FY 2010-11 when the library system reduced hours of operation Monday through Thursday at eight of the city's branch libraries and reduced spending for materials acquisition by $175,000 due to limited city-wide funding. The increase in FY 2012-13 is due to the opening of the Joint Use Library and increases in fringe benefits.




- From FY 2005-06 to FY 2010-11, virtual visitation to the Library's website increased 267.6%. The increased availability of online resources and e-books has driven these exponential increases over the past six years. The library department anticipates that this trend will continue as additional online resources are added and technology in this area continues to advance. Physical visitation increased from FY 2005-06 to FY 2007-08, but has declined each year since that time. These reductions in visitation are directly attributable to the closure of the Kempsville Area Library from December of 2008 to September of 2009 for renovations and the reduction of evening hours (discussed above). With patrons adjusting to the new library hours and the opening of the Joint Use Library, the department projects a slight increase in physical visitation in FY 2012-13.




- A total of 81,690 e-books have circulated since the introduction of the format into the collection in March, 2010. Lending e-books is the library's response to and in alignment with customer demand and business model trends for contemporary readers. The library is an essential element of the downloadable market surge as a leader, guide, teacher and provider of both resources and services, both virtual and in print. The efficiencies of electronic resources lie in the reduction of loss and need for processing by Support Services. Conversely, in terms of service to customers in the form of support and training, libraries are more necessary and relevant than ever in providing classes and instruction in the use of technology.

- The tables provide comparisons on demand/usage, service standards, and service coverage among peer localities. Benchmarking is never perfect; it is impossible to control for variables that could influence or offer an alternative explanation for differences. Virginia Beach is in the lower range of circulation and visitation per capita compared to the benchmarks, and ranks in the middle regarding annual purchases of books and subscriptions. The city is in the bottom grouping in terms of weekly hours that branches are open.

**Library Benchmarks for Selected Localities**

| | Per Capita | | | Weekly** | | |
|---|---|---|---|---|---|---|
| | Circulation | Visits | Books* | Branch Hours | Bookmobile | Central Library |
| Virginia Beach | 8.1 | 5.9 | 4.3 | 50 | Yes | Yes |
| Chesapeake | 11.8 | 7.1 | 5.6 | 68 | Yes | Yes |
| Chesterfield | 10.4 | 5.9 | 2.1 | 47 | No | Yes |
| Henrico | 15.5 | 6.2 | 5.9 | 60 | Yes | No |
| Prince William | 8.1 | 3.7 | 3.5 | 50 | No | No |

*FY 2011-12 budget for books and subscriptions
**for a typical branch, excluding Central Library hours

Sources: Public Library Data Services Statistical Report, 2011; Census Bureau; respective Library Departments and Budget Documents/Budget Offices

The data indicate that with the Joint Use Library (JUL), the city provides a higher level of library square footage compared to all benchmark localities. The city also staff libraries more leanly as measures by FTE per square feet, which could suggest the city staffs these more efficiently.

**Library Benchmarks for Selected Localities**

| | Library Square Feet Per | | FTE Per Square | Central Library Square Feet as a % of Total Square |
|---|---|---|---|---|
| | Capita | Square Mile* | Feet | Feet** |
| Virginia Beach | .97 | 1,685 | 1,865 | 51.2% |
| Chesapeake | .74 | 471 | 1,308 | 42.4% |
| Chesterfield | .49 | 366 | 1,311 | 27.1% |
| Henrico | .67 | 883 | 1,123 | No Central Library |
| Prince William | .23 | 308 | 634 | No Central Library |

*land area
**The square footage of the city's Joint Use Library is included in this percentage.

Sources: Public Library Data Services Statistical Report, 2011; Census Bureau, respective localities.

- From July to December of 2011, the number of Freegal downloads increased from less than 500 to over 10,000. Napster changed the music industry in that demand for music is based more on individual song titles rather than groups of songs by a single artist on a CD. The next progression into fulfilling the demand of library customers for downloadable content is the addition of DRM (digital rights management), copyright safe music downloads for library customers. The service was added and available to customers in August 2011 via the Library website. The Library's media collections (DVD and CD) yield the highest turnover rates for library materials and based on the fragility of the format downloadable is an economic and efficient method of delivering content in the changing technological environment.

- Pilot Project for Developing Outcome Performance Measures: City departments have been tracking performance measures since the late 1970's. These measures have largely been limited to Output (product or service produced by

program), Efficiency (cost per output, output per worker, or output per cost of output/program), and Service/Quality (satisfaction with, accuracy of, timeliness of program/service) measures. The city initiated Pilot Outcome Measure Project (POMP) for three departments (Public Works, Museums, and Libraries) to begin building capacity within the individual departments to measure the impacts (i.e. outcomes) of their programs and services on their customer base/the citizenry. The goals of these pilot programs are for departments to: change the way they look at measurement and evaluation within the context of their day-to-day operations and activities; revise their goal statements to make them more readily measureable (and to connect them more logically and seamlessly with the department's mission and vision); and to develop a set of measures that will allow them to measure the impact that their services have on their customers. Although the Libraries has completed this pilot project, they are still refining their measures; thus, only a few are included in this document.

## Library - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 1,201,604 | 1,330,467 | 1,410,299 | 79,832 |
| Meyera E. Oberndorf Central Library | 2,634,179 | 2,728,299 | 2,816,402 | 88,103 |
| Great Neck Area Library | 576,669 | 602,627 | 597,645 | (4,982) |
| Bayside Area Library | 895,471 | 901,975 | 925,163 | 23,188 |
| Oceanfront Area Library | 790,097 | 827,942 | 754,442 | (73,500) |
| Kempsville Area Library | 1,058,613 | 1,091,521 | 1,132,430 | 40,909 |
| Windsor Woods Area Library | 584,114 | 628,114 | 626,610 | (1,504) |
| Pungo - Blackwater Area Library | 324,513 | 336,610 | 348,317 | 11,707 |
| Princess Anne Area Library | 1,002,041 | 1,026,296 | 1,063,560 | 37,264 |
| Joint Use Library | 0 | 30,047 | 1,535,974 | 1,505,927 |
| South Rosemont Youth Library | 375,119 | 398,097 | 0 | (398,097) |
| Mobile Services | 217,103 | 229,057 | 0 | (229,057) |
| Records Management | 433,209 | 387,875 | 401,604 | 13,729 |
| Technology Services | 970,030 | 963,338 | 971,023 | 7,685 |
| Materials Management | 3,469,610 | 3,409,386 | 4,057,115 | 647,729 |
| Youth and Family Services | 416,087 | 659,132 | 751,625 | 92,493 |
| Total Expenditures | 14,948,459 | 15,550,783 | 17,392,209 | 1,841,426 |
| Revenues | | | | |
| Fees | 518,264 | 466,300 | 466,300 | 0 |
| State | 326,776 | 303,175 | 282,999 | (20,176) |
| Total Revenues | 845,040 | 769,475 | 749,299 | (20,176) |
| General City Support | 14,103,419 | 14,781,308 | 16,642,910 | 1,861,602 |
| **130 Law Library Fund** | | | | |
| Expenditures | | | | |
| Law Library | 230,848 | 218,212 | 224,869 | 6,657 |
| Reserve for Contingencies | 0 | 2,336 | 2,329 | (7) |
| Transfer to Other Funds | 57,252 | 57,252 | 57,252 | 0 |
| Total Expenditures | 288,100 | 277,800 | 284,450 | 6,650 |
| Revenues | | | | |
| Fees | 329,640 | 277,800 | 274,450 | (3,350) |
| Fund Balance | 0 | 0 | 10,000 | 10,000 |
| Total Revenues | 329,640 | 277,800 | 284,450 | 6,650 |
| General City Support | (41,540) | 0 | 0 | 0 |
| **909 Library Gift Fund** | | | | |
| Expenditures | | | | |
| Library Donations | 405 | 4,000 | 4,000 | 0 |
| Special Services Gift Fund | 6,135 | 3,000 | 3,000 | 0 |
| Total Expenditures | 6,540 | 7,000 | 7,000 | 0 |
| Revenues | | | | |
| Fees | 36,916 | 7,000 | 7,000 | 0 |
| Total Revenues | 36,916 | 7,000 | 7,000 | 0 |
| General City Support | (30,376) | 0 | 0 | 0 |

## Library - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| Total Department Expenditure | 15,243,099 | 15,835,583 | 17,683,659 | 1,848,076 |
| Total Department Revenue | 1,211,596 | 1,054,275 | 1,040,749 | (13,526) |
| Total General City Support | 14,031,503 | 14,781,308 | 16,642,910 | 1,861,602 |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Director's Office | 15.00 | 15.00 | 15.50 | 0.50 |
| Meyera E. Oberndorf Central Library | 46.00 | 52.50 | 52.50 | 0.00 |
| Great Neck Area Library | 11.50 | 12.00 | 12.00 | 0.00 |
| Bayside Area Library | 22.50 | 18.00 | 18.00 | 0.00 |
| Oceanfront Area Library | 16.50 | 14.00 | 13.50 | -0.50 |
| Kempsville Area Library | 21.50 | 22.00 | 22.00 | 0.00 |
| Windsor Woods Area Library | 11.50 | 12.00 | 12.00 | 0.00 |
| Pungo - Blackwater Area Library | 6.00 | 6.00 | 6.00 | 0.00 |
| Princess Anne Area Library | 23.50 | 21.50 | 21.50 | 0.00 |
| Joint Use Library | 0.00 | 1.00 | 49.50 | 48.50 |
| South Rosemont Youth Library | 6.50 | 7.50 | 0.00 | -7.50 |
| Mobile Services | 5.00 | 4.00 | 0.00 | -4.00 |
| Records Management | 4.50 | 4.50 | 4.50 | 0.00 |
| Technology Services | 5.00 | 5.00 | 5.00 | 0.00 |
| Materials Management | 22.00 | 20.00 | 19.00 | -1.00 |
| Youth and Family Services | 7.00 | 10.00 | 12.00 | 2.00 |
| Total | 224.00 | 225.00 | 263.00 | 38.00 |
| **130 Law Library Fund** | | | | |
| Law Library | 2.50 | 2.50 | 2.50 | 0.00 |
| Total | 2.50 | 2.50 | 2.50 | 0.00 |
| Total Position Summary | 226.50 | 227.50 | 265.50 | 38.00 |

**Resource Summary Notes**

Funding for the Joint Use Library is reflected in budget program units: “Joint Use Library”; “Youth and Family Services”; and “Materials Management”. The program budget units of “South Rosemont Youth Library” and “Mobile Services” are reflected in the “Joint Use Library” in this budget for FY 2012-13.

## Public Education

**Departmental Overview**

The City Council appropriates funding to the Schools by major category (Instruction, Administration, Health, and Attendance, Pupil Transportation, Operations and Maintenance, Technology, and Debt Service) in the School Operating Fund and by fund for each of the Schools remaining funds. How this funding is spent within these categories and funds is totally at the discretion of the School Board. In the proposed operating budget, the Virginia Beach FY 2012-13 School Board Adopted Operating Budget is included in its entirety.

Due to the ongoing state budget negotiations, the information included in the Schools adopted budget as well as the information presented below were prepared using the most current information available, but without the full knowledge of an adopted state budget. Once the state budget is adopted and state revenues, and decisions on the VRS changes are finalized, adjustments to the School budget may be necessary.

After distributing revenues to the School system using a formula from FY 1996-97 to FY 2011-12, the City Council eliminated the City/School Revenue Sharing Formula for FY 2012-13. The city determined the submission of a needs based budget from the school system would enhance the City Council's ability to prioritize city and school needs against a smaller pool of financial resources.

The School Board's adopted budget exceeds resources available by $36.4 million. Additionally, the state recently passed legislation requiring school employees to begin paying 5% into their retirement, but the legislation also required an offsetting 5% pay increase.

The city's plan to balance the School Board's request:

| | |
|---|---|
| School Board Request for Additional City Funds | 36.4 million |
| | |
| City Adjustments: | |
| * 2 cents of proposed Real Estate Increase | 9.6 million |
| * City Fund Balance for School Operating Budget | 5.2 million |
| * City Fund Balance for benefit increase for mandated 5% VRS Pay Increast | 4.0 million |
| Total City Adjustments: | 18.8 million |
| | |
| Unfunded School Board Request (City Manager Adjustment needed to Balance) | 17.6 million |

While adequate revenue does not exist to close this entire $36.4 million gap, the proposed budget includes an additional $18.8 million ($9.6 million from half of the proposed $0.04 real estate tax rate increase and $9.2 million in fund balance) in local funding to the schools. This leaves a balance of $17.6 million unfunded from the School Board's adopted budget.

**School Expenditures**

The table on the next page provides a crosswalk between the School Board's adopted budget and the School budget as shown in the City's budget. The VRS legislation changes the school system's budget by requiring that current school employees begin contributing to the VRS system.

The legislation allows the School Board to phase in the mandate to have current employees pay 5% of their salary towards VRS as long as they match the phased rate with a pay raise. The proposed budget includes $4.0 million to pay for up to a 5% pay raise for school employees.

| Expenditures | | | |
|---|---|---|---|
| Fund | School Board Adopted | City Proposed Budget | Difference |
| Instruction Category | $ 522,820,730 | $ 522,820,730 | 0 |
| Administration, Attendance, and Health Category | 21,434,692 | 21,434,692 | 0 |
| Pupil Transportation Category | 30,154,558 | 30,154,558 | 0 |
| Operations and Maintenance | 87,242,879 | 87,242,879 | 0 |
| Debt Service [1] | 44,747,986 [1] | 44,747,986 | 0 |
| City Manager's Adjustment | 0 | (8,577,585) | (8,577,585) |
| VRS Rate Adjustment | 0 | (9,000,000) | (9,000,000) |
| 115 - School Operating Fund (Total) | $ 706,400,845 | $ 688,823,260 | $ (17,577,585) |
| 106 - School Technology Fund | 26,338,973 | 26,338,973 | 0 |
| 107 - School Equipment Replacement Fund | 902,602 | 902,602 | 0 |
| 108 - School Instructional Technology Fund | 0 | 0 | 0 |
| 109 - School Vending Operations Fund | 329,561 | 329,561 | 0 |
| 112 - Communication Tower Technology Fund | 600,000 | 600,000 | 0 |
| 114 - Food Services Fund | 28,343,127 | 28,343,127 | 0 |
| 116 - School Grants Fund | 68,578,220 | 68,578,220 | 0 |
| 117 - Textbook Fund | 15,117,601 | 15,117,601 | 0 |
| 119 - School Athletics Fund | 4,941,085 | 4,941,085 | 0 |
| School Operating Budget | $ 851,552,014 | $ 833,974,429 | $ (17,577,585) |

[1] Debt service is not shown in the School's Adopted budget and is included here for comparative purposes. The School Operating Fund totals $661,652,859 and the Total School Operating Budget totals $806,804,028 when this amount is excluded. These totals represent what is in the School Budget included in this document.

The largest difference between the city's proposed budget and the School Board's adopted budget is the inclusion of "Debt Service" in the School Operating Fund in the City's Proposed Budget. Due to the requirements of GASB 54, debt service payments are to be budgeted to the fund from which they are paid, which in this case is the School Operating Fund. This adds an additional $44.8 million in appropriations over what the adopted school budget reflects for a total of $706.4 million in their operating fund and a total budget of $851.6 million.

**School Funding**

The city's proposed budget includes a city contribution to the schools in the amount of $376.8 million. Of this amount $9.6 million is half of the proposed two-cent real estate tax rate increase, $11.2 is from the General Fund Balance ($2 million of this amount was previously allocated to the School CIP through the Sandbridge TIF surplus; however, the School Board redirected these funds into the operating budget), and $356 million in current operating revenue. This represents an increase of 3.7% over the city contribution that was provided to the Schools in FY 2011-12.

In addition to the city, the state and federal governments provide the majority of the remaining revenue to the schools. In FY 2012-13 state revenue is increasing 0.7% from $324.8 million to $327.1 million, while federal revenue to the schools will decline 26.1% from $108.0 million to $79.9 million due to the loss of Federal stimulus funding (ARRA).

A crosswalk between revenue in the School Board adopted budget and the city's is included on the next page.

| Revenue | | | |
|---|---|---|---|
| Fund | School Board Adopted | City Proposed Budget | Difference |
| **School Operations** | | | |
| State Contribution | $ 307,419,673 | $ 307,419,673 | 0 |
| Federal Contribution | 16,636,723 | 16,636,723 | 0 |
| City Contribution [1] | 368,038,612 [1] | 350,461,027 | (17,577,585) |
| Other Local | 3,305,837 | 3,305,837 | 0 |
| Reserves | 11,000,000 | 11,000,000 | 0 |
| 115 - School Operating Fund (Total) | $ 706,400,845 | $ 688,823,260 | $ (17,577,585) |
| **School Technology** | | | |
| City Contribution | 26,338,973 | 26,338,973 | 0 |
| 106 - School Technology Fund (Total) | $ 26,338,973 | $ 26,338,973 | 0 |
| **School Grants** | | | |
| State Contribution | 18,616,118 | 18,616,118 | 0 |
| Federal Contribution | 49,962,102 | 49,962,102 | 0 |
| 116 - School Grants Fund (Total) | $ 68,578,220 | $ 68,578,220 | 0 |
| **Other Funds** | | | |
| 107 - School Equipment Replacement Fund | 902,602 | 902,602 | 0 |
| 109 - School Vending Operations Fund | 329,561 | 329,561 | 0 |
| 112 - Communication Tower Technology Fund | 600,000 | 600,000 | 0 |
| 114 - Food Services Fund | 28,343,127 | 28,343,127 | 0 |
| 117 - Textbook Fund | 15,117,601 | 15,117,601 | 0 |
| 119 - School Athletics Fund | 4,941,085 | 4,941,085 | 0 |
| | $ 50,233,976 | $ 50,233,976 | 0 |
| School Operating Budget | $ 851,552,014 | $ 833,974,429 | $ (17,577,585) |

[1] Again it should be noted that the revenue figure included above will not match the School Budget included in this document due to debt service. This figure includes the City contribution for this expense.

As the tables illustrate, there are no differences in the City Manager's proposed budget and the School Board's adopted budget for the School Technology Fund (106), School Equipment Replacement Fund (107), School Instructional Technology Fund (108), School Vending Operations Fund (109), Communication Tower Technology Fund (112), Food Services Fund (114), School Grants Fund (116), Textbook Fund (117), and School Athletics Fund (119). It should also be noted that neither table in this section includes the City/School Health Insurance Fund (615) or the School Risk Management Fund (614) as these two funds are not included in the net school budget.

**Council Amendment**

At their May 8th meeting, the Virginia Beach City Council amended the FY 2012-13 School Operating Budget. The FY 2012-13 adopted budget for the Schools totals $847.5 million, a decrease of 0.7% compared to the Schools FY 2011-12 Operating Budget.

Revenue

The City Council adopted a six cent real estate tax rate increase, of which, four cent or $19.2 million is dedicated to the Schools. While this funding is dedicated for FY 2012-13, it is City Council's intent that this increase in real estate tax can be reduced based on increased State funding related to the Local Composite Index. This provided the Schools with an additional $9.6 million. An additional $0.5 million in City revenue was also provided. The Schools estimate an additional

$2.6 million in state revenue and an additional $0.5 million in federal revenue related to offsetting costs associated with Build America Bonds.

| Revenue | | | |
|---|---|---|---|
| Fund | FY 2012-13 Proposed Budget | FY 2012-13 Adopted Budget | Difference |
| **School Operations** | | | |
| State Contribution | $ 307,419,673 | $ 310,119,673 | $ 2,700,000 |
| Federal Contribution | $ 16,636,723 | $ 17,141,085 | $ 504,362 |
| City Contribution | $ 350,461,027 | $ 360,564,152 | $ 10,103,125 |
| Other Local | $ 3,305,837 | $ 3,305,837 | No Change |
| Reserves | $ 11,000,000 | $ 11,000,000 | No Change |
| **115 - School Operating Fund (Total)** | **$ 688,823,260** | **$ 702,130,747** | **$ 13,307,487** |
| **School Technology** | | | |
| City Contribution | $ 26,338,973 | $ 26,881,028 | $ 542,055 |
| **106 - School Technology Fund (Total)** | **$ 26,338,973** | **$ 26,881,028** | **$ 542,055** |
| **School Grants** | | | |
| State Contribution | $ 15,446,303 | $ 15,373,206 | $ (73,097) |
| Federal Contribution | $ 49,857,274 | $ 49,825,254 | $ (32,020) |
| Other Local | $ 3,274,643 | $ 3,202,852 | $ (71,791) |
| **116 - School Grant Fund (Total)** | **$ 68,578,220** | **$ 68,401,312** | **$ (176,908)** |
| **Other Funds** | | | |
| 107 - School Equipment Replacement Fund | $ 902,602 | $ 902,602 | No Change |
| 109 - School Vending Operations Fund | $ 329,561 | $ 329,561 | No Change |
| 112 - Communication Tower Technology Fund | $ 600,000 | $ 600,000 | No Change |
| 114 - Food Services Fund | $ 28,343,127 | $ 28,343,127 | No Change |
| 117 - School Textbook Fund | $ 15,117,601 | $ 15,117,601 | No Change |
| 119 - School Athletic Fund | $ 4,941,085 | $ 4,810,642 | $ (130,443) |
| **Other Funds (Total)** | **$ 50,233,976** | **$ 50,103,533** | **$ (130,443)** |
| **Total School Operating Revenue** | **$ 833,974,429** | **$ 847,516,620** | **$ 13,542,191** |

Expenditures

Below is a table comparing the City Manager's Proposed Budget for the Virginia Beach City Public Schools with the budget adopted by the City Council.

With the resources available, the Schools were able to maintain many of the programs and services that are currently provided to students. Additionally, all school personnel will receive a 3% salary increase in FY 2012-13. However, due to the new VRS requirements, each employee will have to pay 1% toward their retirement, with the net effect being a 2% salary increase for each employee.

By providing an additional $13.5 million in revenue to the Schools, and reducing the pay raise from the 3% requested by the School Board to 2% (excluding the VRS required pay raise) costs were reduced by $4.0 million.

| Fund | Expenditures FY 2012-13 Proposed Budget | FY 2012-13 Adopted Budget | Difference |
|---|---|---|---|
| Instruction | $ 522,820,730 | $ 519,982,919 | $ (2,837,811) |
| Administration, Attendance and Health | $ 21,434,692 | $ 21,325,235 | $ (109,457) |
| Transportation | $ 30,154,558 | $ 29,800,231 | $ (354,327) |
| Operations and Maintenance | $ 87,242,879 | $ 86,274,376 | $ (968,503) |
| Debt Service | $ 44,747,986 | $ 44,747,986 | No Change |
| City Manager Adjustment | $ (17,577,585) | $ - | $ 17,577,585 |
| **115 - School Operating Fund (Total)** | **$ 688,823,260** | **$ 702,130,747** | **$ 13,307,487** |
| **106 - School Technology Fund** | **$ 26,338,973** | **$ 26,881,028** | **$ 542,055** |
| **107 - School Equipment Replacement Fund** | **$ 902,602** | **$ 902,602** | **No Change** |
| **109 - School Vending Operations Fund** | **$ 329,561** | **$ 329,561** | **No Change** |
| **112 - Communication Tower Technology Fund** | **$ 600,000** | **$ 600,000** | **No Change** |
| **114 - Food Services Fund** | **$ 28,343,127** | **$ 28,343,127** | **No Change** |
| **116 - School Grant Fund** | **$ 68,578,220** | **$ 68,401,312** | **$ (176,908)** |
| **117 - School Textbook Fund** | **$ 15,117,601** | **$ 15,117,601** | **No Change** |
| **119 - School Athletic Fund** | **$ 4,941,085** | **$ 4,810,642** | **$ (130,443)** |
| **Total School Operating Revenue** | **$ 833,974,429** | **$ 847,516,620** | **$ 13,542,191** |

Please note that the $847.5 million adopted budget is $307,351 less than the budget adopted on May 8th by the City Council. This is due to a subsequent amendment to the budget due to revenue reductions in state grants and other revenue in the School Athletic Fund.

Due to timing constraints associated with the final reconciliation of the School Operating Budget by the School Board, it should be noted that the numbers reflected here do not match the School Budget document included in the following pages.

## Public Education - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **106 School Technology Category Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Technology | 35,458,721 | 23,321,181 | 26,881,028 | 3,559,847 |
| Total Expenditures | 35,458,721 | 23,321,181 | 26,881,028 | 3,559,847 |
| Revenues | | | | |
| Transfers | 23,096,262 | 23,321,181 | 26,881,028 | 3,559,847 |
| Total Revenues | 23,096,262 | 23,321,181 | 26,881,028 | 3,559,847 |
| General City Support | 12,362,459 | 0 | 0 | 0 |
| **107 School Equipment Replacement Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Reserve for Contingencies | 157,984 | 0 | 902,602 | 902,602 |
| Total Expenditures | 157,984 | 0 | 902,602 | 902,602 |
| Revenues | | | | |
| Fees | 6,928 | 0 | 0 | 0 |
| Fund Balance | 0 | 0 | 902,602 | 902,602 |
| Total Revenues | 6,928 | 0 | 902,602 | 902,602 |
| General City Support | 151,056 | 0 | 0 | 0 |
| **108 School Instructional Technology Fund** | | | | |
| Expenditures | | | | |
| Instructional Technology | 3,787,354 | 8,125,463 | 0 | (8,125,463) |
| Transfer to Other Funds | 0 | 3,793,767 | 0 | (3,793,767) |
| Total Expenditures | 3,787,354 | 11,919,230 | 0 | (11,919,230) |
| Revenues | | | | |
| Fees | 232,448 | 0 | 0 | 0 |
| Fund Balance | 0 | 11,919,230 | 0 | (11,919,230) |
| Total Revenues | 232,448 | 11,919,230 | 0 | (11,919,230) |
| General City Support | 3,554,906 | 0 | 0 | 0 |
| **109 School Vending Operations Fund** | | | | |
| Expenditures | | | | |
| School Vending Operations | 316,489 | 327,011 | 329,561 | 2,550 |
| Total Expenditures | 316,489 | 327,011 | 329,561 | 2,550 |
| Revenues | | | | |
| Fees | 233,264 | 190,000 | 192,550 | 2,550 |
| Fund Balance | 0 | 137,011 | 137,011 | 0 |
| Total Revenues | 233,264 | 327,011 | 329,561 | 2,550 |
| General City Support | 83,225 | 0 | 0 | 0 |

## Public Education - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **112 School Communication Tower Technology Fund** | | | | |
| Expenditures | | | | |
| Communication Tower Technology | 193,664 | 585,000 | 600,000 | 15,000 |
| Total Expenditures | 193,664 | 585,000 | 600,000 | 15,000 |
| Revenues | | | | |
| Fees | 442,189 | 260,000 | 260,000 | 0 |
| Fund Balance | 0 | 325,000 | 340,000 | 15,000 |
| Total Revenues | 442,189 | 585,000 | 600,000 | 15,000 |
| General City Support | (248,525) | 0 | 0 | 0 |
| **114 School Cafeteria Fund** | | | | |
| Expenditures | | | | |
| Food Services | 25,904,161 | 27,696,532 | 28,343,127 | 646,595 |
| Total Expenditures | 25,904,161 | 27,696,532 | 28,343,127 | 646,595 |
| Revenues | | | | |
| Fees | 13,284,800 | 14,416,472 | 14,168,980 | (247,492) |
| State | 486,856 | 330,000 | 485,000 | 155,000 |
| Federal | 13,194,628 | 12,596,628 | 13,361,841 | 765,213 |
| Fund Balance | 0 | 353,432 | 327,306 | (26,126) |
| Total Revenues | 26,966,284 | 27,696,532 | 28,343,127 | 646,595 |
| General City Support | (1,062,123) | 0 | 0 | 0 |
| **115 School Operating Fund** | | | | |
| Expenditures | | | | |
| Instruction | 485,196,877 | 499,401,832 | 519,982,919 | 20,581,087 |
| Administration, Attendance, and Health | 18,279,084 | 21,588,883 | 21,325,235 | (263,648) |
| Pupil Transportation | 33,859,385 | 29,596,527 | 29,800,231 | 203,704 |
| Operations and Maintenance | 86,228,342 | 85,545,718 | 86,274,376 | 728,658 |
| Debt Service | 0 | 44,812,083 | 44,747,986 | (64,097) |
| City Manager Adjustment | 0 | 0 | 0 | 0 |
| Total Expenditures | 623,563,688 | 680,945,043 | 702,130,747 | 21,185,704 |
| Revenues | | | | |
| Fees | 4,192,158 | 8,781,938 | 3,305,837 | (5,476,101) |
| State | 308,665,772 | 307,664,715 | 310,119,673 | 2,454,958 |
| Federal | 15,493,976 | 16,636,723 | 17,141,085 | 504,362 |
| Transfers | 349,070,830 | 347,861,667 | 371,564,152 | 23,702,485 |
| Total Revenues | 677,422,736 | 680,945,043 | 702,130,747 | 21,185,704 |
| General City Support | (53,859,048) | 0 | 0 | 0 |

## Public Education - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **116 School Grants Fund** | | | | |
| Expenditures | | | | |
| School Grants | 52,164,645 | 96,887,512 | 68,401,312 | (28,486,200) |
| Total Expenditures | 52,164,645 | 96,887,512 | 68,401,312 | (28,486,200) |
| Revenues | | | | |
| Fees | 2,920,140 | 2,970,691 | 3,202,852 | 232,161 |
| State | 5,809,697 | 15,158,419 | 15,373,206 | 214,787 |
| Federal | 43,097,413 | 78,758,402 | 49,825,254 | (28,933,148) |
| Total Revenues | 51,827,250 | 96,887,512 | 68,401,312 | (28,486,200) |
| General City Support | 337,395 | 0 | 0 | 0 |
| **117 School Textbook Fund** | | | | |
| Expenditures | | | | |
| Textbook | 2,485,368 | 10,271,771 | 15,117,601 | 4,845,830 |
| Total Expenditures | 2,485,368 | 10,271,771 | 15,117,601 | 4,845,830 |
| Revenues | | | | |
| Fees | 178,348 | 110,000 | 110,000 | 0 |
| State | 2,160,229 | 1,671,771 | 3,790,074 | 2,118,303 |
| Fund Balance | 0 | 8,490,000 | 11,217,527 | 2,727,527 |
| Total Revenues | 2,338,577 | 10,271,771 | 15,117,601 | 4,845,830 |
| General City Support | 146,791 | 0 | 0 | 0 |
| **119 School Athletic Special Revenue Fund** | | | | |
| Expenditures | | | | |
| Athletics | 4,642,587 | 4,941,085 | 4,810,642 | (130,443) |
| Total Expenditures | 4,642,587 | 4,941,085 | 4,810,642 | (130,443) |
| Revenues | | | | |
| Fees | 4,734,596 | 4,741,085 | 4,600,642 | (140,443) |
| Fund Balance | 0 | 200,000 | 210,000 | 10,000 |
| Total Revenues | 4,734,596 | 4,941,085 | 4,810,642 | (130,443) |
| General City Support | (92,009) | 0 | 0 | 0 |
| **614 School Risk Management Fund** | | | | |
| Expenditures | | | | |
| School Risk Management | 20,413,687 | 11,488,946 | 11,488,946 | 0 |
| Total Expenditures | 20,413,687 | 11,488,946 | 11,488,946 | 0 |
| Revenues | | | | |
| Fees | 6,232,804 | 5,988,946 | 11,488,946 | 5,500,000 |
| Fund Balance | 0 | 5,500,000 | 0 | (5,500,000) |
| Total Revenues | 6,232,804 | 11,488,946 | 11,488,946 | 0 |
| General City Support | 14,180,883 | 0 | 0 | 0 |

## Public Education - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **615 City and School Health Insurance Fund** | | | | |
| Expenditures | | | | |
| City and School Health Insurance | 110,100,322 | 124,831,160 | 132,851,160 | 8,020,000 |
| Total Expenditures | 110,100,322 | 124,831,160 | 132,851,160 | 8,020,000 |
| Revenues | | | | |
| Fees | 109,532,628 | 107,161,957 | 132,851,160 | 25,689,203 |
| Fund Balance | 0 | 17,669,203 | 0 | (17,669,203) |
| Total Revenues | 109,532,628 | 124,831,160 | 132,851,160 | 8,020,000 |
| General City Support | 567,694 | 0 | 0 | 0 |
| Total Department Expenditure | 879,188,670 | 993,214,471 | 991,856,726 | (1,357,745) |
| Total Department Revenue | 903,065,966 | 993,214,471 | 991,856,726 | (1,357,745) |
| Total General City Support | (23,877,296) | 0 | 0 | 0 |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **106 School Technology Category Special Revenue Fund** | | | | |
| Technology | 186.00 | 187.00 | 187.00 | 0.00 |
| Total | 186.00 | 187.00 | 187.00 | 0.00 |
| **114 School Cafeteria Fund** | | | | |
| Food Services | 492.89 | 492.89 | 492.89 | 0.00 |
| Total | 492.89 | 492.89 | 492.89 | 0.00 |
| **115 School Operating Fund** | | | | |
| Instruction | 7,064.95 | 6,931.95 | 6,958.20 | 26.25 |
| Administration, Attendance, and Health | 287.30 | 281.30 | 278.30 | -3.00 |
| Pupil Transportation | 667.13 | 667.13 | 667.13 | 0.00 |
| Operations and Maintenance | 1,156.50 | 1,156.50 | 1,139.50 | -17.00 |
| Total | 9,175.88 | 9,036.88 | 9,043.13 | 6.25 |
| **116 School Grants Fund** | | | | |
| School Grants | 651.00 | 659.50 | 588.50 | -71.00 |
| Total | 651.00 | 659.50 | 588.50 | -71.00 |
| **117 School Textbook Fund** | | | | |
| Textbook | 1.50 | 1.50 | 1.50 | 0.00 |
| Total | 1.50 | 1.50 | 1.50 | 0.00 |
| **614 School Risk Management Fund** | | | | |
| School Risk Management | 5.00 | 5.00 | 5.00 | 0.00 |
| Total | 5.00 | 5.00 | 5.00 | 0.00 |
| **615 City and School Health Insurance Fund** | | | | |
| City and School Health Insurance | 4.50 | 4.50 | 4.50 | 0.00 |
| Total | 4.50 | 4.50 | 4.50 | 0.00 |
| Total Position Summary | 10,516.77 | 10,387.27 | 10,322.52 | -64.75 |

VIRGINIA
BEACH CITY
PUBLIC
SCHOOLS

# FY 2012/13

# School Board Proposed Operating Budget

The Virginia Beach City Public Schools prohibits discrimination on the basis of race, religion, gender, national origin, age, disability, pregnancy, or marital status. School Board policies and supporting regulation (Policies 2-33, 4-4, 5-7, and 6-7 and Regulation 5-44.1) provide equal access to courses, programs, counseling services, physical education, athletics, vocational education, instructional materials, and extracurricular activities. Violations of these policies should be reported to the Director of Student Leadership at 263-2020 or the Assistant Superintendent of Human Resources at 263-1133.

Alternative formats of this publication, which may include a CD, Braille, or large print material, are available upon request for individuals with disabilities. Call or write Sandra Childress, Office of Budget Development, 2512 George Mason Drive, Virginia Beach, Virginia 23456-0038. Telephone (757) 263-1066; fax (757) 263-1173 or email SandraM.Childress@vbschools.com.

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## School Board Members

The Virginia Beach School Board (VBCPS) is an eleven-member group of citizens elected to serve four-year overlapping terms. The School Board has overall responsibility to ensure that the activities of the public schools are conducted according to law with the utmost efficiency.

Mr. Daniel D. Edwards
**Chairman**
District 1 – Centerville

Mr. William J. Brunke, IV
**Vice Chairman**
District 7 – Princess Anne

Mr. Todd C. Davidson
At-Large

Mrs. Emma L. Davis
District 5 - Lynnhaven

Mrs. Dorothy M. Holtz
At-Large

Mr. Brent N. Mckenzie
District 3 – Rose Hall

Mrs. Ashley K. McLeod
At-Large

Mr. Sam G. Reid
District 6 - Beach

Mr. Patrick S. Salyer
District 2 - Kempsville

Mr. D. Scott Seery
At-Large

Mrs. Carolyn D. Weems
District 4 - Bayside

Dr. James G. Merrill
Superintendent

The Superintendent works closely with the Deputy Superintendent, the Chief Financial Officer, the Chief Information Officer, and the assistant superintendents/directors who oversee the day-to-day operations of the schools and administrative departments.

## Administrative Staff

The schools are supported by departments and administrative offices that provide services including curriculum development, payment for personnel, recruitment, hiring, professional development, diversity, computer services, building maintenance, and a host of other operational and developmental functions.

**Office of the Superintendent** ..... Deputy Superintendent ..... *Dr. Sheila S. Magula*

**Office of the Superintendent** ..... Executive Assistant ..... *Ms. Heather M. Allen*

**Office of Equity Affairs** ..... Director ..... *Dr. Esther Monclova-Johnson*

**Administrative Support Services** ..... Assistant Superintendent ..... *Mr. Dale R. Holt*

**Budget and Finance** ..... Chief Financial Officer ..... *Mr. Farrell E. Hanzaker*

**Curriculum and Instruction** ..... Assistant Superintendent ..... *Mr. Rodney J. Burnsworth*

**Educational Leadership and Assessment** ..... Assistant Superintendent ..... *Dr. Donald E. Robertson*

**Human Resources** ..... Assistant Superintendent ..... *Mr. John A. Mirra*

**Media and Communications Development** ..... Assistant Superintendent ..... *Ms. Kathleen E. O'Hara*

**School Administration** ..... Elementary, Lead Director ..... *Dr. Jeanne Crocker*

..... Elementary, Director ..... *Mrs. Shirann C. Lewis*

**School Administration** ..... Middle, Assistant Superintendent ..... *Dr. Maynard E. Massey*

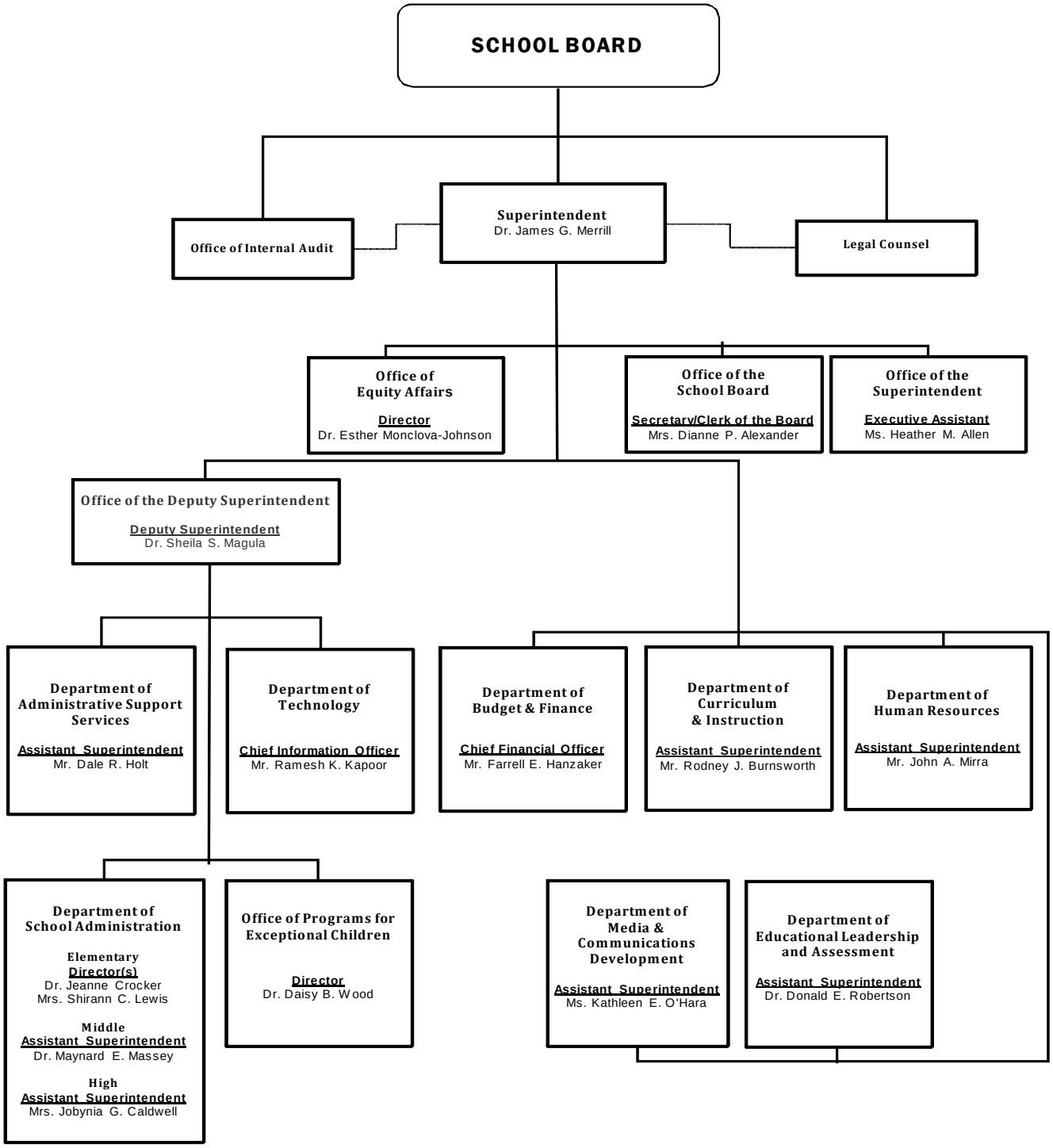
**School Administration** ..... High, Assistant Superintendent ..... *Mrs. Jobynia G. Caldwell*

**Technology** ..... Chief Information Officer ..... *Mr. Ramesh K. Kapoor*

# School Division Structure

## Organizational Chart

Virginia Beach City Public Schools has a student membership of approximately 69,300 students, employs over 10,000 full-time employees and approximately 3,000 part-time employees, and operates 85 schools (including academies, a magnet school, and centers). The departments responsible for the daily operation of the state's second largest and the region's largest school division are listed below:



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AHEAD OF THE CURVE

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Virginia Beach, VA 23456-0038
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Daniel D. Edwards, Chairman
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Emma L. "Em" Davis, District 5 – Lynnhaven

Dorothy M. "Dottie" Holtz, At-Large

Brent N. Mckenzie, District 3 – Rose Hall

Ashley K. McLeod, At-Large

Samuel G. "Sam" Reid, District 6 – Beach

Patrick S. Salyer, District 2 – Kempsville

D. Scott Seery, At-Large

Carolyn D. Weems, District 4 – Bayside

# Budget Resolution – FY 2012/13

WHEREAS, the mission of the Virginia Beach City Public Schools (VBCPS), in partnership with the entire community, is to empower every student to become a life-long learner who is a responsible, productive and engaged citizen within the global community; and

WHEREAS, the School Board of the City of Virginia Beach has adopted a comprehensive strategic plan and school improvement priorities to guide budgetary decisions; and

WHEREAS, the School Board has studied the recommended FY 2012/13 Operating Budget in view of state and federal requirements, additional demands for space and operations, the strategic plan, priorities, expectations, competitive compensation for employees and the best educational interests of its students; however, the primary drivers of the budget are the down economy and its impact of reduced revenues at the state and local levels as well as significant increases in VRS rates and the employee health care program; and

WHEREAS, the budgetary impact relating to final actions by the Virginia General Assembly is not known at this time and the School Board has estimated what the fiscal impact will be; and

WHEREAS, state revenues have continued to be reduced, largely due to the fact that state funding is needs-based per the Local Composite Index (LCI), and Virginia Beach's ability to fund its schools with local funds has increased relative to the other 133 schools divisions in the Commonwealth; and

WHEREAS, Virginia Beach has unfortunately responded to this shift of fiscal responsibility from the state to the city by reducing, not increasing, its local funding of schools; and

WHEREAS, the Virginia Beach City Public Schools received a letter from the Mayor that advised the Revenue Sharing Formula was no longer in effect and he provided a funding target that failed to address the needed LCI local increases; and

WHEREAS, the School Board has restored many of the student-focused reductions identified in the Superintendent's Estimate of Needs that it believes the community finds unacceptable and has thus budgeted $36,377,585 more than provided for in the target provided; and

WHEREAS, the savings remaining in the School Reserve Special Revenue Fund is $11,000,000, which would have normally been used for major one-time purchases; and construction projects, which have been deferred in anticipation of these economic challenges; and have been budgeted to use these funds in the FY 2012/13 Operating Budget; and

WHEREAS, the School Board intends to use these school-generated reserves and savings to offset reductions in both state and local revenues; and

WHEREAS, the total funds requested for FY 2012/13 from the City of Virginia Beach to the School Board of the City of Virginia Beach is $392,377,585 ; and

WHEREAS, the debt service payment is estimated to be $44,747,986 leaving a balance of $347,629,599 to allocate between the Operating Budget and the Capital Improvement Program (CIP), and

WHEREAS, the Commonwealth now requires school divisions to segregate all technology related budgeted expenditures; VBCPS has now shown these technology funds in a separate fund (106 Fund) and these funds totaling $26,338,973 will be moved into the "other special revenue funds" shown below and the funds available to allocate to the Operating Budget are $321,290,626, and

WHEREAS, the amount of the Sandbridge TIF available to the School Board for FY 2012/13 is $3,591,000.

NOW, THEREFORE, BE IT

RESOLVED, that the School Board requests City Council to identify additional revenue for the VBCPS to provide the additional local funding anticipated by state LCI adjustments as well as to restore the local funding reductions over recent years; and be it

FURTHER RESOLVED: That $2,000,000 of the Sandbridge TIF be allocated to the Operating Budget bringing the Operating Budget total to $323,290,626 and allocating $1,591,000 to the Schools CIP; and be it

FURTHER RESOLVED: That the $323,290,626 be allocated as follows: $323,290,626 to the Operating Budget, and $0 to the CIP; and be it

# Budget Resolution – FY 2012/13 (continued)



FURTHER RESOLVED: That $11,000,000 of the School Reserve Special Revenue Fund be added to the Operating Budget bringing the total with these additions to $334,290,626; and be it

FURTHER RESOLVED: That Federal Funds in the amount of $16,636,723 along with State Funds in the amount of $307,419,673 and Other Local Funds in the amount of $3,305,837 be added to the Operating Budget bringing it to a total for FY 2012/13 of $661,652,859; and be it

FURTHER RESOLVED: That the School Board of the City of Virginia Beach requests a Lump Sum Appropriation of $661,652,859 for FY 2012/13 from the City Council of Virginia Beach for the School Board FY 2012/13 Operating Budget; and be it

FURTHER RESOLVED: That the School Board of the City of Virginia Beach requests an appropriation of $145,151,169 for special grants revenue funds comprised of Federal Grants in the amount of $49,962,102, State Grants in the amount of $18,616,118, and other special revenue funds in the amount of $76,572,949 for the 2012/13 fiscal year and that the total of these funds be included in the Lump Sum Appropriation; and be it

FURTHER RESOLVED: That the total of the Lump Sum Appropriation is $806,804,028; and be it

FURTHER RESOLVED: That for informational purposes only, the Categorical breakdown of the Lump Sum Total of $806,804,028 is as follows:

| | |
|---|---|
| • Instruction | $ 522,820,730 |
| • Administration, Attendance and Health | 21,434,692 |
| • Transportation | 30,154,558 |
| • Operations and Maintenance | 87,242,879 |
| • Technology Category | 26,338,973 |
| • Grants and Other Funds | 118,812,196; |

and be it

FINALLY RESOLVED: That a copy of this resolution be spread across the official minutes of this Board, and the Clerk of the Board is directed to deliver a copy of this resolution to the Mayor, each member of the City Council, the City Manager, and the City Clerk.

Adopted by the School Board of the City of Virginia Beach this 6th day of March 2012.

SEAL

Daniel D. Edwards, Chairman

Attest:

Dianne Page Alexander, Clerk of the Board

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Patrick S. Salyer, District 2 – Kempsville
D. Scott Seery, At-Large
Carolyn D. Weems, District 4 – Bayside

March 6, 2012

The Honorable William Sessoms, Mayor
Members of City Council
City of Virginia Beach
Municipal Center
Virginia Beach, VA 23456

Dear Mayor Sessoms and Members of City Council:

The School Board and school administration have worked diligently over the past few months to prepare a FY 2012-13 Operating Budget that will adequately meet the needs of your award-winning public school division. After much deliberation, that included prolonged consideration of public input, the board elected to submit what can best be described as a needs-based budget. I use this term loosely, however, since several initiatives have been left unfunded, among them a full-day kindergarten program similar to those of neighboring districts, and the opportunity to address the structural inadequacies of the non-teacher pay scale. At $661.7 million, this budget is $36.4 million above the city-provided funding target.

Having worked within the guidelines of a city-schools revenue sharing formula (RSF) for 15 years, it was somewhat disconcerting to no longer have this framework around which we could direct our deliberations. It provided a structural remedy for the major shortfalls we face in the 2012-13 budget, and we regret not having it available. While the city did provide a target number for funding the schools at $356 million, the combination of reduced revenues and significant increases in VRS and health care costs forced Dr. Merrill to decimate programs and services in developing his Estimate of Needs, which was presented to the School Board in early February. This reality caused significant protest from our constituents who made their displeasure known and their demands clear at public meetings and through emails, letters, and phone calls. The recurring refrain was: "Do not damage the quality of our schools or diminish opportunities for children! Restore funding to the budget." In response to this unprecedented outcry, the School Board approved the budget before you.

The Board's decision to present a needs-based budget is predicated on what is right for the children of this city. If this budget is fully funded, the division will be able to avoid such draconian cuts as eliminating summer school programs, dispensing with transportation for academy and gifted programs, eliminating middle school and JV sports, increasing class-sizes, and adopting a 4x4 block schedule for high schools. In addition, we will be able to provide marginally adequate compensation for the division's teachers and staff, avoiding a substantial pay reduction for all.

The Board in its deliberations has elected to be as reasonable as possible in its requests for additional funding. We are holding to a number of budget reductions itemized in Dr. Merrill's original Estimate of Needs. These include reducing all non-personnel budgets by 2 percent; lowering the pay of permanent substitute teachers; eliminating four central office positions to include an assistant superintendent, a director, a coordinator and an office associate; reducing professional development funding, including the elimination of an online training program; and eliminating elementary summer school as well as 16 custodial positions, attendance incentives for custodians and bus drivers, and the Ropes Course.

As part of the proposed budget, the division plans to use $11 million from a school reserve account to help offset continued state and local funding shortfalls. We are also requesting that $2 million from the Sandbridge TIF be allocated to the Schools' Operating Budget. That leaves approximately $1,591,000 from the TIF for use in the Capital Improvement Plan (CIP). State and city funding for VBCPS has dropped by $57.1 million and $29.9 million, respectively, over the previous four years. This is largely due to the fact that the City of Virginia Beach has for several years running not offset for state reductions from Local Composite Index (LCI) adjustments as anticipated by this state's needs-based funding process.

While this loss is totally untenable, it should be noted that the School Board is grateful for several developments regarding funding at the state and local levels. In late February, both the Virginia House of Delegates and the State Senate proposed moderate increases to education funding originally suggested by the Governor. In addition, because of increases in city revenue estimates, the City Manager indicated that an additional $2.2 million will be allocated to schools. While this is helpful it does not address the shortfalls in a meaningful manner.

The School Board understands that within this difficult framework of diminished funding that the city may also be facing challenges despite record revenues from tourism in 2011. It appears that the revenue structure for the city has not been sustained at a level to absorb the state LCI adjustments to allow for continued adequate funding for its schools. Providing a high quality public education to the children of this city should be a top priority. Along with public safety, we believe education is the most important core service we provide to our community.

With this in mind, we ask that the City Council fully fund this 2012-13 needs-based budget. Since this economic downturn began, Virginia Beach Schools has maintained a conservative stance regarding expenditures, and over time has saved tens of millions of dollars. At the same time we have maintained and even improved upon our outstanding record of student achievement to the point where we are recognized nationally as a forward thinking, dynamic, and successful schools division. We ask that City Council grant us the funds needed to sustain this record of excellence as well as continue the forward momentum of the division's innovative strategic plan. Our stakeholders appear to demand it and our students deserve it.

Sincerely,

Daniel D. Edwards

VIRGINIA BEACH CITY PUBLIC SCHOOLS
AHEAD OF THE CURVE

School Board of the City of Virginia Beach
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James G. Merrill, Ed.D., Superintendent

Daniel D. Edwards, Chairman
District 1 – Centerville

William J. "Bill" Brunke, IV, Vice-Chairman
District 7 – Princess Anne

Todd C. Davidson, At-Large

Emma L. "Em" Davis, District 5 – Lynnhaven

Dorothy M. "Dottie" Holtz, At-Large

Brent N. Mckenzie, District 3 – Rose Hall

Ashley K. McLeod, At-Large

Samuel G. "Sam" Reid, District 6 – Beach

Patrick S. Salyer, District 2 – Kempsville

D. Scott Seery, At-Large

Carolyn D. Weems, District 4 – Bayside

# CIP Resolution – FY 2012/13
# FY 2012-13 / FY 2017-18 Capital Improvement Program

WHEREAS, the mission of the Virginia Beach City Public Schools, in partnership the entire community, is to empower every student to become a life-long learner who is a responsible, productive and engaged citizen within the global community; and

WHEREAS, the School Board of the City of Virginia Beach has adopted a comprehensive strategic plan and school improvement priorities to guide budgetary decisions; and

WHEREAS, the primary funding sources for the School CIP is the issuance of debt by the City; and

WHEREAS, construction funding for Virginia Beach City Public Schools has dropped substantially over recent years due to the combined effects of diversion of lottery proceeds previously used for construction, termination of state construction grants and reduction of local funding for the operating budget; and

WHEREAS, due to the current economic conditions the School Board is unable to allocate Pay-As-You-Go CIP funding; and

WHEREAS, these reductions have reduced the number of capital projects to a rate that will result in the modernization or replacement of school facilities that will exceed a 60-year cycle which is not acceptable to sustain adequate educational facilities for Virginia Beach students; and

WHEREAS, the School Board has comprehensively reviewed all sources of funding, projected various scenarios and prioritized the needs of the Operating and Capital Improvement Budgets.

NOW, THEREFORE, BE IT

RESOLVED: That the School Board of the City of Virginia Beach adopts a CIP program of $449,170,263 (as shown on the attached School Board Funding Summary dated March 6, 2012), and be it

FURTHER RESOLVED: That the School Board of the City of Virginia Beach requests that City Council provide at a minimum a fair-share of the available PAYGO funding as well as increase the relative portion of the School Board's allocation of charter bond authority; and be it

FINALLY RESOLVED: That a copy of this resolution be spread across the official minutes of this School Board, and the Clerk of the School Board is directed to deliver a copy of this resolution to the Mayor, each member of City Council, the City Manager, and the City Clerk.

Adopted by the School Board of the City of Virginia Beach this 6TH day of March 2012.

Daniel D. Edwards, Chairman

ATTEST

Dianne Page Alexander, Clerk of the Board

# School Board Funding Summary
## Virginia Beach City Public Schools
## Capital Improvement Program FY2012-2013/FY2017-2018
## March 6, 2012

| Project Category | Total Project Cost | Six Year Appropriations | Appropriations to Date | Year 1 2012-2013 | Year 2 2013-2014 | Year 3 2014-2015 | Year 4 2015-2016 | Year 5 2016-2017 | Year 6 2017-2018 |
|---|---|---|---|---|---|---|---|---|---|
| 1-001 Renovations and Replacements - Energy Management | 15,826,286 | 15,826,286 | 9,701,286 | 500,000 | 500,000 | 1,150,000 | 1,250,000 | 1,325,000 | 1,400,000 |
| 1-019 Great Neck Middle School Replacement | 46,500,000 | 46,500,000 | 46,500,000 | - | - | - | - | - | - |
| 1-035 John B. Dey Elementary School Modernization | 23,289,241 | 23,289,241 | - | - | - | - | 7,787,000 | 15,502,241 | - |
| 1-043 Thoroughgood Elementary School Replacement | 28,270,000 | 14,438,759 | - | - | - | - | - | 4,438,759 | 10,000,000 |
| 1-056 Princess Anne Middle School Replacement | 81,000,000 | 11,500,000 | - | - | - | - | - | 3,000,000 | 8,500,000 |
| 1-099 Renovations and Replacements - Grounds - Phase II | 11,525,000 | 11,325,000 | 5,000,000 | 750,000 | 1,000,000 | 1,050,000 | 1,100,000 | 1,175,000 | 1,250,000 |
| 1-103 Renovations and Replacements - HVAC - Phase II | 48,668,702 | 48,168,702 | 20,743,702 | 2,500,000 | 3,000,000 | 5,000,000 | 5,300,000 | 5,625,000 | 6,000,000 |
| 1-104 Renovations and Replacements - Reroofing - Phase II | 37,651,639 | 37,126,639 | 17,263,339 | 2,675,000 | 1,713,300 | 3,550,000 | 3,750,000 | 3,975,000 | 4,200,000 |
| 1-105 Renovations and Replacements - Various - Phase II | 16,285,000 | 15,510,000 | 7,260,000 | 500,000 | 1,350,000 | 1,450,000 | 1,550,000 | 1,650,000 | 1,750,000 |
| 1-106 Kellam High School Replacement | 102,000,000 | 102,000,000 | 56,091,300 | 22,196,000 | 23,712,700 | - | - | - | - |
| 1-107 Princess Anne High School Replacement | 105,000,000 | 4,591,000 | - | - | - | - | - | - | 4,591,000 |
| 1-109 Energy Performance Contracts | 14,149,705 | 14,149,705 | 9,149,705 | 2,500,000 | 2,500,000 | - | - | - | - |
| 1-195 Student Data Management System | 12,187,001 | 12,187,001 | 12,187,001 | - | - | - | - | - | - |
| 1-196 Instructional Technology | 25,407,930 | 25,407,930 | 25,407,930 | - | - | - | - | - | - |
| 1-232 Tennis Court Renovations | 3,790,000 | 3,790,000 | 2,370,000 | 320,000 | 300,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| 1-233 Old Donation Center/Kemps Landing Magnet | 63,360,000 | 63,360,000 | 12,150,000 | 5,450,000 | 5,315,000 | 24,491,000 | 15,954,000 | - | - |
| | | Total | Appropriations | Year 1 2012-2013 | Year 2 2013-2014 | Year 3 2014-2015 | Year 4 2015-2016 | Year 5 2016-2017 | Year 6 2017-2018 |
| GRAND TOTAL (all projects) | 634,910,504 | 449,170,263 | 223,824,263 | 37,391,000 | 39,391,000 | 36,891,000 | 36,891,000 | 36,891,000 | 37,891,000 |
| TARGETS | | 225,346,000 | | 37,391,000 | 39,391,000 | 36,891,000 | 36,891,000 | 36,891,000 | 37,891,000 |
| DIFFERENCE | | - | | - | - | - | - | - | - |

**Virginia Beach City Public Schools**
**Capital Improvement Program 2012-13/2017-18**

| Funding Sources | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|---|---|
| Charter Bonds | $ 29,800,000 | $ 28,800,000 | $ 32,300,000 | $ 32,300,000 | $ 32,300,000 | $ 32,300,000 |
| Sandbridge | $ 1,591,000 | $ 3,591,000 | $ 3,591,000 | $ 3,591,000 | $ 3,591,000 | $ 3,591,000 |
| Public Facility Revenue Bonds | $ 6,000,000 | $ 6,000,000 | $ - | $ - | $ - | $ - |
| PayGo | $ - | $ 1,000,000 | $ 2,000,000 | $ 3,000,000 | $ 6,000,000 | $ 6,000,000 |
| State Construction Grants | $ - | $ - | $ - | $ - | $ - | $ - |
| Lottery Funds | $ - | $ - | $ - | $ - | $ - | $ - |
| Total | $ 37,391,000 | $ 39,391,000 | $ 37,891,000 | $ 38,891,000 | $ 41,891,000 | $ 41,891,000 |

*Sandbridge funding reduced by $2,000,000 in 2012/13

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D. Scott Seery, At-Large
Carolyn D. Weems, District 4 – Bayside

March 6, 2012

The Honorable William Sessoms, Mayor
Members of City Council
City of Virginia Beach
Municipal Center
Virginia Beach, VA 23456

Dear Mayor Sessoms and Members of City Council:

We normally begin this letter of transmittal with an acknowledgment of gratitude to have the opportunity to present to you our six-year Capital Improvement Program (CIP) for your review. This year, however, we are in the position of offering you a dismal picture of what lies ahead in terms of our short and long-range CIP plans. The reality is that in three years, our CIP budget has plummeted almost $225 million, from $676 million in 2009 to $451 million today. Although staff members have worked diligently to develop a document that is strategic and creative in its use of limited funds, I must admit in all frankness that it is doubtful that we will be able to continue to balance our short- or long-term building and infrastructure needs. The hard reality is that unless new CIP funding sources can be identified or past sources reinstated, it is now impossible to continue carrying out the progressive building and renovation plan laid out in the division's comprehensive long-range planning study commissioned by the School Board in 2007.

Through the years, a responsive and forward-looking School Board and Council have allowed this school division to develop as well as phase in its far-reaching and innovative building and renovation plan. As a result of this vision, VBCPS has developed a well-deserved reputation for its ability to take stock of short- and long-term bricks and mortar needs in order to renovate, refurbish, and rebuild facilities in a timely manner. We have been extremely fortunate in our ability, thus far, to weather the chaotic effects of a slowing economy to continue with building strategies laid out several years ago in more affluent times. Given the extreme economic fluctuations of the past years, we have made remarkable progress in achieving these building and refurbishment goals.

Those days appear to be over for now as evidenced by this year's CIP. Despite continued lower construction costs and the availability of economies of scale, it is clear that we will no longer be able to overcome, or even manage, the projected loss of funding for building and renovation. Up until this point we have been fortunate in our ability to push ahead with planned projects. For example, this year we have dedicated the new Pupil Transportation Facility which opened for business last spring and opened College Park Elementary School in the fall and most recently, Great Neck Middle School during the holidays. All three buildings are projected to be LEED certified, with both the Pupil Transportation Facility and College Park on track to be the division's first LEED Platinum buildings.

Because the CIP is a six-year plan, we do have a few projects in the works and on the books, even in the face of this economy. We broke ground earlier this school year on the new Kellam High School, and we have started our planning for the proposed replacement of Old Donation Center and Kemps Landing Magnet School with a consolidated facility. This new school, however, together with the modernization of John B. Dey Elementary School, is the only two modernization/replacement projects beyond Kellam High School that are funded in this CIP. Savings realized in the last two years will allow the replacement of Kellam to maintain its scheduled 2014 opening and as a point of information, this project is currently on time and on budget. Unfortunately, the prospect for future building and replacement projects looks grim indeed, especially when you consider that from 1998 through 2011, Virginia Beach City Public Schools has modernized or replaced 28 facilities, totaling 2.3 million square feet of space and with an aggregate investment of $450 million.

Looking forward, from 2012 through 2020 this capital program will modernize/replace only four facilities – Kellam, Old Donation Center, Kemps Landing Magnet School, and John B. Dey Elementary – at a total investment of approximately $188 million. Given the continued loss of lottery proceeds and state construction grants as well as the division's own inability, and now the city's with the demise of the revenue sharing formula, to contribute to PAYGO funding, we face a permanent yearly shortfall of almost $30 million. That equates to nearly half of our annual capital funding. With this in mind, the division's commitment to maintaining its existing infrastructure will be met by the funding of renovation and replacement projects only. This will include reroofing buildings, replacing HVAC equipment, and performing a wide variety of additional large scale maintenance projects that are typically carried out each summer.

In addition to the renovation/replacement projects, the division is also poised to carry out the next phase of performance contract projects at a cost of $7.5 million. These projects will upgrade lighting/mechanical systems in some of our oldest buildings while guaranteeing energy savings, thus reducing our overall energy consumption. We are proud to point out that VBCPS has become a recognized leader nationally for its promotion of and dedication to sustainable initiatives. This is over and above the fact that VBCPS has constructed eight energy-efficient LEED-certified buildings as well as developed a division-wide recycling program. In fact, the design/construction of the new Kellam High School will follow this pattern assiduously, so much so that the facility will be a model of "green" building practices and sustainability.

Thanks to visionary planning and a supportive School Board, VBCPS has also garnered a national reputation for developing strategies to marshal its resources to maintain and improve its infrastructure on what has heretofore been a continuing basis. Although we have accomplished a tremendous amount over the last 13 years, we now face the devastating prospect that this policy is no longer possible. Only through an infusion of funding from local government and the state, can we proceed with vital projects as we have done in the past.

In short, this CIP makes clear that the division will continue with the three major projects that are planned but at the same time delay major construction until such time that additional dollars become available. With continued support from our school community, our School Board, and City Council, we will persevere in our commitment to school and facilities construction and refurbishment. This is what our stakeholders deserve and demand.

Sincerely,

Daniel D. Edwards

Daniel D. Edwards

Although the School Board has proposed a budget of immediate needs in the budgeted numbers as presented in this document, there are still several critical issues that need to be addressed:

**1. Unified Scale** **$ 6,800,000**

To fund the unified salary scale to address long-delayed market adjustments and structural inadequacies of this non-teacher pay scale.

**2. Full-day Kindergarten** **$ 11,600,000**

Funding to address the need for a full-day kindergarten program in all elementary schools.

# *Vision, Mission, Core Values*

## Vision:

Every student is achieving at his or her maximum potential in an engaging, inspiring and challenging learning environment.

## Mission:

The Virginia Beach City Public Schools, in partnership with the entire community, will empower every student to become a life-long learner who is a responsible, productive and engaged citizen within the global community.

## Core Values:

Virginia Beach City Public Schools maintains a commitment to establishing a workforce dedicated to the education of our youth and creating an environment conducive to productivity for the benefit of both staff and students. To support this philosophy, the school division has established a set of values for all employees referred to as "*The Virginia Beach City Public Schools' Core Values."*

**YOUTH** (places real value on young people)

- Has confidence in youth
- Wants to work around and with young people
- Obtains satisfaction from seeing young people grow

**COMMITMENT** (the dedicated, enthusiastic pursuit of a course of action)

- Follows through on an obligation in a professional manner
- Sets high expectations for the accomplishment of personal and professional goals
- Serves as a positive and loyal ambassador for the school division

**COMPASSION** (an empathetic, understanding, supportive disposition towards others)

- Speaks with others in a tactful, straightforward, and positive manner
- Focuses on the process rather than blaming others
- Expresses an appreciation for others through words and deeds

**INTEGRITY** (an honest, ethical, principled approach)

- Earns the trust of others
- Does the right thing, even if it is difficult or unpopular
- Acts in the best interest of the school division, not for personal gain
- Gives an honest report of actions, progress, and results

**POSITIVITY** (an optimistic outlook on life)

- Is hopeful about the future
- Sees the positive in people and situations
- Possesses a belief that conditions will improve

**RESPECT** (a willingness to recognize, honor, and value individual contributions and differences)

- Recognizes others publicly for their contributions
- Seeks and values feedback from others
- Shows fair and equitable treatment for others

**WORK ETHIC** (a diligent and consistent approach for producing quality results)

- Achieves positive results through a continuous improvement process
- Encourages new and innovative ideas to improve results
- Takes responsibility for one's actions
- Makes a noticeable contribution as a team member

**WISDOM** (possessing mature, objective, balanced judgment)

- Uses knowledge and learning from past experiences to solve problems
- Exercises self-control
- Demonstrates willingness to take intelligent risks

# FY 2012/13 Operating Budget and FY 2012/13 – FY 2017/18 Capital Improvement Program (CIP) Budget Calendar

## 2011

| | |
|---|---|
| August | Develop Budget Calendar |
| September 28 | Conduct Budget Orientation Workshop: Budget instructions and request forms are distributed to Cabinet members and budget managers |
| September 28 | Distribute CIP request forms to schools and offices |
| October 4 | Present Budget Calendar to School Board for information: FY 2012/13 Operating Budget and FY 2012/13 – FY 2017/18 Capital Improvement Program Budget Calendar |
| October 12 – December 5 | Cabinet members/budget managers: Submit budget requests to the Budget Office |
| October 18 | Present Budget Calendar to School Board for action: FY 2012/13 Operating Budget and FY 2012/13 – FY 2017/18 Capital Improvement Program Budget Calendar |
| October 31 | Deadline for CIP information from schools and offices |
| November 1 | Conduct Public Hearing: FY 2012/13 Operating Budget and FY 2012/13 – FY 2017/18 Capital Improvement Program Budget |
| November 15 | Present to School Board and City Council: Five-Year Forecast |
| December 5 | Human Resources: Submit recommendation of part-time hourly rate increases to the Budget Office |
| December 6 | Draft CIP prepared for Superintendent's review |
| December (3rd week) | Department of Education: Release state revenue estimates |

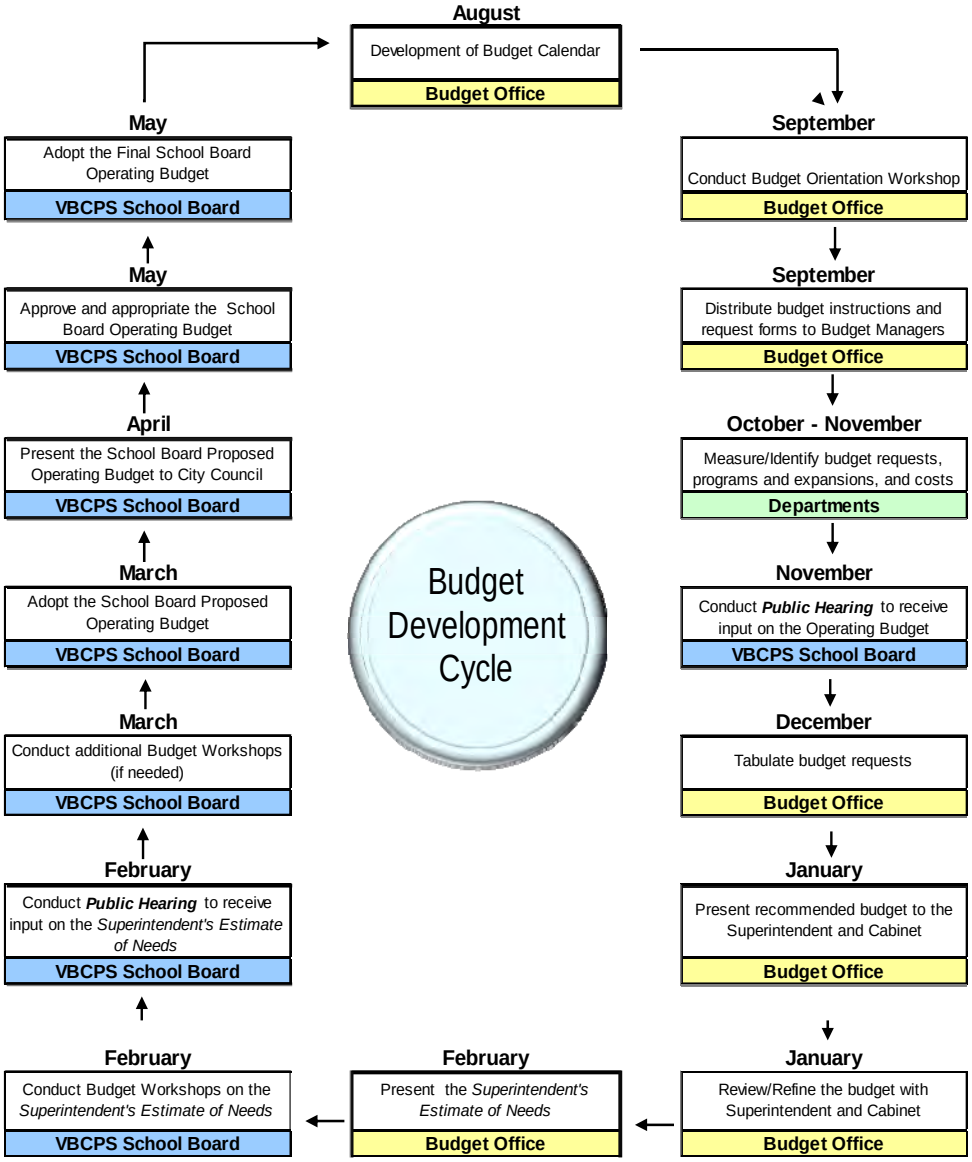
## 2012

| | |
|---|---|
| January 2 –10 | Budget Office: Review, refine, and summarize budget requests submittals |
| January 10 | Present to Superintendent and Cabinet members: CIP |
| January 17 | Present to Superintendent and Cabinet members: Recommendation of Operating Budget |
| February 7 | Present to the School Board: Superintendent's Estimate of Needs for FY 2012/13 |
| February 7 | Present to the School Board: Superintendent's Proposed FY 2012/13 – FY 2017/18 Capital Improvement Program |
| February 14 | School Board Budget Workshop #1: 5:00-9:00 p.m. |
| February 21 | School Board Budget Workshop #2: 3:00-5:00 p.m. |
| February 21 | Conduct Public Hearing: FY 2012/13 Superintendent's Estimate of Needs and FY 2012/13 – FY 2017/18 Capital Improvement Program Budget |
| February 28 | School Board Budget Workshop #3: 6:00-9:00 p.m. |
| March 6 | School Board Budget Workshop #4: 4:30-5:15 p.m. (if needed) |
| March 6 | School Board Budget Adoption: FY 2012/13 Operating Budget and FY 2012/13 – FY 2017/18 Capital Improvement Program Budget (School Board Budget Workshop if required) |
| April | Present School Board Approved Budgets to City Council: FY 2012/13 School Board Operating Budget and FY 2012/13 – FY 2017/18 Capital Improvement Program Budget - (Sec. 15.1-163) |
| No Later Than May 15 | City Council: Approve and adopt Operating and CIP budgets - (Sec. 22.1-93; 22.1-94; 22.1-115) |

# Budget Process

The budget is a resource allocation and policy document that incorporates the best estimate of the school division's revenues and expenditures and is used to describe the program plans and budget priorities for the upcoming year. Modifications are made to reflect changes in programs, priorities, and trends in enrollment and the changes in the economy. The budget also provides a framework for measuring and monitoring revenues and expenses.

As depicted in this chart, the annual budget development process begins in August with a budget calendar that establishes the dates for departmental submissions, presentation of the *Superintendent's Estimate of Needs* to the Board, mandatory public hearings, the proposed date of School Board adoption, the required date of presentation to the City Council, and the required date for Council appropriation.




The School Board, in accordance with the State Code, presents a budget to City Council on or before April 1. However, the City Manager requires the School Board's budget to be given to city staff during the first part of March.

Historically, the School Board has balanced its budget based on the financial availability of all revenue. As revenues continue to be depleted, balancing to the revenues provided is no longer viable. Thus, it is the responsibility of the School Board to balance to the true needs of the school division, considering all variables, including the economic environment. If the School Board does anything less, the students, community, and schools will not receive the quality of education that they deserve and which the local government can afford.

The primary elements used to classify revenues and expenditures are through funds. Funds represent the highest level of the classification structure. A summary of each working fund will be provided throughout the remainder of this document. The 2012/13 budget consists of ten of the major funds under the control of the School Board:

| Funding Source | Purpose | State Code |
|---|---|---|
| **Athletics** | The Athletics fund is a special revenue fund that accounts for revenues and expenditures associated with specific athletic activities. | *Code of Virginia, Section 22.1-16; Bylaws and regulations of the Board of Education of the Commonwealth of Virginia* |
| **Capital Improvement** | The Capital Improvement Budget is the basic financing plan for capital needs, including school facilities. While the capital budget addresses the current year's needs, the Capital Improvement Program has capital projects programmed over a six-year span. | *Code of Virginia, Section 22.1-115* |
| **Categorical Grants** | Categorical Grants provide assistance to school divisions for particular program purposes of federal and state interest. These grants encourage recipient divisions to expand expenditures to support certain instructional funds. | *Code of Virginia, Section 22.1-115 and 15.1-162.11* |
| **Communication Towers Technology** | The Communication Towers Technology fund is a special revenue fund to receive payments from leasing of School Board property for commercial wireless communication towers. The funds received from lease payments and the interest earned will be used to acquire and replace/repair technology including computers, software, wiring, training, facsimile, and copy machines. | |
| **Equipment Replacement** | The Equipment Replacement fund is a special revenue fund that will provide an equipment replacement cycle for selected capital equipment for schools and support departments. Funding is provided from an allocation of either reversion funds or city/schools revenue funding actual over budget funds. | |
| **Food Services** | The Food Services (Cafeteria) fund is a special revenue fund that supports cafeteria and food services operations. The purpose of the fund is the management and control of resources and funding for cafeteria food services. | *Code of Virginia, Section 22.1-115* |
| **Operating Budget** | The School Board Operating Budget is the basic funding plan for the schools. It includes funds for the fiscal operation of the school system. The budget is divided into four of the major budget categories: Instruction; Administration, Attendance, and Health; Transportation; Operations and Maintenance. | *Code of Virginia, Section 22.1-115* |
| **Technology Category** | The Technology Category special revenue fund was established in FY 2008/09. The purpose of the fund is the management and control of resources and funding for technology-related costs as required by the Code of Virginia, as amended. | *Code of Virginia, Section 22.1-115* |
| **Textbooks** | The Textbooks fund is a special revenue fund that was historically supported by textbook rental fees and other revenues. A free textbook system presently exists and is financially supported by the state and Operating Budget transfers. | *Code of Virginia, Section 22.1-252* |
| **Vending Operations** | The Vending Operations fund is a special revenue fund to account for receipts and expenditures relating to the exclusive bottled drinks vending operations in the school division. | |

NOTE: City Council must approve the appropriation of these funds no later than May 15.

# *Budget Drivers*

There were several budget drivers that impacted the FY 2012/13 School Board Proposed Operating Budget:

- Elimination of one-time funds:
  - √ Special School Reserve = $ 13.3.M
  - √ 85 positions funded in Fed-Ed Jobs returned to the Operating Budget = $ 4.6 M
  - √ Supplemental Support for School Operating Budget Cost = $ 5.3 M
  - √ Composite Index Hold Harmless = $ 1.7 M
  - √ Use of Fund Balances to cover loss of the Revenue Share Formula funds = $ 9.3 M
    - ∂ Instructional Technology ($ 3.8 M)
    - ∂ Risk Management ($ 5.5 M)

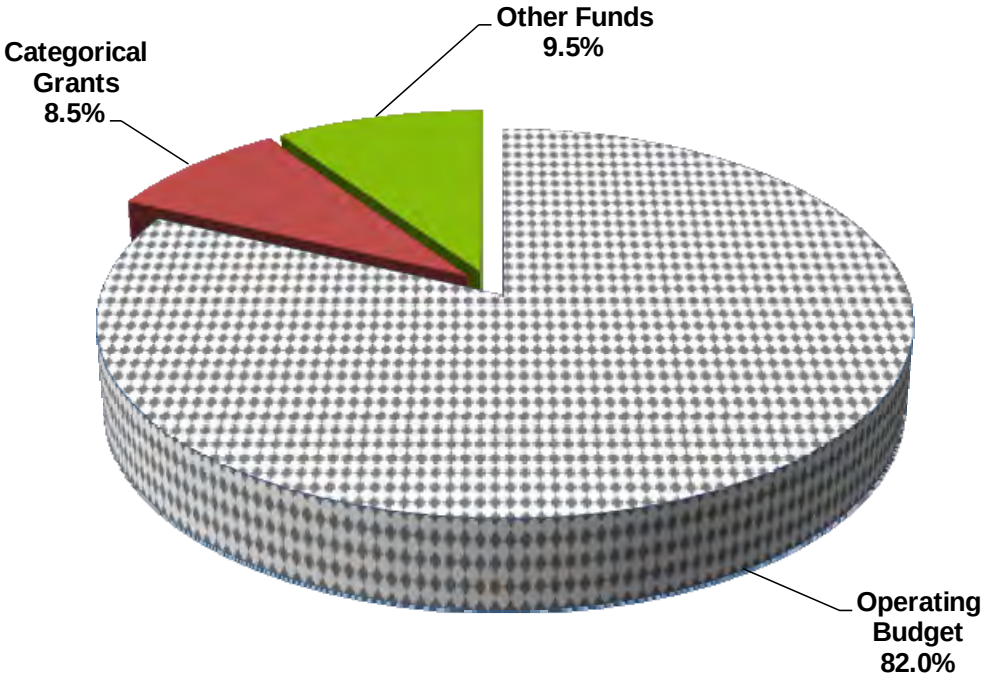
- Reduction in the major revenue sources = $ 1.3 M*
  - √ State revenue = $ 0.2 M
  - √ Local revenue = $ 1.0 M

  *NOTE: Total varies due to rounding.

- Change in Local Composite Index from .4060 to .4110 created loss of revenue = $ 1.8 M

- Increases to the fringe benefit rates = $ 35.1 M
  - √ VRS rate = $ 25.1 M
    - ∂ Professional rate from 11.93% to 16.34%
    - ∂ Non-Professional rate from 12.53% to 15.23%
  - √ Life rate (from 0.28% to 1.19%) = $ 3.6 M
  - √ Health rate per full-time employee (FTE) = $ 6.4 M

# Total Budget – all funds




# $ 806,804,028

*What are the components of the **Total Budget**?*

| | |
|---|---|
| Operating Budget | $ 661,652,859 |
| Categorical Grants | 68,578,220 |
| Other Funds | 76,572,949 |
| **Total Budget** | **$ 806,804,028** |

# Total Budget

| | FY 2011/12 | | | | FY 2012/13 | | | |
|---|---|---|---|---|---|---|---|---|
| | Operating Budget | Categorical Grants | Other Funds | Total | Operating Budget | Categorical Grants | Other Funds | Total |
| **Revenue** | | | | | | | | |
| Local Revenue | $285,955,817 | $ - | $38,841,653 | **$324,797,470** | $284,913,041 | $ - | $41,604,503 | **$326,517,544** |
| Other Local Revenue | 3,281,938 | - | - | **3,281,938** | 3,305,837 | - | - | **3,305,837** |
| State Revenue | 235,353,367 | 15,158,419 | 2,001,771 | **252,513,557** | 238,355,084 | 15,446,303 | 4,275,074 | **258,076,461** |
| State Sales Tax | 72,311,348 | - | - | **72,311,348** | 69,064,589 | - | - | **69,064,589** |
| Federal Revenue | 16,636,723 | 78,758,402 | 12,596,628 | **107,991,753** | 16,636,723 | 49,857,274 | 13,361,841 | **79,855,838** |
| Fund Balance | - | - | 17,630,906 | **17,630,906** | - | - | 13,134,446 | **13,134,446** |
| Transfers from Other Funds | - | 2,970,691 | 4,197,085 | **7,167,776** | - | 3,274,643 | 4,197,085 | **7,471,728** |
| **Total Revenue** | **$613,539,193** | **$96,887,512** | **$75,268,043** | **$785,694,748** | **$612,275,274** | **$68,578,220** | **$76,572,949** | **$757,426,443** |
| **Additonal Funds** | | | | | | | | |
| Special School Reserve | 13,300,000 | - | - | **13,300,000** | 11,000,000 | - | - | **11,000,000** |
| Sandbridge TIF Reallocaton | - | - | - | **-** | 2,000,000 | - | - | **2,000,000** |
| Instruct. Tech. Fund Balance Transfer | 3,793,767 | - | - | **3,793,767** | - | - | - | **-** |
| Schl. Risk Mgmnt Fund Balance Transfer | 5,500,000 | - | - | **5,500,000** | - | - | - | **-** |
| **Additional Funds Total** | **$ 22,593,767** | **$ -** | **$ -** | **$ 22,593,767** | **$ 13,000,000** | **$ -** | **$ -** | **$ 13,000,000** |
| **Adjusted Revenue Total** | **$636,132,960** | **$96,887,512** | **$75,268,043** | **$808,288,515** | **$625,275,274** | **$68,578,220** | **$76,572,949** | **$770,426,443** |
| | ***78.7%*** | ***12.0%*** | ***9.3%*** | | ***81.2%*** | ***8.9%*** | ***9.9%*** | |
| **Expenditures** | | | | | | | | |
| Personnel Services | 416,143,673 | 53,329,949 | 23,781,402 | **493,255,024** | 417,340,207 | 31,871,319 | 23,589,740 | **472,801,266** |
| Fringe Benefits | 125,994,723 | 14,944,805 | 7,465,990 | **148,405,518** | 154,096,997 | 11,087,560 | 8,808,746 | **173,993,303** |
| Purchased Services | 38,924,422 | 8,166,175 | 4,805,339 | **51,895,936** | 36,611,556 | 9,113,313 | 6,801,926 | **52,526,795** |
| Other Charges | 24,181,763 | 875,175 | 501,600 | **25,558,538** | 23,182,024 | 286,714 | 496,527 | **23,965,265** |
| Materials and Supplies | 22,766,516 | 19,571,408 | 37,294,888 | **79,632,812** | 21,889,216 | 16,187,214 | 34,409,818 | **72,486,248** |
| Capital Outlay | 1,277,171 | - | 987,624 | **2,264,795** | 1,239,377 | 32,100 | 2,034,992 | **3,306,469** |
| Transfers to Other Funds | 6,736,582 | - | 431,200 | **7,167,782** | 7,040,534 | - | 431,200 | **7,471,734** |
| Land, Structure, & Improvements | 108,110 | - | - | **108,110** | 252,948 | - | - | **252,948** |
| **Total Expenditures** | **$636,132,960** | **$96,887,512** | **$75,268,043** | **$808,288,515** | **$661,652,859** | **$68,578,220** | **$76,572,949** | **$806,804,028** |
| | ***78.7%*** | ***12.0%*** | ***9.3%*** | | ***82.0%*** | ***8.5%*** | ***9.5%*** | |
| **Additional Revenue Needs** | | | | | **$ 36,377,585** | **$ -** | **$ -** | **$ 36,377,585** |

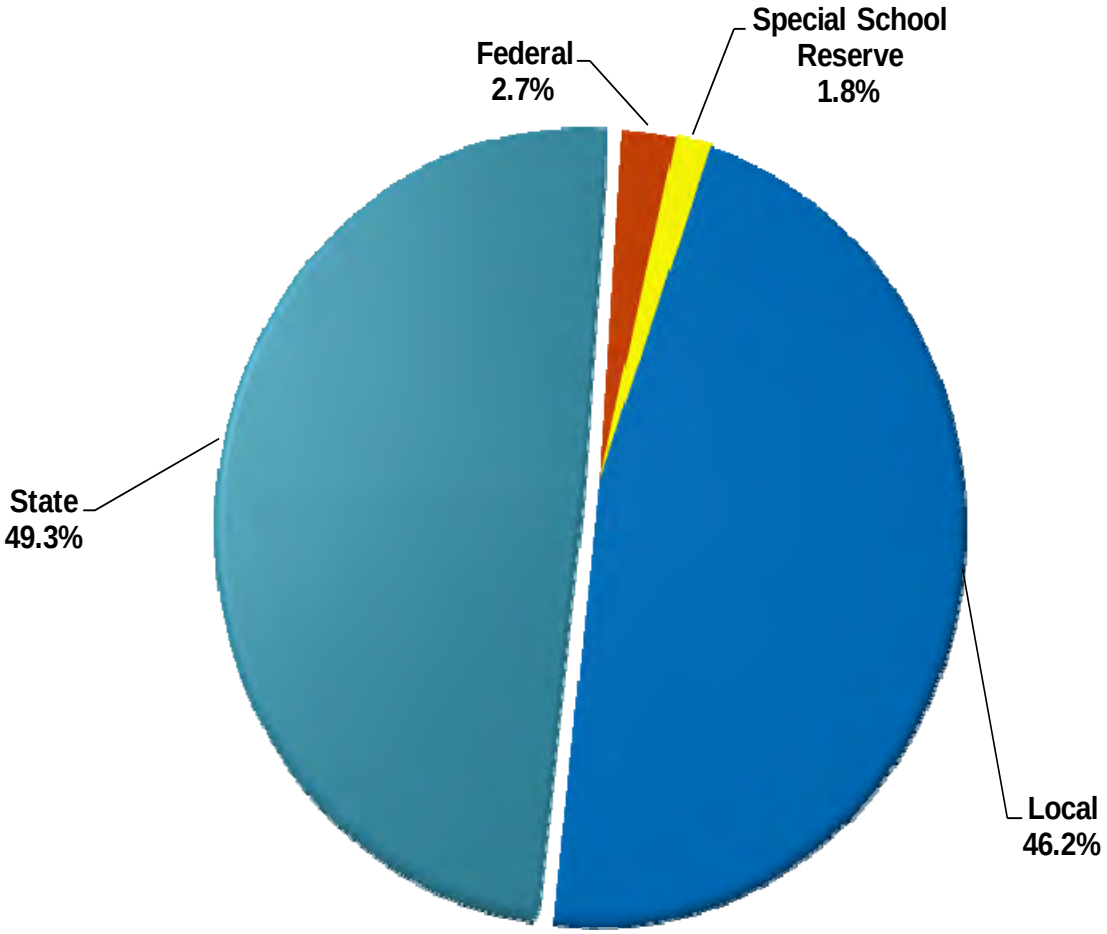
# *Balancing the Budget Based on Immediate Needs*

The budget numbers shown throughout the document reflect the School Board's proposed budget request to fund the school division based on its immediate needs. The Operating Budget request totals $661.7 million, which is $36.4 million over the city-provided funding target. The numbers do not encompass all of the division's needs, but they do include the immediate needs identified by the School Board to be funded in FY 2012/13.

| Revenue and Expenditures - Snapshot | |
|---|---|
| Federal Revenue | $ 16,636,723 |
| State | 238,355,084 |
| State Sales Tax | 69,064,589 |
| Local Contributions | 284,913,041 |
| Other Local | 3,305,837 |
| | **$ 612,275,274** |
| Special School Reserve | 11,000,000 |
| Sandbridge TIF Reallocation | 2,000,000 |
| | **$ 13,000,000** |
| **Total Revenue** | **$ 625,275,274** |
| **Total Expenditures** | **$ 661,652,859** |
| **Additional Revenue Needs** | **$ (36,377,585)** |

It is vital for the parents, staff, students, and the community to stay informed during the budget development process. To that end, the division created the *The Lowdown on Your School Dollars* page on *vbschools.com.* This page includes historical budget information, recommended budget reduction strategies, and summaries of School Board meetings and budget workshops related to the FY 2012/13 Operating Budget and CIP.

# Operating Budget – Revenue Sources




## $ 625,275,274

*What does the **Operating Budget** consist of?*

| | |
|---|---|
| Local | $288,218,878 |
| State | 307,419,673 |
| Federal | 16,636,723 |
| **Subtotal** | **$612,275,274** |
| Special School Reserve | 11,000,000 |
| Sandbridge TIF | 2,000,000 |
| **Subtotal** | **$ 13,000,000** |
| **Total Operating Budget** | **$625,275,274** |

# Revenue - Operating Budget by Major Sources

| | FY 2008/09 Budget | FY 2009/10 Amended | FY 2010/11 Budget | FY 2011/12 Amended | FY 2012/13 Proposed | Revenue Adjustments |
|---|---|---|---|---|---|---|
| **Federal** | | | | | | |
| Adult Basic Education | $ 134,408 | $ - | $ - | $ - | $ - | $ - |
| Public Law 874 (Operation) | 12,461,723 | 12,461,723 | 14,461,723 | 14,461,723 | 14,461,723 | - |
| Department of Defense (P.L. 486) | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | - |
| Rebates and Refunds (NJROTC) | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | - |
| Other Federal Funds | 575,000 | 575,000 | 575,000 | 575,000 | 575,000 | - |
| **Federal Revenue Total** | **14,771,131** | **14,636,723** | **16,636,723** | **16,636,723** | **16,636,723** | **-** |
| **State** | | | | | | |
| Basic School Aid | 213,122,921 | 190,787,341 | 166,591,426 | 166,430,660 | 170,697,486 | 4,266,826 |
| State Sales Tax | 75,934,465 | 72,941,384 | 67,116,477 | 72,311,348 | 69,064,589 | (3,246,759) |
| Foster Home Children | 495,726 | 528,797 | 538,109 | 564,832 | 548,362 | (16,470) |
| General Adult Education | 59,977 | - | - | - | - | - |
| Gifted and Talented | 1,956,984 | 1,928,540 | 1,833,196 | 1,854,776 | 1,868,432 | 13,656 |
| Special Education | 21,787,760 | 21,471,075 | 19,268,928 | 19,495,757 | 18,481,230 | (1,014,527) |
| Special Education (Homebound) | 48,198 | 78,174 | 129,247 | 89,620 | 55,766 | (33,854) |
| Special Education (Regional Tuition) | 9,251,889 | 9,823,229 | 8,748,142 | 8,490,677 | 8,104,869 | (385,808) |
| Remedial Summer School | 1,344,110 | 1,218,170 | 1,201,110 | 1,160,030 | 1,173,172 | 13,142 |
| Prevention, Intervention, and Remediation | 2,913,732 | 2,871,381 | 2,770,163 | 2,802,773 | 3,330,683 | 527,910 |
| Vocational Education | 3,696,526 | 3,642,797 | 3,014,589 | 3,050,076 | 2,518,321 | (531,755) |
| Vocational Education (Categorical) | 305,492 | 361,764 | 334,436 | 299,093 | 328,986 | 29,893 |
| Social Security | 10,828,647 | 10,671,253 | 9,980,734 | 10,098,225 | 10,073,286 | (24,939) |
| Virginia Retirement System | 14,003,311 | 13,756,916 | 5,906,965 | 9,150,228 | 14,947,456 | 5,797,228 |
| State Employee Insurance | 478,374 | 385,708 | 366,639 | 370,955 | 649,889 | 278,934 |
| Enrollment Loss | 1,765,590 | 2,059,550 | - | - | - | - |
| English as a Second Language | 639,359 | 732,806 | 581,632 | 571,684 | 594,054 | 22,370 |
| At-Risk Initiative | 1,937,204 | 1,756,411 | 1,592,986 | 1,615,494 | 1,979,665 | 364,171 |
| Class Size Initiative | 3,901,463 | 3,954,621 | 2,241,253 | 2,261,346 | 3,003,427 | 742,081 |
| Additional Support | - | 1,767,449 | - | - | - | - |
| Supplemental State Support | - | - | - | 5,326,418 | - | (5,326,418) |
| Composite Hold Harmless | - | - | 14,923,023 | 1,720,723 | - | (1,720,723) |
| **State Revenue Total** | **364,471,728** | **340,737,366** | **307,139,055** | **307,664,715** | **307,419,673** | **(245,042)** |
| **Local** | | | | | | |
| Local Contributions | 315,235,978 | 311,460,699 | 298,556,120 | 285,955,817 | 284,913,041 | (1,042,776) |
| Additional Local Contributions | - | 814,000 | 712,582 | 678,838 | 702,737 | 23,899 |
| Rental of Facilities | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 | - |
| Summer School Tuition | 1,197,970 | 1,197,970 | 1,197,970 | 700,000 | 700,000 | - |
| General Adult Education Tuition | 142,839 | 142,839 | 142,839 | 142,839 | 142,839 | - |
| Vocational Adult Education Tuition | 169,750 | 169,750 | 169,750 | 169,750 | 169,750 | - |
| Non-Resident Tuition | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | - |
| Driver Education Tuition | 240,000 | 322,125 | 322,125 | 322,125 | 322,125 | - |
| Licensed Practical Nursing Tuition | 25,575 | 25,575 | 25,575 | 25,575 | 25,575 | - |
| Renaissance Academy Tuition | 20,811 | 20,811 | 20,811 | 20,811 | 20,811 | - |
| Sale of School Vehicles | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | - |
| Sale of Salvage Equipment | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | - |
| Other Funds | 95,000 | 95,000 | 95,000 | 95,000 | 95,000 | - |
| Flexible Benefits Forfeitures | 15,000 | 15,000 | 15,000 | - | - | - |
| Indirect Costs of Grants | 350,000 | 350,000 | 550,000 | 550,000 | 550,000 | - |
| **Local Revenue Total** | **318,069,923** | **315,190,769** | **302,384,772** | **289,237,755** | **288,218,878** | **(1,018,877)** |
| **Revenue Total** | **$ 697,312,782** | **$ 670,564,858** | **$ 626,160,550** | **$ 613,539,193** | **$ 612,275,274** | **$ (1,263,919)** |
| **Additional Funds** | | | | | | |
| Instructional Technology Fund Balance Transfer | - | - | - | 3,793,767 | - | (3,793,767) |
| School Risk Management Fund Balance Transfer | - | - | - | 5,500,000 | - | (5,500,000) |
| Special School Reserve/EOY Reversion Funds | - | 800,000 | 13,000,000 | 13,300,000 | 11,000,000 | (2,300,000) |
| Sandbridge TIF Reallocation | - | - | - | - | 2,000,000 | 2,000,000 |
| **Additional Funds Total** | **-** | **800,000** | **13,000,000** | **22,593,767** | **13,000,000** | **(9,593,767)** |
| **Adjusted Revenue Total** | **$ 697,312,782** | **$ 671,364,858** | **$ 639,160,550** | **$ 636,132,960** | **$ 625,275,274** | **$(10,857,686)** |

## Revenue Sources

The Operating Budget has four basic sources of revenue:

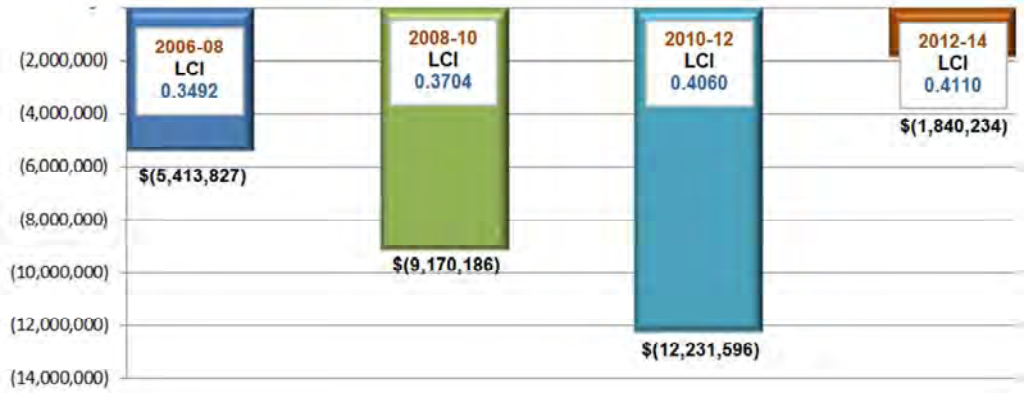
1. **Federal revenue,** which consists of general funds and categorical funds.

2. **State revenue**, the most significant source of the revenues, consists of Standards of Quality (SOQ) payments, incentive funds, and categorical amounts established by the State General Assembly on a biennial basis.

   The revenue is determined by formula as defined by law and comprises the following critical components:

   - ✓ **Local Composite Index (LCI)** calculated using three indicators to determine a school division's ability to pay. These indicators are:
     - True value of real property (tax base).
     - Adjusted gross income.
     - Taxable retail sales receipts.

   NOTE: Since 2006-2008, the Local Composite Index has increased which resulted in a corresponding loss of state funds.




   State revenues have continued to be reduced largely due to the fact that state funding is needs-based per the LCI and the City of Virginia Beach's ability to fund its schools with local funds has increased relevant to the other 133 school divisions.

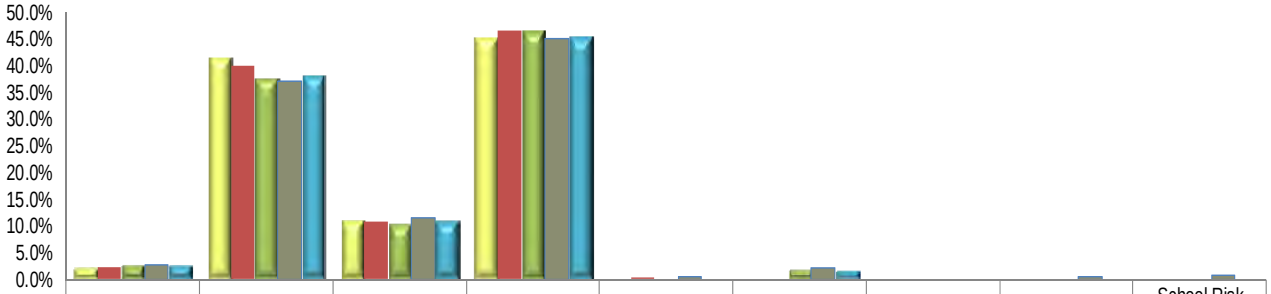
   - ✓ **Per-pupil** amount, which is the basis of all instructional staffing across the grade levels.
   - ✓ **March 31st ADM,** which represents the average number of students enrolled in the division.

   The Composite Index, the per-pupil amounts provided by the state, and the Average Daily Membership (ADM) are all needed in order to properly estimate State revenues.

3. **State Sales Tax**, another source of state revenue, consists of funding from 1 1/8 percent of the State Sales Tax, which is dedicated to public education and distributed to school divisions based on the number of school-aged children residing in the locality.

4. **Local revenue** consists largely of funding from the governing body, the City Council. The City Council must contribute a minimum level of funding referred to as Standards of Quality payments. The City of Virginia Beach has unfortunately responded to the shift of fiscal responsibility from the state to the city by reducing, not increasing, its local funding of schools. Effective FY 2012/13, the schools and city no longer have a Revenue Sharing Formula. The city has given the schools a target number for local (city) funding.

The largest sources of funding are State revenues, State Sales Tax, and the Local Contribution.



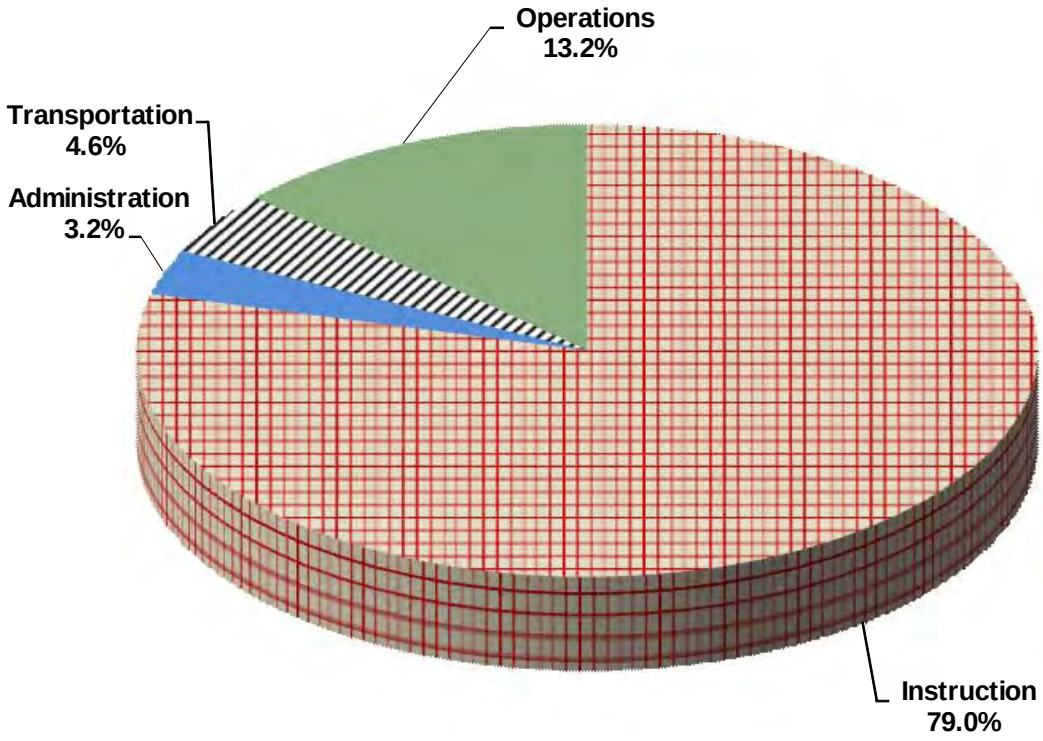

| | Federal | State | State Sales Tax | Local (City) | Other Local | Special School Reserve | Sandbridge TIF Reallocation | Instructional Technology Fund Balance Transfer | School Risk Management Fund Balance Transfer |
|---|---|---|---|---|---|---|---|---|---|
| FY 2008/09 | 2.1% | 41.4% | 10.9% | 45.2% | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY 2009/10 | 2.2% | 39.9% | 10.9% | 46.6% | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY 2010/11 | 2.6% | 37.6% | 10.5% | 46.8% | 0.5% | 2.0% | 0.0% | 0.0% | 0.0% |
| FY 2011/12 | 2.6% | 37.0% | 11.4% | 45.1% | 0.4% | 2.1% | 0.0% | 0.6% | 0.9% |
| FY 2012/13 | 2.7% | 38.1% | 11.0% | 45.7% | 0.4% | 1.8% | 0.3% | 0.0% | 0.0% |

## Additional Funds

The following are additional funds used to balance the budget:

- ✓ **Special School Reserve** (school savings) - These funds are not recurring; however, since FY 2009/10 the city has allowed the schools to apply these savings to help offset part of the budget shortfalls in the Operating Budget.
- ✓ **Sandbridge TIF Reallocation** – These funds typically support CIP projects. This is the second source of revenue pulled from the CIP to apply these funds to the Operating Budget shortfall. Beginning in FY 2009/10, the funding from the Revenue Sharing formula was also removed from the CIP funding source and has not been returned.

# Operating Budget by Major Category




# $ 661,652,859

*Where are **Operating Budget** funds spent?*

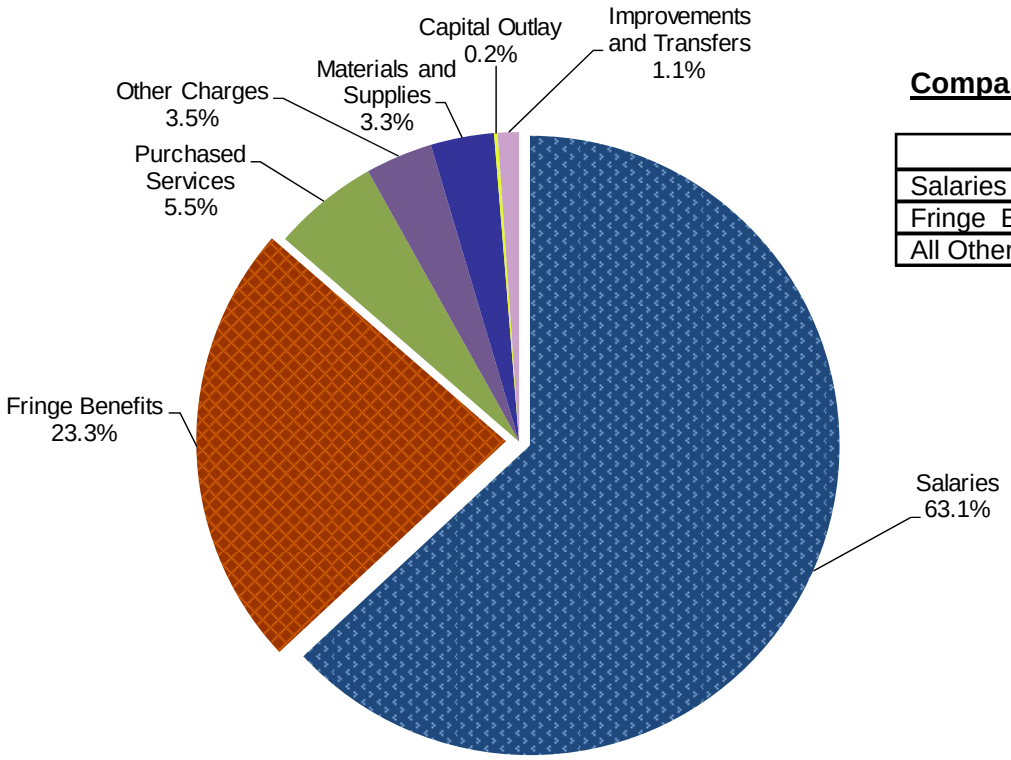
| | Instruction | Administration | Transportation | Operations | Total | % of Total |
|---|---|---|---|---|---|---|
| Salaries | $355,916,018 | $13,084,159 | $16,123,216 | $32,216,814 | $417,340,207 | 63.1% |
| Fringe Benefits | 127,388,211 | 5,476,418 | 7,266,448 | 13,965,920 | 154,096,997 | 23.3% |
| Purchased Services | 21,343,555 | 2,006,472 | 224,109 | 13,037,420 | 36,611,556 | 5.5% |
| Other Charges | 1,136,924 | 427,367 | 891,870 | 20,725,863 | 23,182,024 | 3.5% |
| Materials and Supplies | 8,992,530 | 440,276 | 5,648,915 | 6,807,495 | 21,889,216 | 3.3% |
| Capital Outlay | 1,002,958 | - | - | 236,419 | 1,239,377 | 0.2% |
| Improvements and Transfers | 7,040,534 | - | - | 252,948 | 7,293,482 | 1.1% |
| **Total Operating Budget** | **$522,820,730** | **$21,434,692** | **$30,154,558** | **$87,242,879** | **$661,652,859** | **100.0%** |

The School Board Proposed Operating Budget includes the following adjustments and recommendations:

| Percent Increase | |
|---|---|
| VRS | 64.71% |
| Life Insurance | 325% |
| Health | 15.6% |

- Changes in the fringe benefits rates was the major cause that triggered the surge in expenditures, resulting in a $35.1 million increase in overall expenditures for FY 2012/13.
- The expenditures were also increased by $4.6 million due to the expiration of the Education Jobs Fund. Eighty-five FTEs were moved to the Fed-Ed Jobs Grant in the FY 2011/12 school year. The FTEs were moved for one year and will be restored to the budget in FY 2012/13.
- Many of the eliminations proposed in the Superintendent's Estimate of Needs were restored, but the budget proposal does contain a number of budget reductions:
  - ✓ Reduction of all non-personnel budgets by two percent
  - ✓ Lower pay of permanent substitutes to the regular substitute pay
  - ✓ Elimination of central office positions (assistant superintendent, director, coordinator, and office associate)
  - ✓ Elimination of elementary summer school
  - ✓ Elimination of 16 custodial positions
  - ✓ Elimination of the attendance incentives for custodians and bus drivers
  - ✓ Reduction of professional development funding
  - ✓ Elimination of the online PD 360 program (professional development)
  - ✓ Elimination of the Ropes Course
- Provide startup funds for the establishment of a second International Baccalaureate Academy (Green Run High School)

**Budget Breakdown**




**Compared to FY 2011/12**

| | FY12 | FY13 |
|---|---|---|
| Salaries | 65.4% | 63.1% |
| Fringe Benefits | 19.8% | 23.3% |
| All Other | 14.8% | 13.6% |

# Expenditures - Operating Budget by Major Category

| | | FY 2008/09 Budget | FY 2009/10 Amended | FY 2010/11 Budget | FY 2011/12 Amended | FY 2012/13 Proposed |
|---|---|---|---|---|---|---|
| 50100 | Elementary Classroom | $ 142,362,778 | $ 137,883,315 | $ 130,315,257 | $ 129,867,309 | $ 139,419,647 |
| 50200 | Senior High Classroom | 85,806,523 | 78,612,200 | 73,755,309 | 69,301,664 | 76,482,312 |
| 50300 | Technical and Career Education | 21,768,524 | 20,911,033 | 19,327,171 | 18,743,887 | 17,878,029 |
| 50400 | Gifted Education and Academy Programs | 13,377,995 | 12,272,081 | 11,857,067 | 12,807,859 | 13,407,294 |
| 50500 | Special Education | 84,450,230 | 83,947,030 | 79,366,268 | 80,425,553 | 83,759,181 |
| 50600 | Summer School | 3,531,233 | 3,266,681 | 3,269,702 | 3,216,632 | 1,907,522 |
| 50700 | General Adult Education | 2,361,534 | 2,254,393 | 1,868,497 | 1,889,201 | 1,817,703 |
| 50800 | Alternative Education - Renaissance | 1,997,540 | 5,831,595 | 5,858,305 | 6,897,291 | 7,026,915 |
| 50900 | Student Activities | 7,089,595 | 7,076,489 | 6,968,086 | 7,087,206 | 7,180,930 |
| 51000 | Principal - Elementary School | 24,220,098 | 23,736,804 | 22,329,442 | 22,783,453 | 23,551,756 |
| 51100 | Principal - Senior High School | 10,496,439 | 9,632,472 | 9,306,938 | 9,218,465 | 9,465,508 |
| 51200 | Principal - Technical & Career Education | 542,901 | 521,115 | 499,960 | 511,607 | 536,015 |
| 51300 | Guidance Services | 16,560,847 | 16,137,032 | 15,123,018 | 15,710,477 | 15,869,280 |
| 51400 | Social Work Services | 2,541,334 | 2,507,166 | 2,394,831 | 2,465,971 | 2,606,199 |
| 51500 | Media & Communications | 1,732,450 | 1,808,031 | 1,728,781 | 1,763,301 | 1,664,043 |
| 51700 | Instructional Support | 18,219,138 | 12,228,552 | 12,179,931 | 13,899,983 | 13,174,583 |
| 51710 | Instructional Center for Teacher Leadership | 2,397,035 | 1,448,437 | 1,709,961 | 1,941,649 | 1,760,039 |
| 51720 | Diversity | - | - | - | - | 10,290 |
| 51800 | Special Education Support | 2,830,944 | 2,742,419 | 2,525,184 | 2,747,099 | 2,838,853 |
| 51900 | Gifted Edu. and Academy Programs Support | 2,198,548 | 2,100,469 | 2,002,946 | 2,131,068 | 2,303,355 |
| 52000 | Media Services Support | 13,124,310 | 12,706,030 | 12,264,730 | 12,490,151 | 12,548,707 |
| 52100 | Educational Leadership and Assessment | 2,880,539 | 2,706,100 | 2,480,326 | 2,921,988 | 2,838,459 |
| 52200 | Middle School Classroom | 61,658,474 | 58,956,074 | 54,852,599 | 53,820,332 | 57,790,159 |
| 52300 | Remedial Education | 7,429,883 | 7,477,702 | 8,978,696 | 9,285,380 | 9,665,711 |
| 52400 | Principal - Middle School | 9,077,548 | 8,493,943 | 8,145,856 | 8,326,331 | 8,308,021 |
| 52500 | Homebound Services | 1,041,271 | 600,429 | 602,891 | 656,962 | 616,385 |
| 52600 | Technical and Career Education Support | 1,011,218 | 984,105 | 952,986 | 894,236 | 931,076 |
| 52700 | Student Leadership | 1,335,406 | 1,326,775 | 1,302,295 | 1,304,167 | 1,253,374 |
| 52800 | Psychological Services | 3,297,154 | 3,283,690 | 3,081,396 | 3,161,213 | 3,356,746 |
| 52900 | Audiological Services | 415,268 | 388,885 | 375,376 | 382,697 | 404,198 |
| 53100 | School Administration | 1,347,959 | 1,285,609 | 1,227,154 | 1,397,644 | 1,209,077 |
| 53200 | Alternative Education | 3,614,740 | 3,751,072 | 1,863,332 | 1,361,556 | 1,239,363 |
| | **Instruction Total** | **550,719,456** | **526,877,728** | **498,514,291** | **499,412,332** | **522,820,730** |
| 54100 | Board, Legal, and Governmental Services | 1,160,672 | 1,117,541 | 1,107,334 | 1,108,457 | 1,027,381 |
| 54200 | Superintendent | 1,339,727 | 1,337,648 | 1,206,082 | 1,224,530 | 1,251,191 |
| 54300 | Budget and Finance | 3,731,508 | 3,701,448 | 3,493,195 | 3,655,873 | 3,776,777 |
| 54400 | Human Resources | 4,606,095 | 4,548,556 | 4,343,158 | 4,984,203 | 4,870,845 |
| 54500 | Internal Audit | 372,597 | 350,312 | 338,634 | 357,012 | 396,328 |
| 54600 | Purchasing Services | 1,060,950 | 1,067,273 | 991,603 | 1,030,734 | 1,034,111 |
| 54700 | Center for Teacher Leadership | 2,410,665 | 1,946,808 | 2,088,639 | 1,162,254 | 580,009 |
| 55000 | Benefits | 1,660,598 | 1,750,830 | 1,617,275 | 1,637,154 | 1,662,930 |
| 55200 | Health Services | 6,892,512 | 6,568,686 | 6,274,054 | 6,418,166 | 6,835,120 |
| | **Administration Total** | **23,235,324** | **22,389,102** | **21,459,974** | **21,578,383** | **21,434,692** |
| 56100 | Management | 2,074,463 | 2,042,123 | 1,830,254 | 1,911,122 | 1,960,715 |
| 56200 | Vehicle Operation | 23,063,363 | 17,385,301 | 17,538,334 | 17,041,484 | 17,229,522 |
| 56250 | Vehicle Operation - Special Education | - | 5,149,513 | 5,038,593 | 4,956,998 | 5,110,406 |
| 56300 | Vehicle Maintenance | 2,957,132 | 2,951,312 | 2,912,739 | 2,979,487 | 2,973,882 |
| 56400 | Monitoring Services | 2,859,405 | 2,798,961 | 2,606,014 | 2,707,436 | 2,880,033 |
| | **Pupil Transportation Total** | **30,954,363** | **30,327,210** | **29,925,934** | **29,596,527** | **30,154,558** |
| 57100 | Facilities Planning and Construction | 751,031 | 743,784 | 716,215 | 739,648 | 742,528 |
| 57200 | School Plant | 50,169,680 | 49,169,587 | 47,625,680 | 43,818,937 | 44,026,676 |
| 57300 | Supply Services | 1,383,370 | 1,368,030 | 1,305,402 | 1,598,367 | 1,608,185 |
| 57400 | Grounds Services | 3,867,990 | 3,867,990 | 3,867,990 | 3,751,950 | 3,751,950 |
| 57500 | Custodial Services | 27,385,750 | 27,734,362 | 26,952,009 | 26,734,184 | 28,204,658 |
| 58100 | Safety and Loss Control | 6,298,248 | 6,224,580 | 6,224,497 | 6,392,422 | 6,728,049 |
| 58200 | Vehicle Services | 905,835 | 1,023,580 | 1,022,772 | 995,981 | 999,147 |
| 58300 | Telecommunications | 1,641,735 | 1,638,905 | 1,545,786 | 1,514,229 | 1,181,686 |
| | **Operations and Maintenance Total** | **92,403,639** | **91,770,818** | **89,260,351** | **85,545,718** | **87,242,879** |
| | **Expenditures Total** | **$ 697,312,782** | **$ 671,364,858** | **$ 639,160,550** | **$ 636,132,960** | **$ 661,652,859** |

The tables below provide average per-pupil expenditures based upon specific state requirements and categories as used in the state funding formula and the Annual School Report. The state counts students in special ways and includes revenues from various funds; i.e., operations and food services.

## VBCPS Average Per-Pupil Expenditure for Operations*

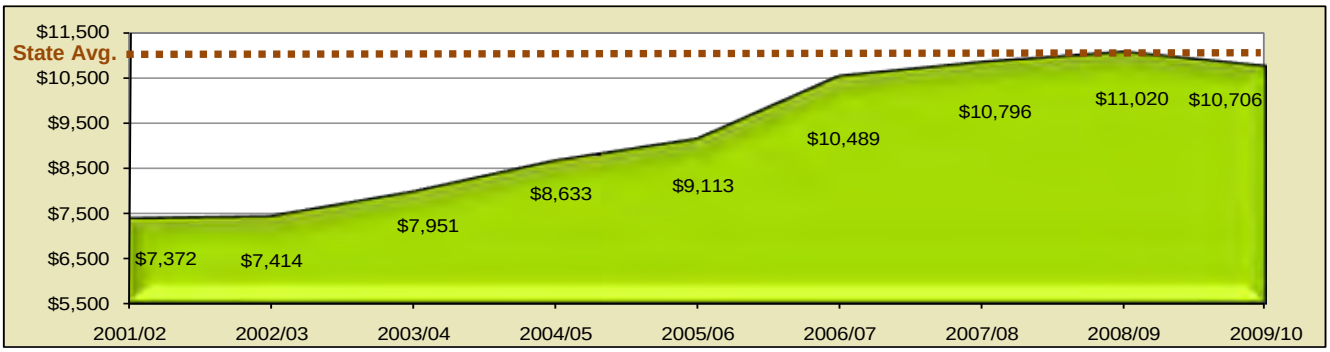
| Sources of Financial Support | FY 2010 (a) State Average | FY 2010 (a) VBCPS |
|---|---|---|
| **State** | $ 3,509 | $ 3,700 |
| **Sales Tax** | 890 | 959 |
| **Federal** | 1,198 | 1,156 |
| **Local[(b)]** | 5,423 | 4,891 |
| **Total** | **$ 11,020** | **$ 10,706** |

* Includes regular day school, school food services, summer school, adult education, athletics, textbooks, and other educational functions, but does not include facilities, debt service, capital outlay additions, and pre-kindergarten program

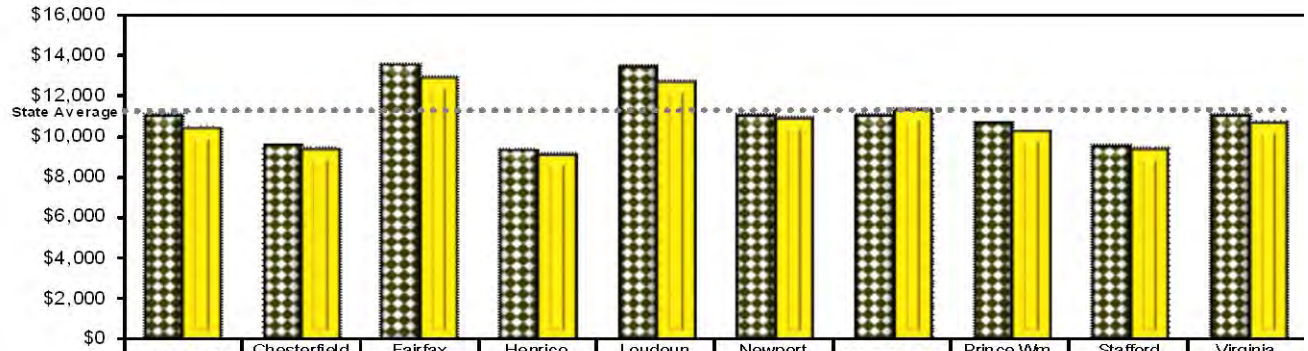
(a) Commonwealth of Virginia, Superintendent's Annual Report for Virginia

(b) Includes City of Virginia Beach and other local sources; i.e., rental of facilities, summer school tuition, adult education fees, and food services charges

## VBCPS Per-Pupil Expenditure




## Per-Pupil Expenditure by the ten largest school divisions




| | Chesapeake | Chesterfield County | Fairfax County | Henrico County | Loudoun County | Newport News | Norfolk City | Prince Wm. County | Stafford County | Virginia Beach |
|---|---|---|---|---|---|---|---|---|---|---|
| FY 2008/09 | $11,037 | $9,587 | $13,553 | $9,369 | $13,448 | $11,032 | $11,034 | $10,687 | $9,531 | $11,020 |
| FY 2009/10 | $10,459 | $9,369 | $12,912 | $9,138 | $12,688 | $10,946 | $11,324 | $10,298 | $9,399 | $10,706 |

Source: Superintendent's Annual Report for Virginia

# School Population

## Projected Enrollment Adjustments by Grade Level

### Virginia Beach City Public Schools
### September 30th Historical Student Membership and
### FINAL Student Membership Projections - Grades K-12

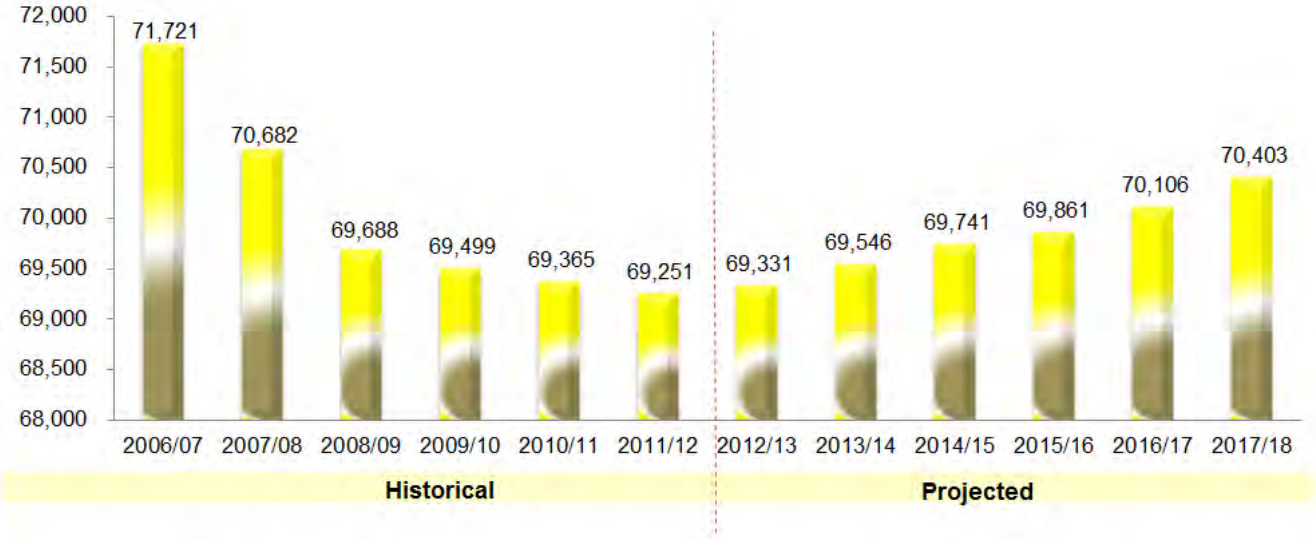
**Live Births by Residence - Virginia Beach**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Projected 2011 | Projected 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| VB Births | 6,173 | 6,234 | 6,370 | 6,665 | 6,382 | 6,567 | 6,513 | 6,341 | 6,324 | 6,143 | 6,300 | 6,350 |
| % K 5 years later | 76.22% | 73.53% | 72.29% | 72.17% | 74.26% | 76.85% | 76.00% | 76.00% | 76.00% | 76.00% | 76.00% | 76.00% |
| % 1st 6 years later | 87.40% | 83.89% | 82.64% | 81.04% | 83.95% | 87.65% | 86.97% | 86.68% | 86.58% | 86.58% | 86.58% | |

| | HISTORICAL STUDENT MEMBERSHIP | | | | | | FINAL PROJECTED STUDENT MEMBERSHIP | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sept 30th Membership | Sept 30th Membership | Sept 30th Membership | Sept 30th Membership | Sept 30th Membership | Sept 30th Membership | Sept 30th Projections | Sept 30th Projections | Sept 30th Projections | Sept 30th Projections | Sept 30th Projections | Sept 30th Projections |
| **Elementary** | **2006/07** | **2007/08** | **2008/09** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| K | 4,705 | 4,584 | 4,605 | 4,810 | 4,739 | 5,047 | 4,944 | 4,825 | 4,806 | 4,669 | 4,788 | 4,826 |
| 1 | 5,395 | 5,395 | 5,230 | 5,264 | 5,401 | 5,476 | 5,756 | 5,664 | 5,497 | 5,475 | 5,319 | 5,454 |
| 2 | 5,250 | 5,347 | 5,310 | 5,162 | 5,309 | 5,359 | 5,478 | 5,753 | 5,666 | 5,499 | 5,477 | 5,321 |
| 3 | 5,312 | 5,185 | 5,396 | 5,339 | 5,202 | 5,248 | 5,359 | 5,496 | 5,742 | 5,656 | 5,488 | 5,467 |
| 4 | 5,399 | 5,295 | 5,151 | 5,393 | 5,368 | 5,208 | 5,276 | 5,397 | 5,514 | 5,761 | 5,675 | 5,507 |
| 5 | 5,318 | 5,357 | 5,271 | 5,156 | 5,401 | 5,355 | 5,209 | 5,298 | 5,394 | 5,512 | 5,758 | 5,672 |
| Total | **31,379** | **31,163** | **30,963** | **31,124** | **31,420** | **31,693** | **32,021** | **32,433** | **32,620** | **32,572** | **32,505** | **32,247** |
| Change from previous year | **-796** | **-216** | **-200** | **161** | **296** | **273** | **328** | **412** | **187** | **-49** | **-66** | **-259** |
| % Change from previous year | -2.47% | -0.69% | -0.64% | 0.52% | 0.95% | 0.87% | 1.04% | 1.29% | 0.58% | -0.15% | -0.20% | -0.80% |
| **Middle** | **2006/07** | **2007/08** | **2008/09** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| 6 | 5,519 | 5,379 | 5,358 | 5,278 | 5,232 | 5,427 | 5,415 | 5,265 | 5,350 | 5,447 | 5,566 | 5,815 |
| 7 | 5,794 | 5,481 | 5,368 | 5,358 | 5,251 | 5,284 | 5,441 | 5,434 | 5,277 | 5,363 | 5,460 | 5,579 |
| 8 | 5,708 | 5,761 | 5,389 | 5,364 | 5,379 | 5,256 | 5,290 | 5,447 | 5,448 | 5,290 | 5,376 | 5,473 |
| Total | **17,021** | **16,621** | **16,115** | **16,000** | **15,862** | **15,967** | **16,146** | **16,146** | **16,075** | **16,100** | **16,401** | **16,867** |
| Change from previous year | **-792** | **-400** | **-506** | **-115** | **-138** | **105** | **179** | **0** | **-72** | **25** | **302** | **466** |
| % Change from previous year | -4.45% | -2.35% | -3.04% | -0.71% | -0.86% | 0.66% | 1.12% | 0.00% | -0.44% | 0.16% | 1.88% | 2.84% |
| **High** | **2006/07** | **2007/08** | **2008/09** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| 9 | 6,705 | 6,515 | 6,365 | 6,014 | 5,995 | 5,869 | 5,811 | 5,821 | 6,016 | 6,016 | 5,842 | 5,937 |
| 10 | 5,925 | 5,842 | 5,749 | 5,794 | 5,588 | 5,452 | 5,390 | 5,334 | 5,352 | 5,530 | 5,531 | 5,371 |
| 11 | 5,605 | 5,447 | 5,463 | 5,451 | 5,470 | 5,207 | 5,128 | 5,060 | 5,003 | 5,020 | 5,187 | 5,187 |
| 12 | 5,086 | 5,094 | 5,033 | 5,116 | 5,030 | 5,063 | 4,836 | 4,752 | 4,676 | 4,624 | 4,639 | 4,794 |
| Total | **23,321** | **22,898** | **22,610** | **22,375** | **22,083** | **21,591** | **21,164** | **20,967** | **21,046** | **21,190** | **21,199** | **21,289** |
| Change from previous year | **-139** | **-423** | **-288** | **-235** | **-292** | **-492** | **-427** | **-198** | **80** | **143** | **9** | **90** |
| % Change from previous year | -0.59% | -1.81% | -1.26% | -1.04% | -1.31% | -2.23% | -1.98% | -0.93% | 0.38% | 0.68% | 0.04% | 0.42% |
| **Division** | **2006/07** | **2007/08** | **2008/09** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **2017/18** |
| **Total** | **71,721** | **70,682** | **69,688** | **69,499** | **69,365** | **69,251** | **69,331** | **69,546** | **69,741** | **69,861** | **70,106** | **70,403** |
| Change from previous year | **-1,727** | **-1,039** | **-994** | **-189** | **-134** | **-114** | **80** | **215** | **195** | **120** | **245** | **297** |
| % Change from previous year | -2.35% | -1.45% | -1.41% | -0.27% | -0.19% | -0.16% | 0.12% | 0.31% | 0.28% | 0.17% | 0.35% | 0.42% |

Demographics and Planning 12/26/2011

## Historical and Projected Student Membership




## School Characteristics (K-12)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11* | 2011-12 |
|---|---|---|---|---|---|---|---|
| **September 30th Membership** | 73,454 | 71,752 | 70,708 | 69,735 | 69,469 | 69,433 | 69,282 |
| **African American** | 27.60% | 27.40% | 27.50% | 27.30% | 27.10% | 24.60% | 24.10% |
| **Caucasian** | 57.70% | 57.20% | 56.30% | 55.80% | 55.40% | 53.10% | 52.70% |
| **Hispanic/Latino** | 5.10% | 5.40% | 5.70% | 6.00% | 6.10% | 8.80% | 9.30% |
| **American Indian/Alaska Native** | 0.40% | 0.40% | 0.40% | 0.40% | 0.40% | 0.40% | 0.30% |
| **Asian** | 5.60% | 5.50% | 5.70% | 5.70% | 5.80% | 5.60% | 5.60% |
| **Native Hawaiian/Pacific Islander** | 0.70% | 0.80% | 0.80% | 0.80% | 0.90% | 0.50% | 0.50% |
| **Multirace** | 3.00% | 3.30% | 3.60% | 4.00% | 4.20% | 7.10% | 7.50% |
| **Female** | 49.00% | 49.10% | 49.10% | 49.00% | 48.90% | 48.90% | 48.90% |
| **Male** | 51.00% | 50.90% | 50.90% | 51.00% | 51.10% | 51.10% | 51.10% |
| **Economically Disadvantaged**** | 25.90% | 30.20% | 26.50% | 29.10% | 30.60% | 29.90% | 34.60% |
| **Gifted** | 11.20% | 11.90% | 12.10% | 12.30% | 12.20% | 12.00% | 11.80% |
| **Limited English Proficiency** | 1.70% | 1.70% | 1.70% | 1.90% | 1.90% | 1.60% | 2.00% |
| **Migrant** | <0.1% | <0.1% | <0.1% | <0.1% | <0.1% | <0.1% | <0.1% |
| **Students With Disabilities** | 12.00% | 11.90% | 11.70% | 11.50% | 11.40% | 10.90% | 10.60% |

Source: Fall Membership Report submitted annually to the Virginia Department of Education.

The September 30th membership count includes only students receiving services within Virginia Beach City Public Schools. Pre-K students are excluded.

*Beginning with the 2010-2011 school year, racial/ethnic categories were revised to reflect U.S. Department of Education (USDOE) reporting requirements.

** The percentage of economically disadvantaged students is based on the November report from Food Services.

# Revenue – Grants and Other Funds

| | Local | Fund Balance | State | Federal | Total |
|---|---|---|---|---|---|
| **Federal Categorical Grants** | | | | | |
| Adult Basic Education Funds | $ 94,634 | $ - | $ - | $ 309,075 | $ 403,709 |
| Carl D. Perkins Vocational and Technical Education Act | - | - | - | 805,276 | 805,276 |
| COPS - Securing Our Schools | - | - | - | 336,225 | 336,225 |
| English Literacy Civics Education | 10,194 | - | - | 57,767 | 67,961 |
| McKinney -Vento Homeless Assistance Act (NCLB) | - | - | - | 70,000 | 70,000 |
| McKinney -Vento Homeless Assistance Act (NCLB) - C/O | - | - | - | 12,136 | 12,136 |
| My CAA - ALC | - | - | - | 5,000 | 5,000 |
| My CAA - LPN | - | - | - | 10,000 | 10,000 |
| Pell Grant | - | - | - | 32,277 | 32,277 |
| Preschool Incentive | - | - | - | 499,950 | 499,950 |
| Preschool Incentive - C/O | - | - | - | 36,302 | 36,302 |
| Reserve for Contingency | - | - | - | 3,571,564 | 3,571,564 |
| Startalk | - | - | - | 66,565 | 66,565 |
| Title I - Part A (NCLB) | - | - | - | 10,658,467 | 10,658,467 |
| Title I - Part A (NCLB) - C/O | - | - | - | 2,603,518 | 2,603,518 |
| Title I - Part D - Subpart I | - | - | - | 75,097 | 75,097 |
| Title I - Part D - Subpart I - C/O | - | - | - | 6,074 | 6,074 |
| Title I - Part D Subpart 2 | - | - | - | 245,734 | 245,734 |
| Title I - Part D Subpart 2 - C/O | - | - | - | 200,024 | 200,024 |
| Title II - Part A | - | - | - | 2,245,000 | 2,245,000 |
| Title II - Part A - C/O | - | - | - | 684,307 | 684,307 |
| Title III Language Instruction for LEP | - | - | - | 112,366 | 112,366 |
| Title III Language Instruction for LEP - C/O FY 11 | - | - | - | 12,740 | 12,740 |
| Title III Language Instruction for LEP - C/O FY 12 | - | - | - | 112,366 | 112,366 |
| Title IV - Part B - 21st Century Learning Communities | - | - | - | 243,847 | 243,847 |
| Title VI-B (IDEA) | - | - | - | 15,048,367 | 15,048,367 |
| Title VI-B (IDEA) - C/O | - | - | - | 11,797,230 | 11,797,230 |
| **Federal Grants Total** | **104,828** | **-** | **-** | **49,857,274** | **49,962,102** |
| **State Categorical Grants** | | | | | |
| Advanced Placement Fee Program | - | - | 26,050 | - | 26,050 |
| Algebra Readiness Initiative | 325,797 | - | 466,897 | - | 792,694 |
| Career Switcher | 5,500 | - | 5,500 | - | 11,000 |
| Early Intervention Reading Initiative | 641,591 | - | 919,458 | - | 1,561,049 |
| GED Expansion | - | - | 10,000 | - | 10,000 |
| General Adult Education | - | - | 43,792 | - | 43,792 |
| Individual Student Alternative Educational Plan (ISAEP) | - | - | 62,869 | - | 62,869 |
| Industry Certification Examination | - | - | 61,910 | - | 61,910 |
| Jail Education Program | - | - | 202,490 | - | 202,490 |
| Juvenile Detention Home Grant | - | - | 931,581 | - | 931,581 |
| National Board Certification | - | - | 265,000 | - | 265,000 |
| New Teacher Mentor Program Grant | 29,663 | - | 29,662 | - | 59,325 |
| Opportunity Inc - STEM | - | - | 232,200 | - | 232,200 |
| Opportunity Inc - STEM C/O | - | - | 11,494 | - | 11,494 |
| Race to GED Activities | - | - | 59,549 | - | 59,549 |
| Reserve for Contingency | - | - | 2,155,908 | - | 2,155,908 |
| Technology Initiative | 431,200 | - | 2,156,000 | - | 2,587,200 |
| Technology Initiative - C/O FY10 | - | - | 76,000 | - | 76,000 |
| Technology Initiative - C/O FY11 | - | - | 2,587,200 | - | 2,587,200 |
| Technology Initiative - C/O FY12 | - | - | 2,587,200 | - | 2,587,200 |
| Virginia Initiative For At-Risk Four-Year-Old Children | 1,736,064 | - | 2,487,936 | - | 4,224,000 |
| Virginia Initiative For Speech and Language Pathology | - | - | 22,607 | - | 22,607 |
| Virginia Middle School Teacher Corps | - | - | 45,000 | - | 45,000 |
| **State Grants Total** | **3,169,815** | **-** | **15,446,303** | **-** | **18,616,118** |
| **Other Funds** | | | | | |
| Athletic | 4,731,085 | 210,000 | - | - | 4,941,085 |
| Communication Towers Technology | 260,000 | 340,000 | - | - | 600,000 |
| Equipment Replacement | - | 902,602 | - | - | 902,602 |
| Food Services | 14,168,980 | 327,306 | 485,000 | 13,361,841 | 28,343,127 |
| Technology Category | 26,338,973 | - | - | - | 26,338,973 |
| Textbook | 110,000 | 11,217,527 | 3,790,074 | - | 15,117,601 |
| Vending Operations | 192,550 | 137,011 | - | - | 329,561 |
| **Other Funds Total** | **45,801,588** | **13,134,446** | **4,275,074** | **13,361,841** | **76,572,949** |
| **Categorical Grants and Other Funds Total** | **$ 49,076,231** | **$ 13,134,446** | **$ 19,721,377** | **$ 63,219,115** | **$ 145,151,169** |

| | Personnel Services | Fringe Benefits | Purchased Services | Other Charges | Materials and Supplies | Capital Outlay | Improv. and Transfers | Total |
|---|---|---|---|---|---|---|---|---|
| **Federal Categorical Grants** | | | | | | | | |
| Adult Basic Education Funds | $ 286,581 | $ 75,575 | $ 6,827 | $ 2,000 | $ 32,726 | $ - | $ - | $ 403,709 |
| Carl D. Perkins Vocational and Technical Education Act | 23,652 | 1,809 | 155,081 | 189,505 | 435,229 | - | - | 805,276 |
| COPS - Securing Our Schools | - | - | 139,675 | - | 164,450 | 32,100 | - | 336,225 |
| English Literacy Civics Education | 61,563 | 4,710 | - | - | 1,688 | - | - | 67,961 |
| McKinney -Vento Homeless Assistance Act (NCLB) | - | - | 64,500 | - | 5,500 | - | - | 70,000 |
| McKinney -Vento Homeless Assistance Act (NCLB) - C/O | - | - | 7,223 | - | 4,913 | - | - | 12,136 |
| My CAA - ALC | - | - | 5,000 | - | - | - | - | 5,000 |
| My CAA - LPN | - | - | 10,000 | - | - | - | - | 10,000 |
| Pell Grant | - | - | 32,277 | - | - | - | - | 32,277 |
| Preschool Incentive | 335,211 | 115,606 | 8,840 | - | 40,293 | - | - | 499,950 |
| Preschool Incentive - C/O | 27,938 | 7,034 | 641 | - | 689 | - | - | 36,302 |
| Reserve for Contingency | - | - | - | - | 3,571,564 | - | - | 3,571,564 |
| Startalk | 23,607 | 1,806 | 23,242 | 8,910 | 9,000 | - | - | 66,565 |
| Title I - Part A (NCLB) | 6,807,435 | 2,576,422 | 1,163,694 | 15,000 | 95,916 | - | - | 10,658,467 |
| Title I - Part A (NCLB) - C/O | 630,000 | 1,001,034 | 546,035 | - | 426,449 | - | - | 2,603,518 |
| Title I - Part D - Subpart I | 55,006 | 20,091 | - | - | - | - | - | 75,097 |
| Title I - Part D - Subpart I - C/O | 4,603 | 1,471 | - | - | - | - | - | 6,074 |
| Title I - Part D Subpart 2 | 154,236 | 36,158 | 51,345 | 2,500 | 1,495 | - | - | 245,734 |
| Title I - Part D Subpart 2 - C/O | 112,108 | 32,935 | 48,537 | 3,500 | 2,944 | - | - | 200,024 |
| Title II - Part A | 1,543,159 | 591,473 | 91,548 | 17,320 | 1,500 | - | - | 2,245,000 |
| Title II - Part A - C/O | 479,504 | 162,827 | 35,147 | 6,829 | - | - | - | 684,307 |
| Title III Language Instruction for LEP | 79,732 | 21,856 | 9,428 | 1,350 | - | - | - | 112,366 |
| Title III Language Instruction for LEP - C/O FY 11 | 9,046 | 2,278 | 225 | - | 1,191 | - | - | 12,740 |
| Title III Language Instruction for LEP - C/O FY 12 | 79,732 | 21,210 | 10,074 | 1,350 | - | - | - | 112,366 |
| Title IV - Part B - 21st Century Learning Communities | 177,563 | 13,584 | - | 29,700 | 23,000 | - | - | 243,847 |
| Title VI-B (IDEA) | 9,830,176 | 3,336,281 | 928,081 | - | 953,829 | - | - | 15,048,367 |
| Title VI-B (IDEA) - C/O | 8,415,845 | 2,646,914 | 566,971 | - | 167,500 | - | - | 11,797,230 |
| **Federal Grants Total** | **29,136,697** | **10,671,074** | **3,904,391** | **277,964** | **5,939,876** | **32,100** | **-** | **49,962,102** |
| **State Categorical Grants** | | | | | | | | |
| Advanced Placement Fee Program | - | - | 26,050 | - | - | - | - | 26,050 |
| Algebra Readiness Initiative | 27,000 | 2,066 | 714,780 | - | 48,848 | - | - | 792,694 |
| Career Switcher | 11,000 | - | - | - | - | - | - | 11,000 |
| Early Intervention Reading Initiative | 907,571 | 89,735 | 1,200 | 3,000 | 559,543 | - | - | 1,561,049 |
| GED Expansion | 9,289 | 711 | - | - | - | - | - | 10,000 |
| General Adult Education | 40,680 | 3,112 | - | - | - | - | - | 43,792 |
| Individual Student Alternative Educational Plan (ISAEP) | 42,655 | 3,263 | 12,180 | 500 | 4,271 | - | - | 62,869 |
| Industry Certification Examination | - | - | 61,910 | - | - | - | - | 61,910 |
| Jail Education Program | 165,400 | 34,093 | 400 | 250 | 2,347 | - | - | 202,490 |
| Juvenile Detention Home Grant | 637,946 | 228,398 | 33,647 | 5,000 | 26,590 | - | - | 931,581 |
| National Board Certification | 265,000 | - | - | - | - | - | - | 265,000 |
| New Teacher Mentor Program Grant | 59,325 | - | - | - | - | - | - | 59,325 |
| Opportunity Inc - STEM | 75,700 | 19,043 | 128,955 | - | 8,502 | - | - | 232,200 |
| Opportunity Inc - STEM C/O | 9,018 | 2,476 | - | - | - | - | - | 11,494 |
| Race to GED Activities | 49,929 | 3,820 | 5,800 | - | - | - | - | 59,549 |
| Reserve for Contingency | - | - | - | - | 2,155,908 | - | - | 2,155,908 |
| Technology Initiative | 99,170 | 7,587 | - | - | 2,480,443 | - | - | 2,587,200 |
| Technology Initiative - C/O FY10 | 70,599 | 5,401 | - | - | - | - | - | 76,000 |
| Technology Initiative - C/O FY11 | 99,170 | 7,587 | - | - | 2,480,443 | - | - | 2,587,200 |
| Technology Initiative - C/O FY12 | 99,170 | 7,587 | - | - | 2,480,443 | - | - | 2,587,200 |
| Virginia Initiative For At-Risk Four-Year-Old Children | - | - | 4,224,000 | - | - | - | - | 4,224,000 |
| Virginia Initiative For Speech and Language Pathology | 21,000 | 1,607 | - | - | - | - | - | 22,607 |
| Virginia Middle School Teacher Corps | 45,000 | - | - | - | - | - | - | 45,000 |
| **State Grants Total** | **2,734,622** | **416,486** | **5,208,922** | **8,750** | **10,247,338** | **-** | **-** | **18,616,118** |
| **Other Funds** | | | | | | | | |
| Athletic | 2,966,905 | 226,968 | 729,671 | 164,750 | 584,000 | 268,791 | - | 4,941,085 |
| Communication Towers Technology | - | - | - | - | - | 600,000 | - | 600,000 |
| Equipment Replacement | - | - | - | - | - | 902,602 | - | 902,602 |
| Food Services | 8,604,262 | 4,479,961 | 422,716 | 83,280 | 14,623,346 | 129,562 | - | 28,343,127 |
| Technology Category | 11,956,056 | 4,076,715 | 5,648,039 | 248,497 | 3,974,069 | 4,397 | 431,200 | 26,338,973 |
| Textbook | 62,517 | 25,102 | 1,500 | - | 15,028,482 | - | - | 15,117,601 |
| Vending Operations | - | - | - | - | 199,921 | 129,640 | - | 329,561 |
| **Other Funds Total** | **23,589,740** | **8,808,746** | **6,801,926** | **496,527** | **34,409,818** | **2,034,992** | **431,200** | **76,572,949** |
| **Categorical Grants and Other Funds Total** | **$55,461,059** | **$19,896,306** | **$15,915,239** | **$783,241** | **$50,597,032** | **$2,067,092** | **$ 431,200** | **$145,151,169** |

# Fund Balances Summary

Virginia Beach City Public Schools organizes its account code system on a fund basis. A fund is a self-balancing set of accounts which is segregated for a specific purpose or activity. The chart below represents the fund balance for each fund. The fund balance is increased or decreased based on the fund's net revenue over (or under) expenditures for the fiscal year.

## Four-Year Actuals

Fund Balance as of June 30

| Fiscal Year | Athletics | Percent Change | Food Services | Percent Change | Textbooks | Percent Change | Comm. Towers Technology | Percent Change | Vending Operations | Percent Change | Instruct. Technology | Percent Change | Equip. Rplcmnt | Percent Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2008 | $812,498 | -32.20% | $2,676,345 | 16.97% | $17,693,672 | -24.29% | $1,750,531 | -21.36% | $1,019,301 | 19.65% | $11,817,215 | 5.51% | $2,490,421 | -59.85% |
| 2009 | $981,808 | 20.84% | $2,620,772 | -2.08% | $22,966,699 | 29.80% | $2,155,323 | 23.12% | $740,338 | -27.37% | $12,329,069 | 4.33% | $2,441,229 | -1.98% |
| 2010 | $1,111,836 | 13.24% | $2,655,222 | 1.31% | $22,189,741 | -3.38% | $2,047,320 | -5.01% | $531,736 | -28.18% | $19,015,318 | 54.23% | $1,956,259 | -19.87% |
| 2011 | $1,111,836 | 0.00% | $3,717,345 | 40.00% | $22,042,950 | -0.66% | $2,295,846 | 12.14% | $448,511 | -15.65% | $15,460,412 | -18.69% | $1,805,204 | -7.72% |

NOTE: The fund balance amount will vary depending on actual collections and expenditure variances.

### Combined Fund Balance Results

Actual Fund Balance, ending ..... $46,882,104
As of June 30, 2011

Projected Changes in fund balance (estimate) ..... ($24,965,855)

Projected Fund Balance, ending ..... 21,916,249
As of June 30, 2012

Projected Estimate % Change in Fund Balance ..... (53.25%)

## Three-Year Projection

| Fiscal Year | Athletics | Percent Change | Food Services | Percent Change | Textbooks | Percent Change | Comm. Towers Technology | Percent Change | Vending Operations | Percent Change | Instruct. Technology | Percent Change | Equip. Rplcmnt | Percent Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2012 | $911,836 | -17.99% | $3,363,913 | -9.51% | $13,552,950 | -38.52% | $1,970,846 | -14.16% | $311,500 | -30.55% | $ - | -100.00% | $1,805,204 | 0.00% |
| 2013 | $701,836 | -23.03% | $3,036,607 | -9.73% | $2,335,423 | -82.77% | $1,630,846 | -17.25% | $174,489 | -43.98% | $ - | 0.00% | $902,602 | -50.00% |
| 2014 | $602,700 | -14.13% | $2,710,000 | -10.76% | $ - | -100.00% | $1,111,000 | -31.88% | $55,200 | -68.36% | $ - | 0.00% | $ - | -100.00% |

NOTE: Fund balances will be finalized in November.

The division has developed and implemented a spending plan for the fund balances that is in alignment with the schools' Strategic Plan and the projected expenditures for each of these funds. The Instructional Technology Fund has been depleted due to the city-required transfer of funds to the Operating Budget for FY 2011/12.

# Appendix

VIRGINIA BEACH CITY PUBLIC SCHOOLS
AHEAD OF THE CURVE

*Office of the Superintendent*

**James G. Merrill, Ed.D.**
Superintendent

February 7, 2012

Chairman Edwards, Vice Chair Brunke, Members of the Virginia Beach School Board:

In my 12 years as a superintendent I have lived through some lean budget years. I have recommended cuts that were painful and I have delivered bad news that I wished didn't have to cross my lips. However, I have never had to advise a School Board and a community as a whole that quality public education in their city was in danger. Sadly, that is the message I must deliver now.

In the six years that I have served as Virginia Beach's superintendent, I have marveled at the dedication of our instructional, administrative and support staff. I have been astounded at the high level of support this community lends its schools. The most talented students I have ever seen have called Virginia Beach home. It is that experience that makes what I have to recommend to you now so painful. I am deeply saddened to say that in recent years I have witnessed a frightening erosion of commitment to public education – on the part of both our state and city governments. This erosion is likely to move our schools down the slippery slope of mediocrity.

Today's economy calls for sacrifices and I do agree that public education shouldn't be a sacred cow that is held immune from cuts. Certainly, our citizens have a right to demand efficiency from us and they have a right to expect that we will tighten our belts where necessary. I do think we have risen to those expectations superbly. Over the last four years we saved over $23.5 million as result of self-imposed cuts, ranging from closing a school and ending five year-round school programs to lengthening our bus replacement cycle and changing the way we pay overtime. Over that same period we have reduced our number of teachers and other staff by 384 positions when our enrollment only decreased by 944 students. I have enumerated these accomplishments many times because they illustrate an important point that people need to remember: Our foresight and wise fiscal management have shielded this community in recent years. Because of our aggressive savings and efficiency program we have been able to stave off detrimental changes such as furloughs, layoffs and elimination of programs for children -- the kinds of changes that have taken place in localities across the state and the country.

But that is true no longer. The actual shortfall we must deal with is $39.3 million. This number sounds overwhelming, but actually it could have been worse. Initially the shortfall was as high as $50.3 million. Only our ability to save $11 million from last year's reversions brings the shortfall down to what it is today. We are in this situation because cutting public education funding has become both a state and a city trend. From the 2008-09 fiscal year through 2011-12, state funding has dropped $56.8 million and city funding has decreased by $29.3 million for a total loss of $86.1 million. Exacerbating the situation, the city added to these staggering losses by taking an additional $41.4 million in school reserve funds and year-end funds over the last three years, that's a combined state

and local reduction of $127.5 million over the same three-year timeframe. There are reasonable arguments on both sides of the fence about the efficacy of the city's action. All arguments aside, however, I think we can all agree on one thing: Virginia Beach City Public Schools no longer has the ability to cushion its stakeholders from the fallout associated with the looming funding crisis. And so, that back story brings me to where we stand now – forced to implement crippling budget reductions. There is no way to absorb a cut of that magnitude without extreme pain.

The accompanying budget document outlines recommended reduction strategies in detail so I won't enumerate them in a one-by-one fashion here. I will say though that their implementation will change the landscape of Virginia Beach City Public Schools dramatically. It's a landscape that our stakeholders will find rocky and difficult to navigate. For example, some of the plans that will negatively impact our students and families include: eliminating transportation for all high school academies, the Middle Years International Baccalaureate Program, Kemps Landing Magnet School and Old Donation Center; eliminating middle school interscholastic athletics and junior varsity sports; and raising class size once again. Many of the plans, if adopted, will also change the quality of support we offer VBCPS staff and some may even result in a loss of jobs. For instance, this proposal includes a three-day furlough for all staff; eliminates the second planning period for all middle school core teachers; reduces the budgets of all administrative departments; and eliminates a defined number of positions in certain categories -- security assistant, custodian and central administrative positions. One or two of the recommendations may be viewed in a somewhat more positive light by stakeholders. Retirement-eligible employees may be gratified by the fact that a retirement incentive is included in this budget proposal. Likewise, some students may be pleased that a proposed change in the schedule at high schools will make room in their individual schedules for classes they wouldn't be able to take under the current high school schedule. These latter two strategies make it into the FY 2012-13 budget proposal because they save the school division considerable sums of money.

There are many other reduction strategies included in our proposed FY 2012-13 budget that will be of great interest to employees and the larger community. As you may surmise, a key challenge will be communicating plans of this magnitude in a timely and comprehensive manner. This need for extensive communication is complicated by the fact that ongoing deliberations and discussions by the General Assembly and the City Council have the potential to change the present funding scenario, for the better or the worse. I anticipate that the School Board will ask: How do I keep my constituents updated during the long months of budget deliberations ahead as we move toward City Council's adoption of a final expenditure plan in May? The answer: We will communicate on many fronts – on the "Lowdown on Your School Dollars" webpage on vbschools.com, via e-mail, in news media interviews, on VBTV and in face-to-face meetings with our constituents such as the Future Focus event on February 27 at Landstown High School.

Granted, detailed and extensive implementation plans will have to be developed to make most of the recommendations included in this document a reality. Therefore, I must remind the School Board and our stakeholders that school system leadership cannot, at this point in time, address all the "how" questions that will be coming our way. There is much planning that will follow and much more information that will be shared in coming weeks and months.

Making such drastic recommendations is personally heartbreaking to me because they are recommendations that snatch opportunities away from children, reduce the compensation of dedicated, hardworking employees, and will most likely result in some people losing their jobs. I am quite sure that as we present the FY 2012-13 budget proposal to the School Board, a firestorm will break out. In the coming weeks, people will inevitably flock to School Board meetings and flood School Board members with phone calls and e-mail messages asking that their particular areas of interest be spared. The problem with that strategy is that it becomes "every man for himself." It ignores the fact that to save your ox, somebody else's ox must get gored.

Now is the time for our community to pull together in a cohesive and strategic manner to stop the decline of Virginia Beach City Public Schools and, actually, the decline of public education across the Commonwealth. I hope that "What can we do?" will become our citizens' battle cry, not just "How can you do this to me?" I trust that they will rise to the occasion and tell their state legislators, and the governor, that the sacrifices that are being asked of public schools are untenable. For example, the governor's proposal is requiring that Virginia Beach pay $19 million into the Virginia Retirement System to catch up its funding level to its potential obligations. Catching up on years of underfunding in one single year is not a viable strategy. I hope this community will take notice that $19 million is about half of the shortfall we are facing. Average per pupil state funding has dropped from $5,724 to $4,730 since 2009. Children in Virginia are certainly the biggest losers in this scenario. That is, in a word, tragic. It should be enough impetus to cause citizens to write, call, even visit their legislators and demand that this dangerous trend be turned around.

I am also hopeful that our citizens will have productive conversations with City Council members about the possibility of increasing school funding. With the recent demise of the 15-year school funding formula, City Council now has complete latitude to allocate whatever dollars they deem reasonable to help the schools. No matter what anyone's personal view of the revenue sharing formula happens to be, a key fact that has to be acknowledged is that it established a minimum level of funding for schools. There is no minimum anymore; it can go as low as City Council wants it to go. Last June the school division released the results of a study on Virginia Beach City Public Schools' economic impact. It demonstrated, among other things, that due to improved student performance from 2007 to 2010, the city's property values were between $2.8 and $9.5 billion higher than what they would have been without the improvements. This economic impact study, conducted by a renowned economist, supported quantitatively what school system officials have been claiming for years: *Good schools are a powerful economic development engine.* When those good schools are damaged by underfunding, the negative result isn't just confined to the students and staff; the damage hurts an entire community.

In FY 2012-13, the damage done by three prior years of decreased funding continues. City funding for next fiscal year is projected to be $4.5 million less than what it would have been had City Council not discarded the revenue sharing formula. Again, our savings are just about gone. We have plugged holes in the operating budget for the last two years and now we are doing it again for the 2012-13 fiscal year. In addition, you may recall that last year City Council took $23.8 million from our reserve accounts for city projects and to provide city employees permanent, ongoing raises. That action effectively destroyed our shield against this budget crisis. It is time for some restoration and we are hopeful our residents will speak on behalf of the school children in this city.

Please understand that when I say this, I am not characterizing our city government as malicious or uncaring. Ironically, I believe the current situation is a testament to their confidence in our public schools. Yes, in many respects, this school system has been the victim of its own success. Virginia Beach City Public Schools is analogous to a large ship. For years the school division has propelled its students powerfully and purposefully toward achievement. To most observers, it has appeared that all is well with our vessel because we have protected our passengers during the tempest-tossed seas of the current recession. Those watching us from a distance have witnessed what they believed to be smooth sailing. Because we have kept a true course in the face of economic storms, it seems that our city government and our customers believe that we can do it again. The truth is, however, that under the water line, we have been gouged by our losses. Time has caught up with us. Our ship is taking on water. The time has come for the citizens of Virginia Beach to shore her up and ensure that she stays afloat.

Sincerely,

Dr. James G. Merrill
Superintendent

The Superintendent recommended the following reductions and eliminations:

**Reduce Expenditures to Reconcile with Revenue:** **$39,349,292**

| | Program Changes | | DESCRIPTION | Reductions to Balance FTE | Reductions to Balance Dollar | Cumulative Total |
|---|---|---|---|---|---|---|
| 1 | Convert all High Schools to 4X4 Block Schedule | 9 - 12 | Change the schedule format for students and teachers from yearlong courses to all semester | (150.0) | $ (8,273,925) | **$31,075,367** |
| 2 | Furloughs | All personnel | Requires furloughs for all employees during three instructional days | | (7,072,504) | **24,002,863** |
| 3 | Reduce Teaching Positions | K - 12 | Increase Class-size by .5 student | (91.0) | (4,999,932) | **19,002,931** |
| 4 | Middle School Planning | 6 - 8 | Eliminate second planning period for middle school core teachers | (81.0) | (4,461,295) | **14,541,636** |
| 5 | Transportation | Academies | Eliminate transportation for high school academies, Old Donation Center, Kemps Landing, and Middle Years Program International Baccalaureate at Plaza Middle School | (55.5) | (2,884,098) | **11,657,538** |
| 6 | Summer School | | Eliminate all programs except extended school year and courses for seniors to allow for on-time graduation | | (2,352,891) | **9,304,647** |
| 7 | Retirement Incentive | Eligible personnel | Offer full-service retirement incentive | | (2,000,000) | **7,304,647** |
| 8 | Athletics | 6 - 12 | Eliminate middle school interscholastic athletics and high school junior varsity as well as middle school trainers and reduce student activity coordinators to halftime | (7.0) | (1,764,243) | **5,540,404** |
| 9 | Non-Personnel Budgets | Division-wide | Reduce non-personnel budget by 2% | | (1,389,575) | **4,150,829** |
| 10 | School Specialists | K - 12 | Reduce the following positions from 12-months to 11-months: School Improvement Specialist; Secondary Guidance Department Chair; Data Support Specialist; Data Tech (school) | | (625,672) | **3,525,157** |
| 11 | Security Assistants | Secondary Schools | Reduce security assistant positions | (18.0) | (500,014) | **3,025,143** |
| 12 | Custodial Allocations | Custodians | Reduce custodial positions | (16.0) | (500,000) | **2,525,143** |
| 13 | Permanent Substitutes | K - 12 | Reduce hourly rate to match the rate of daily substitutes | | (489,053) | **2,036,090** |
| 14 | Central Office Positions | Administration | Eliminate the following positions: assistant superintendent, director, coordinator, office associate | (4.0) | (412,896) | **1,623,194** |
| 15 | Professional Development | K - 12 | Reduce workshops | | (286,000) | **1,337,194** |
| 16 | Assistant Principals (AP) / Academy Coordinators | 6 - 12 Academies | Reduce months of employment for one 12-month AP at each middle and high school to 11-month and all academy coordinators to 11-month | | (266,912) | **1,070,282** |
| 17 | Travel | All personnel | Reduce travel related to Professional Development | | (250,000) | **820,282** |
| 18 | Ropes Course | All personnel | Eliminate the program and staff (1 FTE and part-time) and associated non-personnel costs | (1.0) | (189,014) | **631,268** |
| 19 | Attendance Incentive | Bus Drivers | Eliminate payment for good attendance for bus drivers | | (159,134) | **472,134** |
| 20 | Tuition Reimbursement | All personnel | Reduce reimbursement to employees for college level and professional development courses | | (150,000) | **322,134** |
| 21 | Attendance Incentive | Custodians | Eliminate payment for good attendance for custodians | | (93,925) | **228,209** |
| 22 | Field Trips | K - 12 | Reduce per-pupil allocation from $1.45 to $0.50 per student | | (85,044) | **143,165** |
| 23 | Teacher Production Center | | Elimination includes personnel and non-personnel costs (associated costs are also located in the 106 fund) | (1.0) | (73,915) | **69,250** |
| 24 | College Course Payment | Teachers | Eliminate | | (69,250) | **-** |
| | | | | **(424.5)** | **$(39,349,292)** | |

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## FY 2012/13 – 2017/18 Capital Improvement Program (CIP)

The Virginia Beach City School Board develops a multi-year Capital Improvement Program (CIP) that is updated annually to address facility needs. The CIP process begins in September with a preliminary meeting with the city staff. The CIP is presented to the School Board for information in February and is adopted in March, then sent to the city for review and approval. The city adopts the CIP in May along with the Operating Budget.

The FY 2012/13 – 2017/18 CIP proposes funding in the amount of $449.2 million. The proposed amount includes approximately $266 million for the modernization and/or replacement of some of the oldest schools in the division. The primary funding source for the current modernization program is city-issued Charter Bonds.

Funding is provided for the replacement/modernization of Kellam High School, Old Donation Center/Kemps Landing Magnet, and John B. Dey Elementary.

## Projects Funding Summary
## FY 2012/13 - FY 2017/18

| Project Category | Total Project Cost | Six Year Appropriations | Appropriations to Date | Year 1 2012-2013 | Year 2 2013-2014 | Year 3 2014-2015 | Year 4 2015-2016 | Year 5 2016-2017 | Year 6 2017-2018 |
|---|---|---|---|---|---|---|---|---|---|
| 1-001 Renovations and Replacements - Energy Management | 15,826,286 | 15,826,286 | 9,701,286 | 500,000 | 500,000 | 1,150,000 | 1,250,000 | 1,325,000 | 1,400,000 |
| 1-019 Great Neck Middle School Replacement | 46,500,000 | 46,500,000 | 46,500,000 | - | - | - | - | - | - |
| 1-035 John B. Dey Elementary School Modernization | 23,289,241 | 23,289,241 | - | - | - | - | 7,787,000 | 15,502,241 | - |
| 1-043 Thoroughgood Elementary School Replacement | 28,270,000 | 14,438,759 | - | - | - | - | - | 4,438,759 | 10,000,000 |
| 1-056 Princess Anne Middle School Replacement | 81,000,000 | 11,500,000 | - | - | - | - | - | 3,000,000 | 8,500,000 |
| 1-099 Renovations and Replacements - Grounds - Phase II | 11,525,000 | 11,325,000 | 5,000,000 | 750,000 | 1,000,000 | 1,050,000 | 1,100,000 | 1,175,000 | 1,250,000 |
| 1-103 Renovations and Replacements - HVAC - Phase II | 48,668,702 | 48,168,702 | 20,743,702 | 2,500,000 | 3,000,000 | 5,000,000 | 5,300,000 | 5,625,000 | 6,000,000 |
| 1-104 Renovations and Replacements - Reroofing - Phase II | 37,651,639 | 37,126,639 | 17,263,339 | 2,675,000 | 1,713,300 | 3,550,000 | 3,750,000 | 3,975,000 | 4,200,000 |
| 1-105 Renovations and Replacements - Various - Phase II | 16,285,000 | 15,510,000 | 7,260,000 | 500,000 | 1,350,000 | 1,450,000 | 1,550,000 | 1,650,000 | 1,750,000 |
| 1-106 Kellam High School Replacement | 102,000,000 | 102,000,000 | 56,091,300 | 22,196,000 | 23,712,700 | - | - | - | - |
| 1-107 Princess Anne High School Replacement | 105,000,000 | 4,591,000 | - | - | - | - | - | - | 4,591,000 |
| 1-109 Energy Performance Contracts | 14,149,705 | 14,149,705 | 9,149,705 | 2,500,000 | 2,500,000 | - | - | - | - |
| 1-195 Student Data Management System | 12,187,001 | 12,187,001 | 12,187,001 | - | - | - | - | - | - |
| 1-196 Instructional Technology | 25,407,930 | 25,407,930 | 25,407,930 | - | - | - | - | - | - |
| 1-232 Tennis Court Renovations | 3,790,000 | 3,790,000 | 2,370,000 | 320,000 | 300,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| 1-233 Old Donation Center/Kemps Landing Magnet | 63,360,000 | 63,360,000 | 12,150,000 | 5,450,000 | 5,315,000 | 24,491,000 | 15,954,000 | - | - |
| | | Total | Appropriations | Year 1 2012-2013 | Year 2 2013-2014 | Year 3 2014-2015 | Year 4 2015-2016 | Year 5 2016-2017 | Year 6 2017-2018 |
| **GRAND TOTAL (all projects)** | 634,910,504 | **449,170,263** | **223,824,263** | **37,391,000** | **39,391,000** | **36,891,000** | **36,891,000** | **36,891,000** | **37,891,000** |
| **TARGETS** | | **187,455,000** | | **37,391,000** | **39,391,000** | **36,891,000** | **36,891,000** | **36,891,000** | **37,891,000** |
| **DIFFERENCE** | | **-** | | **-** | **-** | **-** | **-** | **-** | **-** |

## Funding Source

| Funding Sources | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|---|---|
| Charter Bonds | $ 29,800,000 | $ 28,800,000 | $ 32,300,000 | $ 32,300,000 | $ 32,300,000 | $ 32,300,000 |
| Sandbridge* | 1,591,000 | 3,591,000 | 3,591,000 | 3,591,000 | 3,591,000 | 3,591,000 |
| Public Facility Revenue Bonds | 6,000,000 | 6,000,000 | - | - | - | - |
| PayGo | - | 1,000,000 | 2,000,000 | 3,000,000 | 6,000,000 | 6,000,000 |
| State Construction Grants | - | - | - | - | - | - |
| Lottery Funds | - | - | - | - | - | - |
| **Total** | **$ 37,391,000** | **$ 39,391,000** | **$ 37,891,000** | **$ 38,891,000** | **$ 41,891,000** | **$ 41,891,000** |

*Sandbridge funding reduced by $2,000,000 in 2012/13.

COMPASS to 2015

A Strategic Plan for Student Success

*Adopted by the School Board October 21, 2008*

## Our Strategic Goal

Recognizing that the long range goal of the VBCPS is the successful preparation and graduation of every student, the near term goal is that by 2015, 95 percent or more of VBCPS students will graduate having mastered the skills that they need to succeed as 21st century learners, workers, and citizens.

## Our Outcomes for Student Success

Our primary focus is on teaching and assessing those skills our students need to thrive as 21st century learners, workers, and citizens. All VBCPS students will be:

- Academically proficient;
- Effective communicators and collaborators;
- Globally aware, independent, responsible learners and citizens; and
- Critical and creative thinkers, innovators and problem solvers.

## Our Strategic Objectives

1. All teachers will engage every student in meaningful, authentic, and rigorous work through the use of innovative instructional practices and supportive technologies that will motivate students to be self-directed and inquisitive learners.

2. VBCPS will develop and implement a balanced assessment system that accurately reflects student demonstration and mastery of VBCPS outcomes for student success.

3. Each school will improve achievement for all students while closing achievement gaps for identified student groups, with particular focus on African American males.

4. VBCPS will create opportunities for parents, community and business leaders to fulfill their essential roles as actively engaged partners in supporting student achievement and outcomes for student success.

5. VBCPS will be accountable for developing essential leader, teacher, and staff competencies and optimizing all resources to achieve the school division's strategic goal and outcomes for student success.

VIRGINIA BEACH CITY PUBLIC SCHOOLS

# Key Operating Measures

| STUDENT ACHIEVEMENT | 07-08 | 08-09 | 09-10 | 10-11 |
|---|---|---|---|---|
| Percentage of Schools Fully Accredited | 99% | 100% | 100% | 99% |
| Percentage of Students Graduating in Four Years (On-Time Graduation Rate) | 84.2% | 85.3% | 85.4% | 86.7% |
| Dropout Rate Percentage | 1.15% | 1.32% | 1.34% | 1.40%* |
| Percentage of High School Completers Continuing Education | 83.7% | 86.1% | 84.4% | 84.9% |
| Percentage of High School Completers Receiving an Advanced Studies Diploma | 51.4% | 50.4% | 54.3% | 55.8% |
| Number of Advanced Placement Exams Taken | 5,806 | 6,722 | 7,212 | 7,554 |
| Percentage of Advanced Placement Exams with a Score of 3 or Higher | 62% | 60% | 57% | 57% |
| SAT Average Critical Reading Score | 500 | 503 | 503 | 501 |
| SAT Average Writing Score | 484 | 486 | 488 | 482 |
| SAT Average Mathematics Score | 510 | 511 | 516 | 504 |
| ACT Composite Score | 21.6 | 21.3 | 21.8 | 22.1 |
| Stanford Achievement Test Version 10 Percentile Ranks (Grade 4 Battery Totals) | 59 | 58 | 58 | 54** |
| English SOL Performance (percentage of students passing) | 91% | 92% | 91% | 91% |
| Writing SOL Performance (percentage of students passing) | 92% | 93% | 93% | 92% |
| Mathematics SOL Performance (percentage of students passing) | 87% | 87% | 89% | 85% |
| Science SOL Performance (percentage of students passing) | 92% | 91% | 93% | 93% |
| Social Studies SOL Performance (percentage of students passing) | 89% | 90% | 91% | 86% |
| Attendance Rates | 95.7% | 95.8% | 95.5% | 95.6% |
| Scholarships Accepted by Graduates | $24,401,979 | $25,652,083 | $26,552,755 | $25,753,658 |
| Industry Certifications Earned by Students | 4,081 | 4,133 | 4,164 | 4,541 |
| Number of Schools Making AYP | 71 | 65 | 57 | 22 |
| School Division Making AYP | Yes | No | No | No |

| EDUCATIONAL RESOURCES | 07-08 | 08-09 | 09-10 | 10-11 |
|---|---|---|---|---|
| Student Enrollment (as of September 30) | 70,708 | 69,735 | 69,469 | 69,433 |
| Elementary School Pupil-Teacher Ratios (excluding resource teachers) | 19:1 | 19:1 | 19:1 | 20:1 |
| Secondary School Average Class Size | 22.0 | 22.2 | 23.0 | 22.5 |
| Number of Portables (overall) | 354 | 320 | 310 | 258 |
| Number of Temporary Allocated Portables Due to Construction | 65 | 62 | 56 | 17 |
| Per Pupil Expenditure (total) | $10,796 | $11,020 | $10,706 | † |
| Per Pupil Expenditure (local) | $4,848 | $4,790 | $4,891 | † |
| Percentage of Students Receiving Special Education Services | 11.7% | 11.5% | 11.4% | 10.9% |
| Percentage of Gifted Program Student Membership | 12.1% | 12.3% | 12.2% | 12.0% |

| WORK FORCE | 07-08 | 08-09 | 09-10 | 10-11 |
|---|---|---|---|---|
| Percentage of Core Courses Taught by Highly Qualified Teachers | 98.93% | 99.13% | 99.75% | 99.82% |
| Percentage of Highly Qualified Teacher Assistants | 77.68% | 80.05% | 81.69% | 82.68% |
| Number of Professional Development Courses | 3,091 | 3,219 | 3,500 | 3,645 |
| Average Years of Teaching Experience | 14.4 | 14.6 | 15.2 | 15.2 |
| Percentage of Teachers with Graduate Degrees | 51% | 52% | 53% | 54% |
| Number of Teachers with National Board Certification | 54 | 73 | 90 | 93 |
| Number of Teachers with the Division Designation of Career Teacher | 1,192 | 1,213 | 1,256 | 1,224 |

** Preliminary*
*** New test and norms used. Cannot be compared to previous years.*
*† Not available*

| RECOGNITION OF DIVERSITY | 07-08 | 08-09 | 09-10 | 10-11 |
|---|---|---|---|---|
| Percentage of Minority Staff (overall) | 24.08% | 24.91% | 24.93% | 24.99% |
| Percentage of Minority Instructional Staff | 14.32% | 14.77% | 14.60% | 14.99% |
| Number of Student Diversity Ambassadors | 87 | 92 | 71 | 110 |
| Number of Faculty Diversity Advisors | 28 | 24 | 19 | 35 |
| Percentage of Employees Completing On-Line Diversity Awareness Training (full- and part-time) | 94.7% | 97.1% | 99.0% | 97.9% |

| USE OF TECHNOLOGY | 07-08 | 08-09 | 09-10 | 10-11 |
|---|---|---|---|---|
| Ratio of Students to Instructional Computers | 2.2:1 | 1.9:1 | 1.8:1 | 1.5:1 |
| Number of Distance Learning Classes (being sent) | 79 | 89 | 94 | 99 |
| Number of Online Courses Taken by Students | 28 | 507 | 727 | 891 |
| Standards of Learning Subject Area Tests Administered Online | 21 | 23 | 25 | 28 |

| SAFE SCHOOLS | 07-08 | 08-09 | 09-10 | 10-11 |
|---|---|---|---|---|
| Number of Persistently Dangerous Schools | 0 | 0 | 0 | 0 |
| Dollars Spent on Security Infrastructure | $1,712,192 | $568,589 | $1,926,010 | $1,446,645 |
| Number of School Security Assistants/Night Security | 193 | 197 | 199 | 205 |
| Number of School Resource Officers | 27 | 28 | 29 | 29 |
| Percentage of Students, Teachers, Building Administrators, and Parents Indicating That Schools Are a Safe and Orderly Place to Learn | 88.2% | 86.3% | † | 87.8% |
| Percentage of Students Referred for Discipline Infractions | 22.6% | 22.9% | 21.5% | 20.2% |
| Number of OSHA Incidents Per 100 VBCPS Employees | 1.6 | 1.6 | 1.3 | 3.2†† |
| Workers' Compensation Costs | $2,035,366 | $1,188,637 | $681,683 | $958,308 |
| Number of Student Safety Incidents | 720 | 550 | 465 | 567 |
| Number of Vehicle Crashes Per 100 Vehicles in Service | 15.1 | 16.5 | 14.7 | 15.4 |

| COMMUNITY INVOLVEMENT | 07-08 | 08-09 | 09-10 | 10-11 |
|---|---|---|---|---|
| PTA/PTSA Membership/Percent of Student Enrollment | 42,860/60.6% | 41,580/59.6% | 40,568/58.4% | 38,362/55.3% |
| Number of Volunteers in Education | 20,001 | 19,222 | 18,945 | 22,268 |
| Partners in Education | 2,230 | 1,474 | 1,491 | 1,744 |
| Schoolwide and Teacher Grants Awarded by Virginia Beach Education Foundation | $119,000 | $132,000 | $100,000 | $100,000 |
| Scholarships Awarded by Virginia Beach Education Foundation | $28,500 | $24,610 | $33,350 | $34,926 |
| Number of ACCESS Scholarships Granted | 162 | 219 | 244 | 206 |
| Dollar Value of ACCESS Scholarships | $127,201 | $147,214 | $179,447 | $162,377 |

† *Not available*

†† *Denotes a change in the OSHA Recordkeeping Standard which cannot be compared to previous years.*

**Mission**

The Virginia Beach City Public Schools, in partnership with the entire community, will empower every student to become a life-long learner who is a responsible, productive, and engaged citizen within the global community.

Dr. James G. Merrill, *Superintendent*
Virginia Beach City Public Schools
2512 George Mason Drive, Virginia Beach, VA 23456-0038

For more information, visit **vbschools.com** - *your virtual link to Hampton Roads' largest school system.*

The Virginia Beach City Public Schools prohibits discrimination on the basis of race, color, religion, sex, ethnicity, national origin, age, disability, pregnancy and childbirth, or marital status. School Board policies and supporting regulation (Policies 2-33, 4-4, 5-7, and 6-7 and Regulation 5-44.1) provide equal access to courses, programs, counseling services, physical education and athletics, vocational education, instructional materials, and extracurricular activities. Violations of these policies should be reported to the Director of Student Leadership at 263-2020 or the Assistant Superintendent of Human Resources at 263-1133.

Alternative formats of this publication, which may include taped, Braille, or large print materials are available upon request for individuals with disabilities. Call or write Mary Ann Morrill, Virginia Beach City Public Schools, 2512 George Mason Drive, P. O. Box 6038, Virginia Beach, VA 23456-0038. Telephone 263-1199; fax 263-1131; 263-1240 (TDD); or e-mail maryann.morrill@vbschools.com.

VIRGINIA BEACH CITY PUBLIC SCHOOLS
AHEAD OF THE CURVE

*No part of this publication may be produced or shared in any form without giving specific credit to Virginia Beach City Public Schools.*

12/8/11

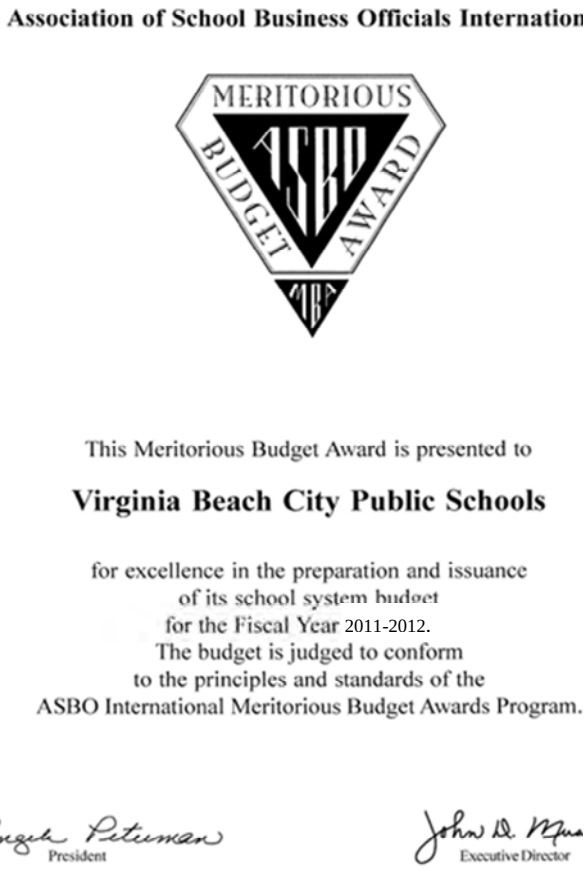
# Awards, Recognitions, and Achievements

## Meritorious Budget Award

The Association of School Business Officials International (ASBO) presented the Meritorious Budget Award (MBA) to Virginia Beach City Public Schools for excellence in the preparation and issuance of its school system budget for FY 2011/12.

ASBO International developed the Meritorious Budget Award program to recognize school systems for achieving excellence in their school system budget presentation. The foundation of the program is a set of criteria that was developed by ASBO International and school business officials throughout the United States and Canada.

The award is valid for only one year. VBCPS has been presented this award since FY 1999/00 and we believe that our current budget continues to meet the MBA program requirements. We are submitting it to ASBO International to determine eligibility for another award.


Association of School Business Officials Internation

MERITORIOUS BUDGET AWARD

This Meritorious Budget Award is presented to

**Virginia Beach City Public Schools**

for excellence in the preparation and issuance
of its school system budget
for the Fiscal Year 2011-2012.
The budget is judged to conform
to the principles and standards of the
ASBO International Meritorious Budget Awards Program.

President

Executive Director

## Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Virginia Beach City Public Schools for the fiscal year beginning July 1, 2011.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for only one year. VBCPS has won this prestigious award since FY 1998/99. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**Virginia Beach City Public Schools**

**Virginia**

For the Biennium Beginning

**July 1, 2011**

President

Executive Director

# Awards, Recognitions, and Achievements

**VISION**

Every student is achieving at his or her maximum potential in an engaging, inspiring, and challenging learning environment.

**MISSION**

The Virginia Beach City Public Schools, in partnership with the entire community, will empower every student to become a life-long learner who is a responsible, productive, and engaged citizen within the global community.

- *GreatSchools*, a national non-profit group that studies public and private school education, ranked VBCPS the fifth best, large-city school division in the nation.
- Ten (of 11) VBCPS high schools were ranked in the top six percent nationwide by *The Washington Post* newspaper.
- Larkspur MS was awarded the 2011 Difference Maker Award from the Alliance for Student Activities for its "LKMS & H2O for Life" project. Only one middle school in the United States is given this honor annually.
- Virginia Beach led the region with its strong performance on the SAT, with four of its high schools recording the highest average SAT scores out of the 29 public high schools in South Hampton Roads.
- VBCPS outperformed the state on two key academic measures – the 2011 On-Time Graduation Rate (VBCPS 86.7%, VA 86.6%) and the 2011 cohort-based Dropout Rate (VBCPS 6.4%, VA 7.2%).
- The VBCPS Department of Budget and Finance has received three prestigious awards: the *Distinguished Budget Presentation Award*; the *Meritorious Budget Award* (MBA); and the *Achievement of Excellence in Procurement Award for 2011*.
- The Initiative for Military Families (IMF) has included two VBCPS high schools in its expansion. As a result of their inclusion in the IMF, Green Run and Salem are able to increase the number of students enrolled in AP courses in math, science and English by providing intensive training for AP teachers, student tutorials, and underwriting a portion of the cost of AP tests for students.
- Bayside Middle School was awarded a $184,870 21st Century Community Learning Centers Grant to fund programming in the STEM, media arts, culinary arts/nutrition, military, and public service areas.
- Green Run Elementary and W.T. Cooke Elementary earned 2011 "Title I Distinguished Schools" honors from the Virginia Department of Education.
- Enrollment in AP courses increased by 7% over the 2010-2011 school year.
- The Chesapeake Bay Foundation, NOAA, and CSX Transportation are providing a $120,000 grant to initiate a model Environmental Literacy Program in VBCPS secondary schools.
- VBCPS has the most extensive inventory of online courses in Hampton Roads.
- Kemps Landing Magnet School has been honored with the distinction of being named a 2011 Blue Ribbon School by the U.S. Department of Education.
- VBCPS' Department of Media and Communications Development has earned 14 awards for a variety of print, mixed media, and electronic media projects from the National School Public Relations Association (NSPRA).
- The Adult Learning Center (ALC) leads the state in the number of students who were successful on the GED, testing more students than any other division (1,603). Of that number, 66.8 percent passed. The state average is 61.4 percent.
- Seven schools earned the prestigious 2012 Governor's Award for Educational Excellence. (Creeds, Kingston, Red Mill, Salem, and Thoroughgood elementary schools and Old Donation Center and Kemps Landing Magnet).
- Eight of the division's schools earned the 2012 Board of Education Excellence Award (Corporate Landing, John B. Dey, Malibu, New Castle, North Landing, Princess Anne, Trantwood, and W.T. Cooke elementary schools).

VB Education Foundation's seventh House Project, *The House Students Built* (THSB), sold for $327,000, netting the VBEF $81,000.

VB Education Foundation sponsors events such as:
*Pearls of Wisdom Party*
*Golf Tournament*
*TGIF*

Community Relations publishes a newsletter entitled "Community Connection."

Community Relations sponsors *Volunteer Certification Classes*.

Community Relations supports, encourages, and develops partnerships that expand learning experiences for students and teachers, while strengthening the relationship between schools and communities.

- Five of the division's schools earned the 2012 Board of Education Competence to Excellence Award (Christopher Farms, Hermitage, Indian Lakes, and Rosemont elementary schools, and Princess Anne High School).
- The Class of 2011 accepted $25,439,890 in scholarships.
- 4,533 TCE credentials were earned by VBCPS students out of a total of 6,075 tests administered, making the division a leader in the state.
- The Renaissance Academy is the first center of its kind in the nation – housing six alternative education programs and a museum commemorating the former African American school that once stood on the site.
- Ninety-nine percent of VBCPS schools earned full SOL accreditation based on 2010-2011 data.
- Bayside, First Colonial, Landstown, Ocean Lakes, Princess Anne, Salem, and Tallwood high schools were among 23 high schools from across the state awarded the 2011 Claudia Dodson VHSL Sportsmanship, Ethics and Integrity Award for demonstrating that sportsmanship is a priority.

## COMMUNITY RELATIONS

- Eight schools were showcased in the annual Promising Partnership Practices book published by the National Network of Partnership Schools at Johns Hopkins University.
- VBEF has designated GEICO Volunteer Partner of the Year.
- Number of current Community Partners – 1,828 (July 1 – December 1, 2011).
- Number of Volunteers – 22,268 (2010-2011)
- Number of hours donated by partners and volunteers – 412,949
- Estimated worth of donated hours - $8,820,059.00 (*Calculated using the Independent Sector Organization's 2010 Value of Volunteer Time figure of $21.36 per hour*).
- Total PTA membership – 40,568
- Number of Beach Bags donated – Approximately 10,000
- Number of VA STAR computers donated – 106
- Parent Connection was launched in 2008 as a one-stop resource for families. A comprehensive list of resources and events is available on *vbschools.com.* Events include parenting workshops, seminars, guest speakers, open school computer labs, etc.
- Since the Military Child Initiative was launched in 2007, more than 300 Military Welcome Packets have been sent upon request to service members throughout the world.
- Virginia Beach Education Foundation has completed 7 houses and raised more than $500,000.
- VBEF awarded 86 teacher and school-wide grants for SY 2011-12 totaling $100,000.
- VBEF opened a trust account to be treated as an endowment in 2000 with $50,000. The amount has grown to $1,085,000 (November 30, 2011).

## GREEN AND RECYCLING INITIATIVES

- Virginia Beach City Public Schools was honored for being the Best Green Organization and Best Green Institutional Project by the Virginia Sustainable Building Network.

Fifty-four (54) schools have outdoor teaching gardens.

Administrative Support Services launched a bike share program for the benefit of municipal complex employees.

Administrative Support Services initiated a "Green Cleaning" program.

Administrative Support Services publishes a newsletter entitled "Green News."

Sixty schools currently have environmental clubs.

Fifty schools received the VBCPS *Sustainable School Recognition Award* (SY 2010-2011).

Six schools have received *Energy Star Designations*.

- Each of the school division's 85 schools has an appointed Sustainable School Liaison.
- The Renaissance Academy building supports the region's first green roof on a K-12 academic building – a rainwater harvesting system that uses rainwater from the roof and stores it in a 50,000 gallon cistern so water can be used for flushing toilets. This allows the school to save approximately one million gallons of treated water per year.
- The 289,000 square foot Renaissance Academy became the first LEED Gold Alternative Education Facility in the country.
- The Pupil Transportation and Maintenance Facility is the first LEED Platinum designed public school transportation facility in the country.
- While division-wide square footage has increased to over ten million square feet, VBCPS utility costs have decreased.
- Sixty-eight schools participate in cell phone recycling programs with over 2,000 cell phones being diverted from the waste stream.
- Since September 2008, the school division has diverted 3,816 tons from the waste stream which is equivalent to saving:

  64,864 trees
  1,044,240 gallons of oil
  8,244 cubic yards of landfill space
  10.9 million kilowatts of energy (enough to power 1,279 homes for one year)
  19.236,000 gallons of water

- **In addition,** VBCPS received the following awards during SY 2010-2011:

  VBCPS received a Green Building Leadership Award from the James River Green Building Council. The division currently has nine LEED projects in various stages of completion, construction, or design.

  VBCPS is one of 11 recipients in the U.S. Environmental Protection Agency's mid-Atlantic Region - and the only school division in Virginia – to be awarded for exemplary achievements in environmental excellence and pollution prevention.

  The Virginia School Board Association recognized the Office of Facilities Planning and Construction for being a Platinum Level Certified Green School Division.

  The Office of School Plant Services received the Platinum Level Award from the Virginia School Plant Managers Association for implementing best practices and processes for excellence in school facility maintenance.

  VBCPS received the Maintenance Solutions Achievement Award from the national magazine, *Maintenance Solutions*.

VIRGINIA BEACH CITY PUBLIC SCHOOLS
AHEAD OF THE CURVE

2/1/12

## *Composite Index*

| State Biennium | Composite Index |
|---|---|
| 1996-98 | 0.3425 |
| 1998-00 | 0.3466 |
| 2000-02 | 0.3523 |
| 2002-04 | 0.3394 |
| 2004-06 | 0.3353 |
| 2006-08 | 0.3492 |
| 2008-10 | 0.3704 |
| 2010-12 | 0.4060 |
| 2012-14 | 0.4110 |

# Mobility Indices – All Schools

The mobility indicator reflects the number of entries and withdraws that occur within a given school during the school year. The mobility index expresses this value as a function of the September 30th membership count. First time entries within the school are not included in the calculations. For example, a school with a September 30th membership count of 100 and a total number of entries (excluding first time entries) and withdraws of 10 during the course of the school year would have a mobility index of 0.10. For calculation purposes, the school year begins with the first official day for students and ends with their last official day.

| School Name | Number of Entries and Withdraws | Mobility Index 2010-2011 | Rank Among All Schools (Low to High) |
|---|---|---|---|
| Alanton Elementary | 148 | 0.2353 | 58 |
| Arrowhead Elementary | 75 | 0.1652 | 28 |
| Bayside Elementary | 146 | 0.3223 | 73 |
| Bayside High | 620 | 0.3360 | 75 |
| Bayside Middle | 294 | 0.3006 | 68 |
| Bettie F. Williams Elementary | 118 | 0.2700 | 64 |
| Birdneck Elementary | 263 | 0.3633 | 78 |
| Brandon Middle | 168 | 0.1357 | 18 |
| Brookwood Elementary | 179 | 0.2525 | 62 |
| Centerville Elementary | 125 | 0.1868 | 42 |
| Christopher Farms Elementary | 100 | 0.1401 | 19 |
| College Park Elementary | 116 | 0.2886 | 66 |
| Corporate Landing Elementary | 103 | 0.1890 | 43 |
| Corporate Landing Middle | 247 | 0.1860 | 41 |
| Creeds Elementary | 38 | 0.1279 | 15 |
| Diamond Springs Elementary | 167 | 0.3501 | 77 |
| Fairfield Elementary | 95 | 0.1904 | 45 |
| First Colonial High | 442 | 0.2199 | 54 |
| Frank W. Cox High | 342 | 0.1771 | 36 |
| Glenwood Elementary | 152 | 0.1681 | 30 |
| Great Neck Middle | 184 | 0.1664 | 29 |
| Green Run Elementary | 155 | 0.3138 | 72 |
| Green Run High | 462 | 0.2758 | 65 |
| Hermitage Elementary | 211 | 0.3392 | 76 |
| Holland Elementary | 119 | 0.2302 | 56 |
| Independence Middle | 287 | 0.2322 | 57 |
| Indian Lakes Elementary | 109 | 0.2057 | 50 |
| John B. Dey Elementary | 155 | 0.1895 | 44 |
| Kellam High | 193 | 0.1047 | 7 |
| Kemps Landing Magnet | 9 | 0.0151 | 1 |
| Kempsville Elementary | 54 | 0.1184 | 12 |
| Kempsville High | 286 | 0.1649 | 27 |
| Kempsville Meadows Elementary | 91 | 0.1813 | 40 |

# *Mobility Indices – All Schools*

| School Name | Number of Entries and Withdraws | Mobility Index 2010-2011 | Rank Among All Schools (Low to High) |
|---|---|---|---|
| Kempsville Middle | 89 | 0.1035 | 6 |
| King's Grant Elementary | 123 | 0.2023 | 47 |
| Kingston Elementary | 42 | 0.0798 | 3 |
| Landstown Elementary | 93 | 0.1283 | 16 |
| Landstown High | 402 | 0.1716 | 32 |
| Landstown Middle | 256 | 0.1732 | 33 |
| Larkspur Middle | 273 | 0.1784 | 37 |
| Linkhorn Park Elementary | 166 | 0.2083 | 51 |
| Luxford Elementary | 192 | 0.3685 | 79 |
| Lynnhaven Elementary | 112 | 0.2540 | 63 |
| Lynnhaven Middle | 214 | 0.1764 | 35 |
| Malibu Elementary | 52 | 0.1630 | 26 |
| New Castle Elementary | 94 | 0.1185 | 13 |
| Newtown Elementary | 145 | 0.3085 | 71 |
| North Landing Elementary | 50 | 0.0949 | 5 |
| Ocean Lakes Elementary | 107 | 0.2034 | 48 |
| Ocean Lakes High | 309 | 0.1305 | 17 |
| Old Donation Center | 14 | 0.0279 | 2 |
| Parkway Elementary | 75 | 0.1459 | 22 |
| Pembroke Elementary | 126 | 0.2405 | 61 |
| Pembroke Meadows Elementary | 142 | 0.3302 | 74 |
| Plaza Middle | 153 | 0.1426 | 20 |
| Point O'View Elementary | 125 | 0.2367 | 59 |
| Princess Anne Elementary | 60 | 0.1132 | 10 |
| Princess Anne High | 307 | 0.1587 | 25 |
| Princess Anne Middle | 115 | 0.0843 | 4 |
| Providence Elementary | 83 | 0.1554 | 23 |
| Red Mill Elementary | 73 | 0.1070 | 8 |
| Renaissance Academy (6-8) | 273 | 3.2500 | 83 |
| Renaissance Academy (9-12) | 1,142 | 2.4093 | 82 |
| Rosemont Elementary | 73 | 0.2232 | 55 |
| Rosemont Forest Elementary | 74 | 0.1445 | 21 |
| Salem Elementary | 80 | 0.1806 | 39 |
| Salem High | 290 | 0.1562 | 24 |
| Salem Middle | 186 | 0.1785 | 38 |
| Seatack Elementary | 174 | 0.4339 | 81 |

| School Name | Number of Entries and Withdraws | Mobility Index 2010-2011 | Rank Among All Schools (Low to High) |
|---|---|---|---|
| Shelton Park Elementary | 118 | 0.3081 | 70 |
| Strawbridge Elementary | 87 | 0.1151 | 11 |
| Tallwood Elementary | 126 | 0.2107 | 52 |
| Tallwood High | 365 | 0.1742 | 34 |
| Thalia Elementary | 205 | 0.3069 | 69 |
| Thoroughgood Elementary | 106 | 0.1683 | 31 |
| Three Oaks Elementary | 86 | 0.1121 | 9 |
| Trantwood Elementary | 63 | 0.1243 | 14 |
| Virginia Beach Middle | 217 | 0.2932 | 67 |
| W. T. Cooke Elementary | 254 | 0.3837 | 80 |
| White Oaks Elementary | 177 | 0.2395 | 60 |
| Windsor Oaks Elementary | 126 | 0.1991 | 46 |
| Windsor Woods Elementary | 83 | 0.2054 | 49 |
| Woodstock Elementary | 145 | 0.2139 | 53 |

# Budget Manager and Signature Authority

Each Superintendent's Cabinet Member is responsible for designated budget categories, including departmental spending and line item compliance. The Cabinet Member has signature authority for his/her budget categories but may share such authority, if so designated. Delegating signature authority *does not nullify* the Cabinet Member's accountability for fiscal responsibility.

| UNIT CODE | | CABINET MEMBER | BUDGET MANAGER | SIGNATURE AUTHORITY |
|---|---|---|---|---|
| | **- INSTRUCTION -** | | | |
| **50100** | **Elementary Classroom** | Jeanne Crocker<br>Shirann Lewis | Jeanne Crocker<br>Shirann Lewis | Jeanne Crocker<br>Shirann Lewis<br>Sheila Magula |
| **50200** | **Senior High Classroom** | Jobynia Caldwell | Jobynia Caldwell | Jobynia Caldwell<br>Sheila Magula |
| **50300** | **Technical and Career Education** | Rodney Burnsworth | Patrick Konopnicki | Rodney Burnsworth<br>James Merrill |
| **50400** | **Gifted Education and Academy Programs** | Rodney Burnsworth | Kelly Hedrick<br>Christopher Tarkenton | Rodney Burnsworth<br>James Merrill |
| **50500** | **Special Education** | Sheila Magula | Daisy Wood | Sheila Magula |
| **50600** | **Summer School** | Rodney Burnsworth | Jennifer Born | Rodney Burnsworth<br>James Merrill |
| **50700** | **General Adult Education** | Jobynia Caldwell | Bonnie Mizenko | Jobynia Caldwell<br>Sheila Magula |
| **50800** | **Alternative Education - Renaissance** | Jobynia Caldwell | Kay Thomas | Jobynia Caldwell<br>Sheila Magula |
| **50900** | **Student Activities** | Jobynia Caldwell | Michael McGee | Jobynia Caldwell<br>Sheila Magula |
| **51000** | **Office of the Principal - Elementary** | Jeanne Crocker<br>Shirann Lewis | Jeanne Crocker<br>Shirann Lewis | Jeanne Crocker<br>Shirann Lewis<br>Sheila Magula |
| **51100** | **Office of the Principal - Senior High** | Jobynia Caldwell | Jobynia Caldwell | Jobynia Caldwell<br>Sheila Magula |
| **51200** | **Office of the Principal - Technical and Career Education** | Rodney Burnsworth | Patrick Konopnicki | Rodney Burnsworth<br>James Merrill |
| **51300** | **Guidance Services** | Rodney Burnsworth | Alveta Mitchell | Rodney Burnsworth<br>James Merrill |
| **51400** | **Social Work Services** | Sheila Magula | Daisy Wood | Sheila Magula |
| **51500** | **Media and Communications** | Kathleen O'Hara | Kathleen O'Hara | Kathleen O'Hara<br>Melissa McQuarrie |
| **51600** | **Instructional Technology** | Ramesh Kapoor | William Johnsen<br>Michael Nicolaides | William Johnsen<br>Michael Nicolaides<br>Sheila Magula |
| **51700** | **Instructional Support** | Rodney Burnsworth | Christopher Tarkenton<br>Kelly Hedrick | Rodney Burnsworth<br>James Merrill |
| **51710** | **Instructional Center for Teacher Leadership** | Donald Robertson | Donald Robertson | Donald Robertson<br>James Merrill<br>Sheila Magula |
| **51720** | **Diversity** | James Merrill | James Merrill | James Merrill<br>Sheila Magula |
| **51800** | **Special Education Support** | Sheila Magula | Daisy Wood | Sheila Magula |
| **51900** | **Gifted Education and Academy Programs Support** | Rodney Burnsworth | Kelly Hedrick<br>Christopher Tarkenton | Rodney Burnsworth<br>James Merrill |
| **52000** | **Media Services Support** | Ramesh Kapoor | William Johnsen | William Johnsen<br>Joseph Damus<br>Sheila Magula |
| **52100** | **Educational Leadership and Assessment** | Donald Robertson | Donald Robertson | Donald Robertson<br>James Merrill |

| UNIT CODE | | CABINET MEMBER | BUDGET MANAGER | SIGNATURE AUTHORITY |
|---|---|---|---|---|
| 52200 | **Middle School Classroom** | Maynard Massey | Maynard Massey | Maynard Massey<br>Sheila Magula |
| 52300 | **Remedial Education** | Rodney Burnsworth | Jennifer Born | Rodney Burnsworth<br>James Merrill |
| 52400 | **Office of the Principal - Middle School** | Maynard Massey | Maynard Massey | Maynard Massey<br>Sheila Magula |
| 52500 | **Homebound Services** | Maynard Massey | Michael McGee<br>Denise White | Maynard Massey<br>Sheila Magula |
| 52600 | **Technical and Career Education Support** | Rodney Burnsworth | Patrick Konopnicki | Rodney Burnsworth<br>James Merrill |
| 52700 | **Student Leadership** | Jobynia Caldwell | Michael McGee | Jobynia Caldwell<br>Sheila Magula |
| 52800 | **Psychological Services** | Sheila Magula | Daisy Wood | Sheila Magula |
| 52900 | **Audiological Services** | Sheila Magula | Daisy Wood | Sheila Magula |
| 53100 | **School Administration** | Maynard Massey | Maynard Massey<br>Jobynia Caldwell<br>Jeanne Crocker<br>Shirann Lewis | Maynard Massey<br>Sheila Magula |
| 53200 | **Alternative Education** | Jobynia Caldwell | Kay Thomas<br>Jobynia Caldwell<br>Maynard Massey | Jobynia Caldwell<br>Sheila Magula |
| | **~ ADMINISTRATION, ATTENDANCE, AND HEALTH ~** | | | |
| 54100 | **Board, Legal, and Governmental Services** | James Merrill | James Merrill | James Merrill<br>Sheila Magula |
| 54200 | **Office of the Superintendent** | James Merrill | James Merrill | James Merrill<br>Sheila Magula |
| 54300 | **Budget and Finance** | Farrell Hanzaker | Farrell Hanzaker | Farrell Hanzaker<br>Sammy Cohen<br>James Merrill |
| 54400 | **Human Resources** | John Mirra | John Mirra | John Mirra<br>James Merrill |
| 54500 | **Internal Audit** | James Merrill | Terrie Pyeatt | Terrie Pyeatt<br>Farrell Hanzaker |
| 54600 | **Purchasing Services** | Farrell Hanzaker | Kevin Beardsley | Kevin Beardsley<br>Farrell Hanzaker |
| 54700 | **Center for Teacher Leadership** | Donald Robertson | Donald Robertson | Donald Robertson<br>James Merrill<br>Sheila Magula |
| 54900 | **Office of Technology** | Ramesh Kapoor | Joseph Damus<br>Michael Nicolaides | Joseph Damus<br>Michael Nicolaides<br>Sheila Magula |
| 55000 | **Benefits** | Farrell Hanzaker | Linda Matkins | Linda Matkins<br>Farrell Hanzaker |
| 55200 | **Health Services** | Maynard Massey | Mary Shaw<br>Michael McGee | Maynard Massey<br>Sheila Magula |
| | **~ PUPIL TRANSPORTATION ~** | | | |
| 56100 | **Management** | Dale Holt | David Pace | David Pace<br>Dale Holt<br>Sheila Magula |
| 56200 | **Vehicle Operations** | Dale Holt | David Pace | David Pace<br>Dale Holt<br>Sheila Magula |
| 56250 | **Vehicle Operations - Special Education** | Dale Holt | David Pace | David Pace<br>Dale Holt<br>Sheila Magula |
| 56300 | **Vehicle Maintenance** | Dale Holt | David Pace | David Pace<br>Dale Holt<br>Sheila Magula |

# Budget Manager and Signature Authority

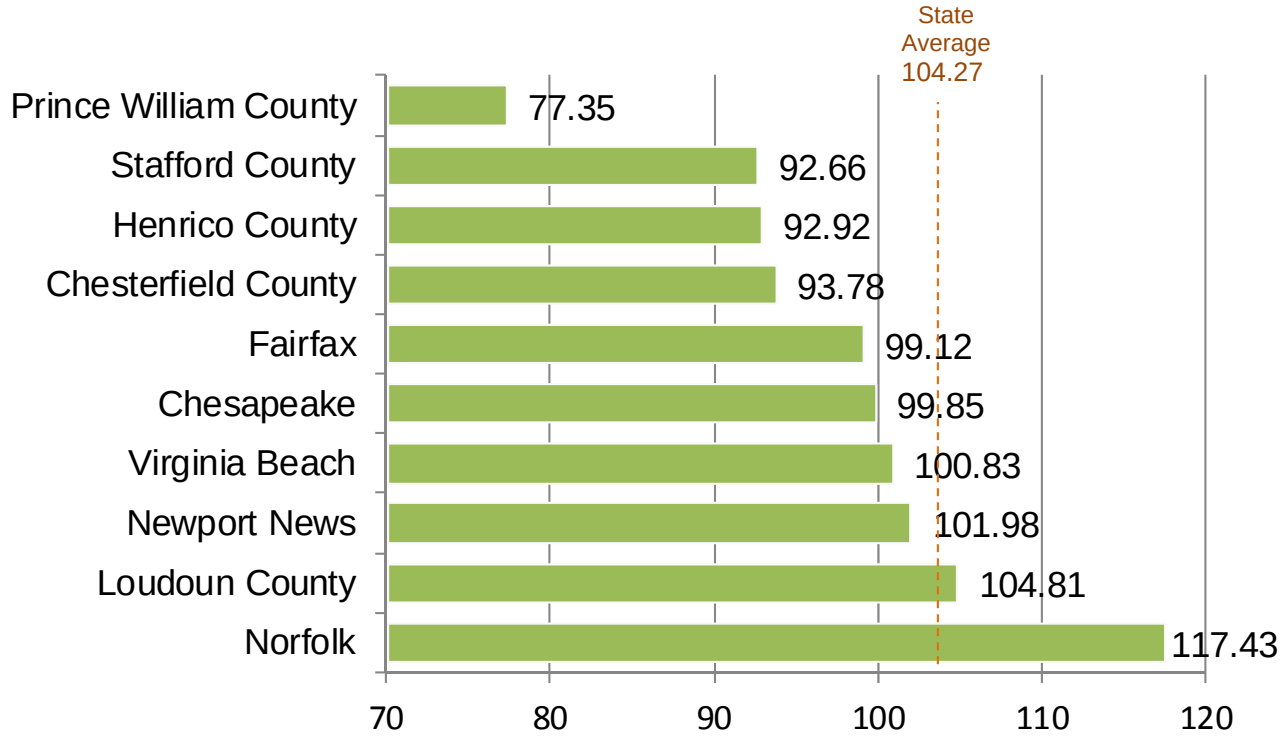
| UNIT CODE | | CABINET MEMBER | BUDGET MANAGER | SIGNATURE AUTHORITY |
|---|---|---|---|---|
| 56400 | **Monitoring Services** | Dale Holt | David Pace | David Pace<br>Dale Holt<br>Sheila Magula |
| | **~ OPERATIONS AND MAINTENANCE ~** | | | |
| 57100 | **Facilities Planning and Construction** | Dale Holt | Anthony Arnold | Dale Holt<br>Sheila Magula |
| 57200 | **School Plant** | Dale Holt | Brian Baxter | Brian Baxter<br>Dale Holt<br>Sheila Magula |
| 57300 | **Supply Services** | Dale Holt | Eric Woodhouse | Eric Woodhouse<br>Dale Holt<br>Sheila Magula |
| 57400 | **Grounds Services** | Dale Holt | Steven Proffitt | Dale Holt<br>Sheila Magula |
| 57500 | **Custodial Services** | Dale Holt | Larry Ames | Larry Ames<br>Dale Holt<br>Sheila Magula |
| 58100 | **Safety and Loss Control** | Dale Holt | Richard Ponti | Dale Holt<br>Sheila Magula |
| 58200 | **Vehicle Services** | Dale Holt | David Pace | David Pace<br>Dale Holt<br>Sheila Magula |
| 58300 | **Telecommunications** | Ramesh Kapoor | Michael Nicolaides | Michael Nicolaides<br>Deborah Claxton<br>Sheila Magula |
| 58400 | **Technology Maintenance** | Ramesh Kapoor | Michael Nicolaides | Michael Nicolaides<br>William Johnsen<br>Sheila Magula |
| | **~ OTHER FUNDS ~** | | | |
| | **Athletic Fund** | Jobynia Caldwell | Michael McGee | Jobynia Caldwell<br>Sheila Magula |
| | **Communication Towers Technology Fund** | Ramesh Kapoor | Joseph Damus<br>William Johnsen | Joseph Damus<br>William Johnsen<br>Sheila Magula |
| | **Equipment Replacement Fund** | Farrell Hanzaker | Farrell Hanzaker | Farrell Hanzaker<br>Sammy Cohen<br>James Merrill |
| | **Health Insurance Fund** | Farrell Hanzaker | Farrell Hanzaker | Farrell Hanzaker<br>Sammy Cohen<br>James Merrill |
| | **Food Services Fund** | Dale Holt | John Smith | John Smith<br>Dale Holt<br>Sheila Magula |
| | **Instructional Technology Fund** | Ramesh Kapoor | Ramesh Kapoor | Ramesh Kapoor<br>William Johnsen<br>Sheila Magula |
| | **Risk Management Fund** | Farrell Hanzaker | Farrell Hanzaker | Farrell Hanzaker<br>Sammy Cohen |
| | **Technology Category** | As Assigned | As Assigned | As Assigned<br>Farrell Hanzaker<br>Sammy Cohen<br>James Merrill |
| | **Textbook Fund** | Rodney Burnsworth | Rodney Burnsworth | Rodney Burnsworth<br>James Merrill |
| | **Vending Operations Fund** | Farrell Hanzaker | Farrell Hanzaker | Farrell Hanzaker<br>Sammy Cohen<br>James Merrill |

Position review is a part of the budget process and adjustments are subject to School Board approval.

The chart on the next page reflects the overall changes in the number of positions within the major budget category and the categorical grants and other funds.

Total allocated positions are projected to decrease by a net total of 64.25 from the adopted FY 2011/12 Amended budget.

**Instructional Positions Per 1,000 Students in ADM** – (based on FY 2009/10)




Source: Superintendent's Annual Report of Virginia

Instructional positions include principals, assistant principals, guidance counselors, media specialists, teachers, technology instructors, and teacher aides.

The five-year School Operating Budget history of allocated positions is located on the following page.

# Allocated Positions

| | | FY 2008/09 Budget | FY 2009/10 Amended | FY 2010/11 Budget | FY 2011/12 Amended | FY 2012/13 Proposed | Variance |
|---|---|---|---|---|---|---|---|
| | **Instruction** | | | | | | |
| 50100 | Elementary Classroom | 2,123.00 | 2,107.90 | 2,109.90 | 2,065.40 | 2,115.10 | 49.70 |
| 50200 | Senior High Classroom | 1,136.00 | 1,074.40 | 1,074.40 | 1,007.60 | 1,022.20 | 14.60 |
| 50300 | Technical and Career Education | 282.20 | 271.20 | 271.20 | 254.90 | 225.40 | (29.50) |
| 50400 | Gifted Ed. and Academy Programs | 155.50 | 156.00 | 156.00 | 156.00 | 156.00 | - |
| 50500 | Special Education | 1,185.00 | 1,180.00 | 1,180.00 | 1,178.00 | 1,178.00 | - |
| 50700 | General Adult Education | 26.00 | 24.00 | 22.00 | 22.00 | 20.00 | (2.00) |
| 50800 | Alternative Education - Renaissance Academy | 24.00 | 83.80 | 83.80 | 96.60 | 95.60 | (1.00) |
| 50900 | Student Activities | 29.50 | 29.50 | 29.50 | 30.50 | 30.50 | - |
| 51000 | Principal - Elementary | 349.00 | 349.00 | 343.00 | 343.00 | 337.00 | (6.00) |
| 51100 | Principal - High School | 137.50 | 127.50 | 128.50 | 127.50 | 124.00 | (3.50) |
| 51200 | Principal - Technical and Career Education | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | - |
| 51300 | Guidance Services | 216.60 | 214.60 | 212.40 | 215.40 | 209.40 | (6.00) |
| 51400 | Social Work Services | 31.25 | 31.25 | 31.25 | 31.25 | 31.00 | (0.25) |
| 51500 | Media and Communications | 14.00 | 15.00 | 15.00 | 15.00 | 15.00 | - |
| 51700 | Instructional Support | 56.00 | 57.00 | 56.00 | 57.00 | 51.00 | (6.00) |
| 51710 | Instructional Center for Teacher Leadership | - | | - | 7.00 | 8.00 | 1.00 |
| 51800 | Special Education Support | 30.00 | 30.00 | 30.00 | 32.00 | 32.00 | - |
| 51900 | Gifted Ed. and Academy Programs Support | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | - |
| 52000 | Media Services Support | 203.50 | 201.50 | 200.50 | 199.50 | 200.50 | 1.00 |
| 52100 | Educational Leadership and Assessment | 17.00 | 17.00 | 17.00 | 19.00 | 19.00 | - |
| 52200 | Middle School Classroom | 805.40 | 778.00 | 768.60 | 746.40 | 761.40 | 15.00 |
| 52300 | Remedial Education | 77.50 | 74.50 | 102.50 | 104.50 | 104.50 | - |
| 52400 | Principal - Middle School | 123.00 | 117.00 | 117.00 | 115.00 | 115.00 | - |
| 52500 | Homebound Services | 7.80 | 1.00 | 1.00 | 1.00 | 1.00 | - |
| 52600 | Technical and Career Education Support | 9.40 | 9.40 | 9.40 | 8.40 | 8.60 | 0.20 |
| 52700 | Student Leadership | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | - |
| 52800 | Psychological Services | 38.00 | 38.00 | 38.00 | 38.00 | 38.00 | - |
| 52900 | Audiological Services | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | - |
| 53100 | School Administration | 9.00 | 9.00 | 9.00 | 9.00 | 8.00 | (1.00) |
| 53200 | Alternative Education | 48.00 | 49.00 | 22.00 | 15.00 | 15.00 | - |
| | **Instruction Total** | **7,171.15** | **7,082.55** | **7,064.95** | **6,931.95** | **6,958.20** | **26.25** |
| | **Administration, Attendance, and Health** | | | | | | |
| 54100 | Board, Legal, and Governmental Services | 13.00 | 13.00 | 13.00 | 13.00 | 12.00 | (1.00) |
| 54200 | Superintendent | 8.00 | 8.00 | 7.00 | 7.00 | 7.00 | - |
| 54300 | Budget and Finance | 43.00 | 43.00 | 43.00 | 43.00 | 43.00 | - |
| 54400 | Human Resources | 44.50 | 44.50 | 44.50 | 47.30 | 47.30 | - |
| 54500 | Internal Audit | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | - |
| 54600 | Purchasing Services | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | - |
| 54700 | Center for Teacher Leadership | 15.80 | 15.80 | 16.80 | 8.00 | 6.00 | (2.00) |
| 55000 | Benefits | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | - |
| 55200 | Health Services | 134.00 | 132.00 | 131.00 | 131.00 | 131.00 | - |
| | **Administration, Attendance, & Health Total** | **290.30** | **288.30** | **287.30** | **281.30** | **278.30** | **(3.00)** |
| | **Pupil Transportation** | | | | | | |
| 56100 | Management | 26.00 | 26.00 | 26.00 | 26.00 | 27.00 | 1.00 |
| 56200 | Vehicle Operation | 477.25 | 354.69 | 354.69 | 354.69 | 354.69 | - |
| 56250 | Vehicle Operation - Special Education | - | 122.56 | 122.56 | 122.56 | 122.56 | - |
| 56300 | Vehicle Maintenance | 57.00 | 57.00 | 57.00 | 57.00 | 56.00 | (1.00) |
| 56400 | Monitoring Services | 106.88 | 106.88 | 106.88 | 106.88 | 106.88 | - |
| | **Pupil Transportation Total** | **667.13** | **667.13** | **667.13** | **667.13** | **667.13** | **-** |
| | **Operations and Maintenance** | | | | | | |
| 57100 | Facilities Planning and Construction | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | - |
| 57200 | School Plant | 197.00 | 197.00 | 197.00 | 197.00 | 197.00 | - |
| 57300 | Supply Services | 23.50 | 23.50 | 23.50 | 23.50 | 23.50 | - |
| 57500 | Custodial Services | 732.00 | 732.00 | 726.00 | 726.00 | 709.00 | (17.00) |
| 58100 | Safety and Loss Control | 198.00 | 198.00 | 197.00 | 197.00 | 197.00 | - |
| 58200 | Vehicle Services | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | - |
| 58300 | Telecommunications | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | - |
| | **Operations and Maintenance Total** | **1,163.50** | **1,163.50** | **1,156.50** | **1,156.50** | **1,139.50** | **(17.00)** |
| | **Operating Budget Total** | **9,292.08** | **9,201.48** | **9,175.88** | **9,036.88** | **9,043.13** | **6.25** |
| | **Categorical Grants and Other Funds** | | | | | | |
| | State Grants | 13.00 | 15.00 | 12.00 | 13.00 | 14.00 | 1.00 |
| | Federal Grants | 526.50 | 483.50 | 639.00 | 646.50 | 574.50 | (72.00) |
| | Food Services Fund | 493.89 | 492.89 | 492.89 | 492.89 | 492.89 | - |
| | Risk Management Fund | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | - |
| | Health Insurance Fund | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | - |
| | Technology Category | 191.00 | 189.00 | 186.00 | 187.00 | 187.00 | - |
| | Textbook Fund | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | - |
| | **Categorical Grants and Other Funds Total** | **1,235.39** | **1,191.39** | **1,340.89** | **1,350.39** | **1,279.39** | **(71.00)** |
| | **All Funds Total** | **10,527.47** | **10,392.87** | **10,516.77** | **10,387.27** | **10,322.52** | **(64.75)** |

The School Board recognizes that its most important purpose is to provide the best possible educational opportunities for students within the established curriculum and the financial resources available. Therefore, it is necessary that a long-term financial plan be developed based upon approved planning factors and known funding sources. This plan is to be reviewed and updated annually. The Five-Year Forecast presented each year along with a single-year budget enables the School Board to make annual decisions with an eye towards future sustainability of these decisions.

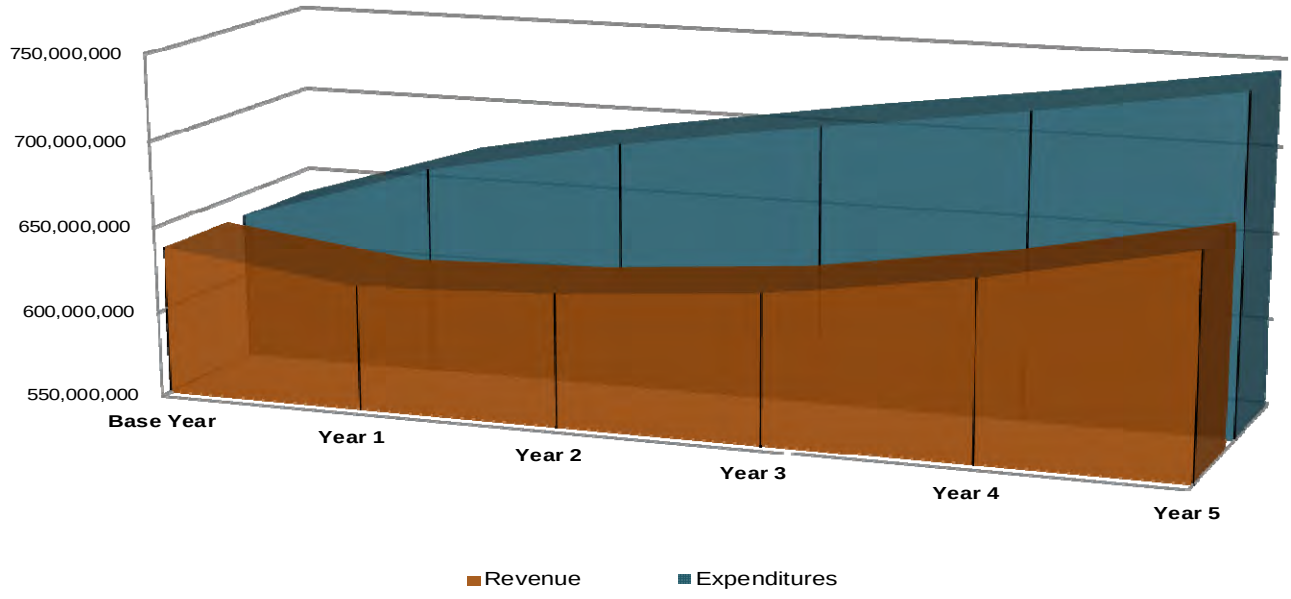
A forecast is based upon a snapshot of today that has been adjusted to reflect all known activities of the future along with certain assumptions and predictions of what may happen. It is a living document that becomes outdated once any additional information has come to light, which may introduce new known events or changes in assumptions for the future. As such, the Five-Year Forecast is a good planning tool, at best, and will forever change as updated information becomes available.

This forecast is the administration's estimate of revenues and expenditures for the forecast period. There are many unknowns at the time of this projection, such as new state or federal mandates, changes in Impact Aid funding, changes in the level of State funding, grant matches, changes in local funding, and new School Board priorities. These items are not easily forecasted, nor are their effects on expenditures.

The numbers only tell a small part of the financial forecasting. Consideration of assumptions is necessary prior to using the data as a basis of other calculations.

## Five-Year Forecast

| | Base Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|
| Revenue | 636,132,960 | 622,210,418 | 626,219,400 | 635,715,770 | 653,546,388 | 677,079,481 |
| Expenditures | 636,132,960 | 671,546,524 | 693,777,181 | 711,616,953 | 727,361,181 | 744,852,945 |




The Five-Year Forecast is presented on the following pages and is based on the supportive data provided:

# Five-Year Forecast

| | Base Year | | | Year 1 | | | Year 2 | |
|---|---|---|---|---|---|---|---|---|
| | FY 11/12 | Grant and Other | Total Budget | FY 12/13 | Grant and Other | Total Budget | FY 13/14 | Grant and Other |
| Total RSF funds | 708,195,304 | | | 698,600,979 | | | 691,795,772 | |
| School RSF funds | 353,384,961 | | | 358,382,302 | | | 354,891,231 | |
| Net Debt Service (per 2011 city estimate) | 44,812,083 | | | 44,747,986 | | | 44,571,237 | |
| PAYGO CIP | - | | | - | | | 1,000,000 | |
| Technology Fund 106 | 23,242,524 | | | 27,394,204 | | | 29,182,378 | |
| Net transfer to Operating Budget | 285,955,817 | | | 286,240,112 | | | 280,137,616 | |
| **Total RSP funds** | **354,010,424** | | | **358,382,302** | | | **354,891,231** | |
| **Projected enrollment** | **69,738** | | | **69,267** | | | **69,410** | |
| **Projected ADM** | **69,041** | | | **68,574** | | | **68,716** | |
| | | | | - | | | - | |
| Federal Revenue | $ 16,636,723 | $ - | $ 16,636,723 | $ 16,636,723 | $ (17,003,973) | $ (367,250) | $ 16,636,723 | $ (17,003,973) |
| State Sales Tax | 72,311,348 | - | 72,311,348 | 73,757,575 | - | 73,757,575 | 75,232,727 | - |
| State Aid | 235,353,367 | - | 235,353,367 | 242,294,070 | 373,656 | 242,667,726 | 250,930,396 | 469,739 |
| Local RSF | 285,955,817 | - | 285,955,817 | 286,240,112 | - | 286,240,112 | 280,137,616 | - |
| Other Local | 3,281,938 | (6,977,782) | (3,695,844) | 3,281,938 | (3,658,618) | (376,680) | 3,281,938 | (1,725,444) |
| Special School Reserve/ Fund Balance Transfers | 22,593,767 | | 22,593,767 | - | | - | | |
| Fund Balance | | - | - | | (11,115,463) | (11,115,463) | | (12,544,760) |
| Transfer from Other Funds | | 7,167,782 | 7,167,782 | | 7,167,782 | 7,167,782 | | 7,167,782 |
| Debt Service | | 44,812,083 | 44,812,083 | | 44,747,986 | 44,747,986 | | 44,571,237 |
| PAYGO | | - | - | | - | - | | 1,000,000 |
| **Total Revenues** | **$ 636,132,960** | **$ 45,002,083** | **$ 681,135,043** | **$ 622,210,418** | **$ 20,511,370** | **$ 642,721,788** | **$ 626,219,400** | **$ 21,934,581** |
| Instruction | $ 498,906,054 | | | $ 527,710,693 | | | $ 545,387,485 | |
| Administration | 21,466,731 | | | 22,680,886 | | | 23,503,171 | |
| Transportation | 29,904,366 | | | 31,601,635 | | | 32,750,907 | |
| Operations | 85,855,809 | | | 89,553,310 | | | 92,135,618 | |
| **Total Expenditures** | **$ 636,132,960** | | | **$ 671,546,524** | | | **$ 693,777,181** | |
| **Funding Shortfall** | **$ -** | | | **$ (49,336,106)** | | | **$ (67,557,781)** | |
| FTEs | **9,036.88** | **1,341.39** | **10,387.27** | **9,063.52** | **1,256.39** | **10,328.91** | **9,068.00** | **1,256.39** |
| Salaries | $ 416,143,673 | $ 77,111,351 | $ 493,255,024 | $ 429,754,732 | $ 65,133,479 | $ 494,888,211 | $ 429,991,598 | $ 65,133,479 |
| Fringe | 125,994,723 | 22,410,795 | 148,405,518 | 147,523,860 | 24,801,581 | 172,325,441 | 168,733,646 | 28,640,168 |
| GASB-45 | - | - | - | - | - | - | - | - |
| Purchased Services | 38,924,422 | 12,971,514 | 51,895,936 | 37,951,906 | 14,203,864 | 52,155,770 | 37,951,906 | 14,563,864 |
| Other Charges - Utilities | 17,584,275 | - | 17,584,275 | 18,602,675 | - | 18,602,675 | 19,150,183 | - |
| Other Charges | 6,597,488 | 1,376,775 | 7,974,263 | 6,606,137 | 1,290,315 | 7,896,452 | 6,615,046 | 1,292,631 |
| Materials and Supplies | 22,766,516 | 56,866,296 | 79,632,812 | 22,985,351 | 40,880,876 | 63,866,227 | 23,212,939 | 37,279,933 |
| Capital Outlay | 1,277,171 | 987,624 | 2,264,795 | 1,277,171 | 987,624 | 2,264,795 | 1,277,171 | 987,624 |
| Transfers and Improvements | 6,844,692 | 431,200 | 7,275,892 | 6,844,692 | 431,200 | 7,275,892 | 6,844,692 | 431,200 |
| Debt Service | - | 44,812,083 | 44,812,083 | | 44,747,986 | 44,747,986 | | 44,571,237 |
| PAYGO | - | - | - | | - | - | | 1,000,000 |
| | **$ 636,132,960** | **$ 216,967,638** | **$ 853,100,598** | **$ 671,546,524** | **$ 192,476,925** | **$ 864,023,449** | **$ 693,777,181** | **$ 193,900,136** |

- **Enrollment** has declined by 6,245 students since FY 2003/04. It is projected to begin to increase slightly each year in FY 2012/13. Forecast-projected enrollment numbers are based upon the September 30th enrollment for each fiscal year as provided by the VBCPS' Demographer.

- **Average Daily Membership** (ADM) is based each year on March 31st numbers. ADM is used in the calculations of the State revenue.

- **Revenue**
  - **Federal** is projected to remain constant.
  - **State Sales Tax** is projected to increase at an average of 3 percent over the forecast period.

| Year 3 | | | Year 4 | | | Year 5 | | |
|---|---|---|---|---|---|---|---|---|
| FY 14/15 | Grant and Other | Total Budget | FY 15/16 | Grant and Other | Total Budget | FY 16/17 | Grant and Other | Total Budget |
| | | | | | | | | |
| 685,579,598 | | | 691,799,008 | | | 702,190,842 | | |
| 351,702,334 | | | 354,892,891 | | | 360,223,902 | | |
| | | | | | | | | |
| 43,593,842 | | | 43,581,414 | | | 43,479,707 | | |
| 1,000,000 | | | 1,000,000 | | | 1,000,000 | | |
| 29,182,378 | | | 30,657,403 | | | 30,657,403 | | |
| 277,926,114 | | | 279,654,074 | | | 285,086,792 | | |
| **351,702,334** | | | **354,892,891** | | | **360,223,902** | | |
| | | | | | | | | |
| **69,627** | | | **69,742** | | | **69,982** | | |
| **68,931** | | | **69,045** | | | **69,282** | | |
| **-** | | | **-** | | | **-** | | |
| $ 14,371,131 | $ 74,351,057 | $ 88,722,188 | $ 14,371,131 | $ 74,351,057 | $ 88,722,188 | $ 14,371,131 | $ 74,351,057 | $ 88,722,188 |
| 77,865,872 | - | 77,865,872 | 80,980,507 | - | 80,980,507 | 84,219,727 | - | 84,219,727 |
| 262,270,715 | 17,629,929 | 279,900,644 | 275,258,738 | 17,629,929 | 292,888,667 | 290,119,893 | 17,629,929 | 307,749,822 |
| 277,926,114 | - | 277,926,114 | 279,654,074 | - | 279,654,074 | 285,086,792 | - | 285,086,792 |
| 3,281,938 | 44,093,985 | 47,375,923 | 3,281,938 | 45,569,010 | 48,850,948 | 3,281,938 | 45,569,010 | 48,850,948 |
| | | - | | | - | | | - |
| | 878,432 | 878,432 | | 525,000 | 525,000 | | 525,000 | 525,000 |
| | 7,167,782 | 7,167,782 | | 7,167,782 | 7,167,782 | | 7,167,782 | 7,167,782 |
| | 43,593,842 | 43,593,842 | | 43,581,414 | 43,581,414 | | 43,479,707 | 43,479,707 |
| | 1,000,000 | 1,000,000 | | 1,000,000 | 1,000,000 | | 1,000,000 | 1,000,000 |
| **$ 635,715,770** | **$ 188,715,027** | **$ 824,430,797** | **$ 653,546,388** | **$ 189,824,192** | **$ 843,370,580** | **$ 677,079,481** | **$ 189,722,485** | **$ 866,801,966** |
| | | | | | | | | |
| $ 559,545,303 | | | $ 569,942,675 | | | $ 583,788,996 | | |
| 24,160,665 | | | 24,602,527 | | | 25,231,283 | | |
| 33,668,419 | | | 35,527,766 | | | 36,506,203 | | |
| 94,242,566 | | | 97,288,213 | | | 99,326,463 | | |
| **$ 711,616,953** | | | **$ 727,361,181** | | | **$ 744,852,945** | | |
| | | | | | | | | |
| **$ (75,901,183)** | | | **$ (73,814,793)** | | | **$ (67,773,464)** | | |
| | | | | | | | | |
| **9,076.84** | **1,236.39** | **10,322.23** | **9,082.72** | **1,225.39** | **10,317.11** | **9,097.14** | **1,219.39** | **10,325.53** |
| | | | | | | | | |
| $ 430,472,997 | $ 64,033,479 | $ 494,506,476 | $ 430,797,087 | $ 63,428,479 | $ 494,225,566 | $ 431,522,341 | $ 63,098,479 | $ 494,620,820 |
| 185,416,134 | 31,170,453 | 216,586,587 | 200,317,517 | 33,412,684 | 233,730,201 | 216,411,179 | 36,172,297 | 252,583,476 |
| - | - | - | - | - | - | - | - | - |
| 37,951,906 | 14,623,864 | 52,575,770 | 37,951,906 | 15,283,160 | 53,235,066 | 37,951,906 | 15,643,864 | 53,595,770 |
| 19,639,373 | - | 19,639,373 | 19,975,284 | - | 19,975,284 | 20,317,913 | - | 20,317,913 |
| 6,624,222 | 1,295,016 | 7,919,238 | 6,624,222 | 1,295,016 | 7,919,238 | 6,624,222 | 1,295,016 | 7,919,238 |
| 23,390,458 | 31,579,549 | 54,970,007 | 23,573,302 | 30,404,615 | 53,977,917 | 23,761,631 | 27,614,298 | 51,375,929 |
| 1,277,171 | 987,624 | 2,264,795 | 1,277,171 | 987,624 | 2,264,795 | 1,277,171 | 987,624 | 2,264,795 |
| 6,844,692 | 431,200 | 7,275,892 | 6,844,692 | 431,200 | 7,275,892 | 6,986,582 | 431,200 | 7,417,782 |
| | 43,593,842 | 43,593,842 | | 43,581,414 | 43,581,414 | | 43,479,707 | 43,479,707 |
| | 1,000,000 | 1,000,000 | | 1,000,000 | 1,000,000 | | 1,000,000 | 1,000,000 |
| **$ 711,616,953** | **$ 188,715,027** | **$ 900,331,980** | **$ 727,361,181** | **$ 189,824,192** | **$ 917,185,373** | **$ 744,852,945** | **$ 189,722,485** | **$ 934,575,430** |

- **Revenue** (continued)
  - **State Basic Aid** is projected to increase less than 3 percent over the forecast period.
  - **Composite Index** is re-calculated biennially and is projected to increase in FY 13. Increases in the index will result in a decrease in funding from the state.
  - **Local Contributions** are estimates only and could change in either direction.

- **Expenditures** baselines are projected to remain constant, except for the following: utilities, staffing (based on enrollment), fringe benefit rates (based on state requirements), and compensation for "Year 1."

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# TABLE OF CONTENTS
# SECTION SEVEN

**FAMILY AND YOUTH OPPORTUNITIES**

Health ..... 7-1

Human Services ..... 7-5

## Health

The mission of the Health Department is to promote and protect the health of our community, which is defined as the people and the environment.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Provide Community Education, Home Visits, and Health Screenings to Elderly Citizens** | | | | | | |
| Citizen satisfaction w/services (2=satisfied; 3=very satisfied) | # | 2.0 | 3.0 | 3.0 | 2.0 | 2.0 |
| Provide services to at least 900 elderly citizens each quarter | # | 3,600.0 | 4,371.0 | 4,080.0 | 3,600.0 | 3,600.0 |
| Staff cost per citizen served | $ | 12 | 10 | 11 | 12 | 12 |
| **Provide Maternity Services to Expectant Women** | | | | | | |
| Number of expectant women served | # | 0.0 | 157.0 | 154.0 | 160.0 | 160.0 |
| **Customer** | | | | | | |
| **Immunize Virginia Beach Residents Against Disease-Preventable Illnesses** | | | | | | |
| Immunization Patient Satisfaction Ranking (5 = "Very Satisfied") | # | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Total Number of Immunization Visits | # | 5,000.0 | 47,328.0 | 5,788.0 | 5,000.0 | 5,000.0 |
| Total Number of Unduplicated Immunization Patients | # | 4,000.0 | 44,087.0 | 4,756.0 | 4,000.0 | 4,000.0 |
| **Inspect Every Restaurant in Virginia Beach at Least Once Annually** | | | | | | |
| Cost per Restaurant Inspection | $ | 5 | 4 | 4 | 5 | 5 |
| Number of Business Days to Issue a Restaurant Inspection | # | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Number of Restaurants Inspected Annually | # | 4,500.0 | 5,550.0 | 5,995.0 | 4,500.0 | 4,500.0 |
| **Provide Dental Care to Children** | | | | | | |
| Children Provided Dental Services | # | 1,400.0 | 1,389.0 | 1,318.0 | 1,400.0 | 1,400.0 |
| Dental Patient Satisfaction Ranking (3 = "Very Satisfied") | # | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Dental Patients Seen per Staff Hour Worked | # | 1.0 | 0.9 | 0.9 | 1.0 | 1.0 |

**Major Changes**

The Public Health Department's budget of $2,991,428 for FY 2012-13 is an increase of $123,319, or 4.3%, over the FY 2011-12 adjusted operating budget, which includes an estimated amount for the required local match. When the actual local match is included in the FY 2011-12 adjusted operating budget, the department's FY 2012-13 budget shows a reduction of $84,148, or 2.9%, when compared to FY 2011-12.

| Change | Impact |
|---|---|
| Elimination of two Social Worker Assistant positions | These vacant positions (one full-time and one part-time) were home visitors in the Healthy Start Program. They are being eliminated because of overall funding reductions and the fact that the Healthy Start Program is currently not at capacity, thus reducing the need for the positions. |

Of the department's total FY 2012-13 budget, $2,278,118 will fund the city's 45.0% local match and $713,310 will fund discretionary local programs.

**Departmental Overview**

Virginia State Code requires that each county and city establish and maintain a local Health Department. For Virginia Beach this is accomplished by entering into a contract with the Virginia Department of Health (VDH). The City of Virginia Beach provides a 45% match to the funding that is allocated from VDH. This funding is used to support all services that are mandated by law.

These mandated services protect the health of Virginia Beach residents through programs such as childhood immunizations, communicable disease treatment and prevention, family planning services, pregnancy testing, food service inspections, regulation of tattoo/piercing, hair and tanning establishments, hotels, public swimming pools and well/septic system plan review and permitting.

The Virginia Beach Health Department also provides services that are not mandated and are partially supported with city funds. These programs are briefly described below:

- **Laboratory Program -** Provides needed laboratory tests required to support the various health department clinics (the city funds the staffing of this program and the state funds the materials and supplies necessary to run the laboratory).

- **Dental Program -** Provides preventative dental care services for low-income children. City funding supports one full-time dentist and two dental assistants. State funding supports one full-time administrative position, a part-time dentist and the materials and supplies needed for the program.

- **Healthy Start Program -** Signature program for Healthy Families Virginia, that provides a continuum of services from prenatal to five (5) years of age. The program offers outreach, screening, assessment and home visitation, education, support and referrals to other providers for new parents that have multiple challenges and few coping mechanisms. This program operates in conjunction with Healthy Families Virginia and Virginia Beach GrowSmart, which is part of the Library Department.

- **First Steps Program -** Provides parenting support and education services for parents who need short term ongoing telephone support.

- **Senior Services Program -** Provides community clinics and education for senior citizens, concentrating on the most vulnerable seniors and also those in rural areas of the city. These clinics offer services ranging from blood pressure screenings to preventative health education classes.

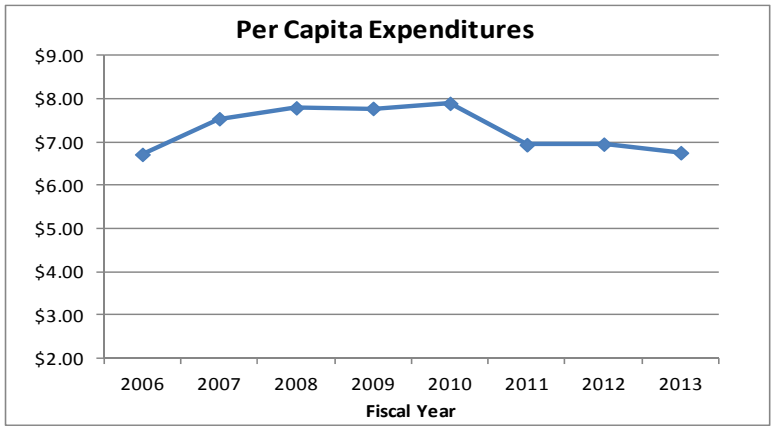
- **Maternity Program -** Provides funding for delivery services for uninsured residents who are unable to qualify for Medicaid. If the patient qualifies for Emergency Medicaid then that funding source is used to pay for the delivery services. The Health Department and the department of Human Services work closely together to ensure that as many patients as possible receive Emergency Medicaid. Prenatal care is provided by Health Department staff who are funded

with state general fund dollars. The Health Department also receives a federal grant to support Maternity Care in the district.

**Trends and Issues**

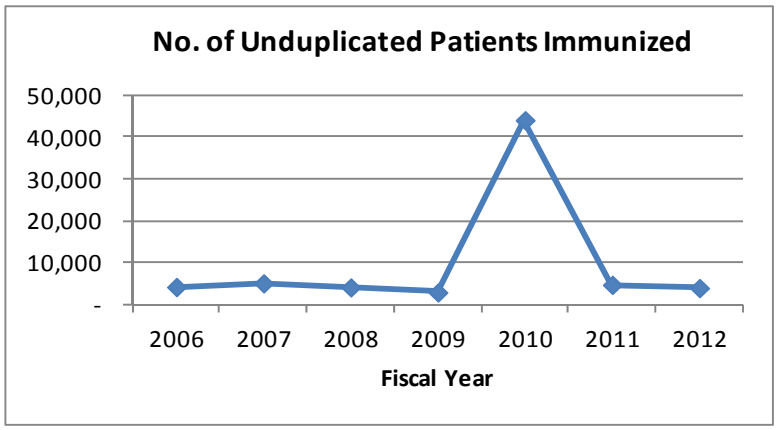
- The largest percentage of the Health Department's city budget is the required local match of the state general fund allocation. Of the total funding provided in support of Health Department programs for FY 2012-13, the state provides 55%, or $2,784,366, and the city provides 45%, or $2,278,118. State agencies are not notified regarding their general fund allocations for at least 7 months after the city budget is prepared, making it difficult for the city's Health Department to accurately budget the amount that will be required for the local match. An error in projecting the city's match can result in over-budgeting or under-budgeting this amount by as much as $200,000. For FY 2011-12, the local match amount that was ultimately required by the state was significantly higher than the amount budgeted. Between FY 2008-09 and FY 2010-11, the state general fund allocation to public health services had been decreasing, resulting in a lower required local match. The higher FY 2011-12 allocation was needed to keep pace with the basic increases in costs of operating the Health Department. The amount budgeted for FY 2012-13 is based on the actual match for FY 2011-12, but the actual match required for FY 2012-13 will not be known until well after the budget is adopted. An adjustment to the department's FY 2012-13 operating budget may be needed at that time.

- At the state level, the Governor's proposed biennial budget for FY 2012-14 includes the supplanting of general fund appropriation with new revenue from fee increases in the Division of Environmental Health Services. Restaurant permit, temporary restaurant permit, and restaurant review plan fees will increase from $40 to $60. These changes, if approved, are expected to have little or no impact on the Health Department's services, since the increase in revenue from this proposed price adjustment will not be substantial.




- The per capita expenditure graph (city expenditures only) shows that budgeted expenditures for the Virginia Beach Health Department are expected to continue to decrease in FY 2012-13. The notable reduction from FY 2009-10 to FY 2010-11 is the result of a decrease in the local match required by the State, as previously discussed.

- As this graph illustrates, the number of immunizations administered by the Health Department has remained fairly consistent, with the exception of FY 2009-10. In that year, the concerns with the H1N1 virus caused the number of immunizations to increase significantly. During the H1N1 outbreak, the Health Department held additional immunization clinics and also received grant funding to perform these immunizations.



## Health - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Public Health | 2,934,899 | 2,868,109 | 2,991,428 | 123,319 |
| Total Expenditures | 2,934,899 | 2,868,109 | 2,991,428 | 123,319 |
| Revenues | | | | |
| Fees | 46,419 | 53,572 | 53,572 | 0 |
| State | 6,603 | 8,671 | 8,671 | 0 |
| Federal | 24,465 | 35,000 | 35,000 | 0 |
| Total Revenues | 77,487 | 97,243 | 97,243 | 0 |
| General City Support | 2,857,412 | 2,770,866 | 2,894,185 | 123,319 |
| Total Department Expenditure | 2,934,899 | 2,868,109 | 2,991,428 | 123,319 |
| Total Department Revenue | 77,487 | 97,243 | 97,243 | 0 |
| Total General City Support | 2,857,412 | 2,770,866 | 2,894,185 | 123,319 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Public Health | 10.75 | 10.75 | 9.13 | -1.62 |
| Total | 10.75 | 10.75 | 9.13 | -1.62 |
| Total Position Summary | 10.75 | 10.75 | 9.13 | -1.62 |

**Resource Summary Notes**

Two Social Worker Assistant positions, one full-time and one part-time, that are home visitors in the Healthy Start program are eliminated because of overall funding reductions and the fact that the Healthy Start Program is currently not at capacity.

## Human Services

The mission of Human Services is to provide Virginia Beach citizens the opportunity to achieve the highest level of self-sufficiency, safety and quality of life possible through an array of coordinated services delivered in a climate of dignity, respect and accountability.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Help At Risk Children** | | | | | | |
| Cost per CSA child | $ | 20,000 | 18,726 | 20,619 | 20,475 | 20,720 |
| Number of children receiving CSA services | # | 640.0 | 679.0 | 601.0 | 620.0 | 630.0 |
| Number of children receiving services - Pendleton Child Services | # | 460.0 | 467.0 | 488.0 | 495.0 | 495.0 |
| Parents report improvement - Pendleton Child Services | % | 90.0 | 97.0 | 95.0 | 95.0 | 95.0 |
| **Increase DS intermediate care facility bed capacity by 10 beds** | | | | | | |
| Number of clients served - Biznet Village | # | 24.0 | 27.0 | 24.0 | 24.0 | 24.0 |
| Number of clients served - Colby Way | # | 5.0 | 6.0 | 6.0 | 5.0 | 5.0 |
| Number of clients served - Indian River | # | 5.0 | 0.0 | 0.0 | 0.0 | 5.0 |
| Number of clients served - Kentucky Avenue | # | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| **Investigate Child Protective Service Complaints** | | | | | | |
| Child Protective Services Complaints Investigated | # | 2,300.0 | 2,459.0 | 2,040.0 | 2,250.0 | 2,300.0 |
| **Provide a Foster Home for Abused/Neglected Children** | | | | | | |
| Average time in Foster Care (months) | # | 35.0 | 35.6 | 36.4 | 38.8 | 38.0 |
| Children Maintained in Foster Care Monthly | # | 250.0 | 292.0 | 283.0 | 265.0 | 260.0 |
| **Provide an Economic Safety Net for Disadvantaged Citizens** | | | | | | |
| Number of SNAP cases at year end | # | 16,000.0 | 13,817.0 | 15,705.0 | 17,600.0 | 18,700.0 |
| Number of TANF cases at year end | # | 1,200.0 | 1,241.0 | 1,210.0 | 1,180.0 | 1,175.0 |
| **Provide Community Correction Investigation and Supervision to Adult Pretrial Detainees** | | | | | | |
| Number of clients served - Pretrial Cases | # | 1,400.0 | 1,167.0 | 1,298.0 | 1,400.0 | 1,400.0 |
| Number of clients served - Pretrial Investigations | # | 3,800.0 | 3,775.0 | 3,669.0 | 3,800.0 | 3,800.0 |
| Number of clients served - Probation Cases | # | 2,200.0 | 1,818.0 | 1,727.0 | 2,200.0 | 2,200.0 |
| **Provide DS Day Support Services** | | | | | | |
| Number of clients served | # | 173.0 | 165.0 | 173.0 | 173.0 | 173.0 |
| **Provide DS Family Support** | | | | | | |
| Number of clients served | # | 329.0 | 375.0 | 329.0 | 329.0 | 329.0 |
| **Provide DS Respite** | | | | | | |
| Number of clients served | # | 35.0 | 38.0 | 35.0 | 35.0 | 35.0 |
| **Provide DS Services to infants and toddlers** | | | | | | |
| Number of clients served | # | 108.0 | 72.0 | 108.0 | 108.0 | 108.0 |
| **Provide DS Supportive Living Services to Clients Living Independently in the Community** | | | | | | |
| Number of clients served - Supportive Living Group Homes | # | 25.0 | 24.0 | 24.0 | 25.0 | 25.0 |
| Number of clients served - Supportive Living Residential | # | 110.0 | 118.0 | 110.0 | 110.0 | 110.0 |

## Human Services

The mission of Human Services is to provide Virginia Beach citizens the opportunity to achieve the highest level of self-sufficiency, safety and quality of life possible through an array of coordinated services delivered in a climate of dignity, respect and accountability.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Provide Employment Opportunities to Development Services Clients** | | | | | | |
| Number of clients served in Community Employment settings | # | 270.0 | 288.0 | 270.0 | 270.0 | 270.0 |
| **Provide Inmates and Offenders Mental Health and Substance Abuse Education** | | | | | | |
| Number of client hours | # | 91,760.0 | 107,833.0 | 46,997.0 | 91,760.0 | 91,760.0 |
| **Provide MHSA Day Support Services** | | | | | | |
| Number of clients served - Beach House | # | 290.0 | 299.0 | 277.0 | 290.0 | 290.0 |
| Number of clients served - MHSA Day Treatment | # | 290.0 | 299.0 | 277.0 | 290.0 | 290.0 |
| Number of clients served - The Harbour | # | 170.0 | 148.0 | 168.0 | 170.0 | 170.0 |
| **Provide MHSA Case Management** | | | | | | |
| Number of clients served - MHSA case management services | # | 1,735.0 | 1,735.0 | 1,771.0 | 1,735.0 | 1,735.0 |
| Number of clients served - PATH (Homeless Prevention) | # | 140.0 | 145.0 | 128.0 | 140.0 | 140.0 |
| **Provide MHSA Crisis Stabilization and Detoxification Services** | | | | | | |
| Number of clients served - The Recovery Center | # | 767.0 | 804.0 | 832.0 | 767.0 | 767.0 |
| **Provide MHSA Emergency Services** | | | | | | |
| Number of clients served | # | 2,600.0 | 2,516.0 | 2,991.0 | 2,600.0 | 2,600.0 |
| **Provide MHSA Outpatient Psychiatric Treatment & Medication Services** | | | | | | |
| # of clients served-MHSA Outpatient Psychiatric/Medication Svs | # | 685.0 | 603.0 | 685.0 | 1,133.0 | 1,149.0 |
| Number of clients served - Adult Outpatient Services | # | 4,194.0 | 4,543.0 | 4,065.0 | 4,194.0 | 4,194.0 |
| **Provide MHSA Supportive Residential Services** | | | | | | |
| Number of clients served | # | 311.0 | 352.0 | 339.0 | 311.0 | 311.0 |
| **Provide Psychiatric Therapy Services to Children** | | | | | | |
| Number of children served | # | 817.0 | 800.0 | 817.0 | 827.0 | 827.0 |
| **Provide SA Prevention Services** | | | | | | |
| Number of client hours | # | 14,629.0 | 18,044.0 | 61,292.0 | 14,629.0 | 14,629.0 |
| **Provide Speech, Physical and Occupational Therapy to Infants and Toddlers** | | | | | | |
| Number of clients served in Early Intervention Program | # | 1,068.0 | 991.0 | 1,068.0 | 1,068.0 | 1,068.0 |
| **Provide Temporary & Safe Custody of Juvenile Offenders** | | | | | | |
| Number of juveniles detained | # | 480.0 | 452.0 | 424.0 | 465.0 | 490.0 |
| **Provide Transportation Services to Human Services Consumers** | | | | | | |
| Number of client trips | # | 81,356.0 | 81,356.0 | 88,600.0 | 81,356.0 | 81,356.0 |

**Major Changes**

In total, the department of Human Services' operating budget is $107,708,747, which is a decrease of $4,171,482, or 3.7%. With a decrease of 5.0 FTEs in FY 2012-13 as compared to the adjusted FY 2011-12 budget.

| Change | Impact |
|---|---|
| Human Services | • The decrease in Human Services' budget is mainly attributable to a 98.8% reduction ($7,211,240) in child care costs. Increases include 130.3% increase ($309,004) in risk management charges, in combination with 19.4% increase ($2,542,154) in health care, VRS retirement and life insurance costs. |
| New Indian River Road Intermediate Care Facility | • Additional 31.5 FTEs were added to the FY 2011-12 budget to staff two five-bed facilities. This represents the total staffing needed for the facilities.<br>• Total cost in FY 2012-13 ($1,057,460) includes one-time start-up costs, operations, building maintenance and minimal staffing (outlined above). The facility will open November 1, 2012.<br>• The facility will be fully funded by general city support until it is certified for ICF reimbursement (February 2013); then annual operating expenses are reimbursable. |
| Child Care Subsidy Payments | • Reduction of Child Care Subsidy payments due to the implementation of the Virginia Case Management System (VaCMS). Child care payments will be made through a new state automated system. VaCMS will track attendance using swipe card technology and make vendor payments with electronic transfers. As a result, the FY 2012-13 operating budget has been reduced to offset the reduction in Child Care Subsidy payments totaling $7,419,360. |
| Staff Reductions in Child and Youth MHSA Day Treatment Services (Birdneck Elementary school site) | • Eliminated 3 full-time mental health clinicians who provide after school therapeutic services for children with disabilities. These three positions have become unfunded due to changes in Comprehensive Services Act (CSA) rules in reimbursing Day Treatment Services.<br>• Effective July 1, 2012, after school therapeutic services for children with disabilities will no longer be offered at Birdneck Elementary School.<br>• Additionally, these 3 staff have been utilized since July 2011 (50% of total work time) to complete the newly required Virginia Independent Clinical Assessments Program (VICAP). After July 1, 2012, these duties will be re-assigned to existing staff.<br>• This elimination (3.0 FTEs) reduces costs by $216,346. |
| Staff Reductions at the Juvenile Detention Center | • Decreased admissions and excess bed capacity at the Juvenile Detention Center (JDC) enabled the department to eliminate 1 FTE (counselor position) without impacting services and reduces costs by $78,715. |
| Hard to Serve Grant | • The state eliminated the Child Care Quality Initiative component of the Hard to Serve Grant. This resulted in a reduction in revenue totaling $149,127 and 1 grant-funded FTE. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The department of Human Services provides a wide variety of services to Virginia Beach residents to achieve self-sufficiency, safety and quality of life. The department receives federal, state, local, fee, and grant funding. The city's appropriations are based on the required match rates between 0% and 63.5%. The city also provides support for employee compensation and additional programs, which are non-mandated or above the state's allocated level of funding. The department also coordinates provision of services with two boards, the Community Services Board (CSB) and the Social Services Advisory Board (SSAB) which developed a combined strategic plan to address the increase in service needs and the waiting lists for vital services.

Human Services is divided into the following service areas:

- **Adult & Family Services Division -** Aids citizens in meeting their fundamental needs during times of temporary economic and social crisis, to protect our children and vulnerable adults from abuse and neglect, to administer a range of services to help maintain families in the least restrictive and intrusive manner possible, and to assist in preparing citizens to find and retain employment.

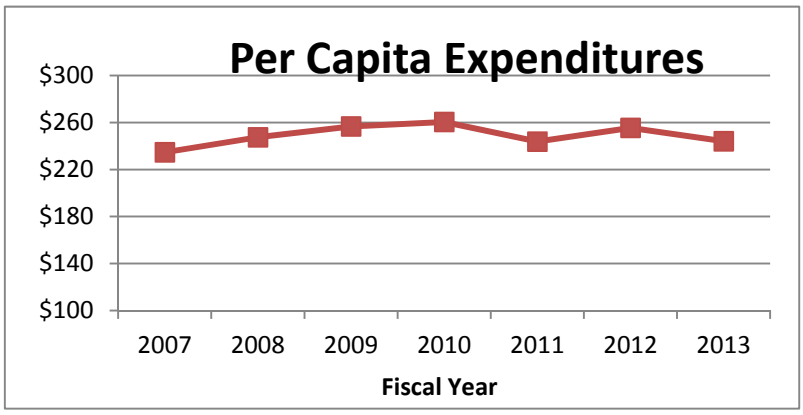
- **Developmental Services Division -** Plans, develops, and implements services for Virginia Beach residents with intellectual disabilities and their families through the provision of consumer centered services designed to provide opportunities to individuals who have intellectual disabilities to become self directing and contributing members of our community; support families living with family member(s) with intellectual disabilities; provide early intervention when developmental delays are identified in young children; and, promote the value of persons with intellectual disabilities living and working in the community.

- **Financial Assistance Division -** Administers many different financial assistance programs, most of which are financed by the federal and state government. The programs are targeted for families and individuals with incomes at or below the poverty level. Programs include: temporary, emergency or general assistance to needy families or indigents; grants for the disabled; Supplemental Nutrition Assistance Program (SNAP), formerly food stamps; and Medicaid or refugee re-settlement.

- **Juvenile Detention Center -** Provides temporary and safe custody of juveniles that have criminal charges and require a restricted environment for their own protection or the protection of the public.

- **Mental Health Substance Abuse Division -** Promotes recovery for Virginia Beach citizens and their families with or at risk of mental health, substance use or co-occurring disorders, through an array of coordinated services offering prevention, treatment and community collaboration delivered in a climate of dignity and respect.

- **Pendleton Child Service Center -** Provides services to families whose children, ages 5 through 12, are experiencing behavior problems at home, school or within the community. Available services include family counseling, school consultation, day treatment programs, and a 24-hour, 5 day a week residential program. In addition, Pendleton offers a wide range of group services for parents and children including parenting skills training, social skills and anger management for children.




**Trends and Issues**

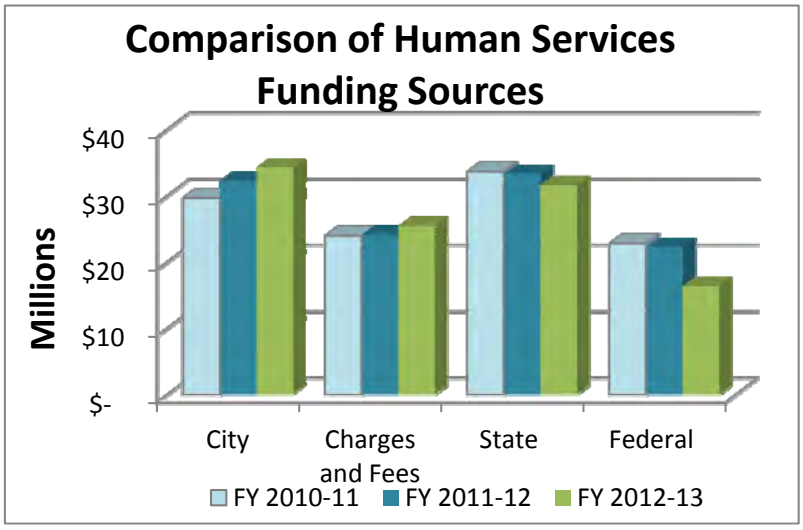
- The department's per capita expenditures are decreasing slightly in FY 2012-13 compared to FY 2011-12. While funding is declining from the current year, contractual expenses and demand for services are all increasing. Human Services has had limited

choices in making program reductions because many of the department's services involve state or federal mandates, including match requirements; or they are affected by regulatory requirements such as licensure standards, Medicaid credentialing, and human rights regulations; or federal entitlement programs. Other factors such as consumer demand and waiting lists, service effectiveness, and Council priorities were factors in programmatic reductions.

- The department continues to take full advantage of outside sources of funding and implements program and financial practices that maximize reimbursements to the city. In FY 2012-13, there were slight increases in revenue from charges for services (primarily Medicaid), and decreases in state and federal support, which was related to the transfer of the child care program.

- Local fee revenue increased by 5.6% ($1,355,131) due to increased Medicaid payments to Developmental Services' Intermediate Care Facilities (ICF).

- The graph shows how the department is funded. The city funding includes general government support, to provide specific programs and the use of fund balance in FY 2012-13. General city support has increased $2.9 million in FY 2012-13. This follows an upward trend in local funding to offset decreased state and federal funding. Charges and fees have slightly increased ($1.4 million) since FY 2011-12. State funding continues to decrease ($1.6 million) in FY 2012-13. Federal funding will decrease significantly (by $5.9 million) between FY 2011-12 and FY 2012-13.

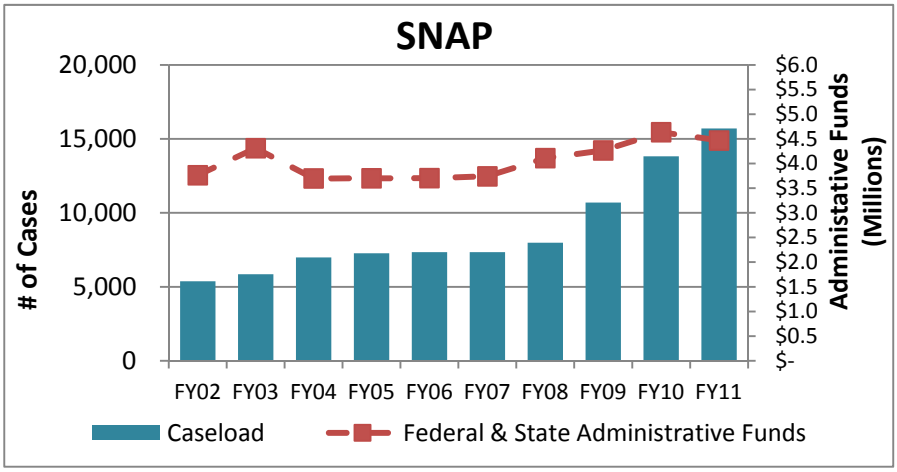



  - While funding has increased in some areas, such as Crisis Stabilization programs, reductions in other areas have further widened gaps between services available and the needs in our community. An example of reductions in services related to state and federal funding reductions for FY 2012-13 will occur with Comprehensive Services Act (CSA) program. Comprehensive Services Act expenditures were reduced by $738,560 due to a stabilizing Foster Care population.

- While it follows the national trend and is deemed better for the residents, transitioning individuals from centralized care facilities to community based care is also shifting a portion of the funding responsibility to localities. The department is partnering with the state to construct two additional Intermediate Care Facilities (Biznet-type facilities) for ten individuals who currently reside at the Southeastern Virginia Training Center, which is being downsized. The Indian River Road Intermediate Care Facility will be city owned and operated. The FY 2012-13 budget includes $1,057,460 for one-time start-up costs and operational costs for this facility. The facility is projected to open November 1, 2012. The facility will be certified for ICF reimbursement by February 1, 2013. Annual operating expenses are reimbursable after the facility is certified.

- The FY 2011-12 budget included $1,027,299 in fund balance of the General Fund that remained following the merger of Human Services' former special revenue funds to support the city's portion of construction, capital expenses, and start-up costs incurred before Medicaid reimbursement begins. Although the annual operating expenses are reimbursable after the facility is certified, Virginia Beach must provide funding upfront for construction, capital purchases and startup costs. While the construction and capital expenses will eventually be reimbursed, it is on a five to twenty-five year schedule. There are also concerns over the long-term availability of Medicaid funding that support these services as concerns over the federal deficit continue to rise.

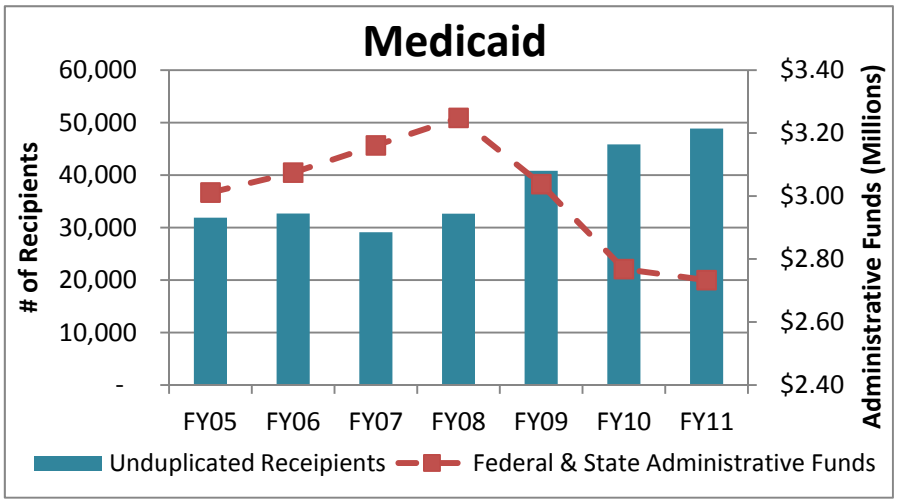
- Perhaps the most prominent trend for service providers in the Human Service area is that demand for services is increasing significantly with the economic distress experienced the past few years, and yet funding available to provide services is shrinking. As an example, the graphs show the trends for June caseloads for SNAP and Medicaid versus funds provided to administer the programs.




- SNAP program caseload rose by 13.7% (1,888) while federal and state administrative funds decreased by 3.6% ($166,677).

- Medicaid (unduplicated) recipient counts increased by 6.5% (2,995) while federal and state administrative funds decreased by 1.3% ($35,051).

- Waiting lists continue to exist. Mental health, substance abuse disorder treatment and services for the intellectually disabled are the services most affected by waiting lists. It would take more than $3 million annually to address all the needs not being served. Some examples include:




  - There are 344 individuals with intellectual disabilities waiting for a waiver to receive services through Medicaid.

  - The city receives about 13 of the 275 statewide waiver slots that become available in any given year.

  - There are 196 individuals currently incarcerated in the city jail that have been identified as needing mental health and substance abuse services that cannot be accommodated; has increased 103% (from 85) since FY 2011-12. There are 44 people in need of psychiatric or medication management services provided by Adult Outpatient Services but cannot be immediately served. Eighteen people are on the waiting list for MHSA case management.

## Human Services - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Central Administraton | 914,503 | 863,008 | 837,209 | (25,799) |
| Information Technology Services | 529,109 | 561,643 | 676,098 | 114,455 |
| Reimbursement | 803,829 | 850,856 | 882,475 | 31,619 |
| Quality Assurance | 413,249 | 499,989 | 517,916 | 17,927 |
| Personnel | 357,272 | 375,970 | 399,933 | 23,963 |
| Accounts Payable | 331,316 | 375,124 | 390,480 | 15,356 |
| Transportation | 1,246,626 | 1,297,104 | 1,329,949 | 32,845 |
| MHSA Program Support | 1,003,366 | 877,291 | 840,760 | (36,531) |
| Senior Adult Services | 334,966 | 308,497 | 282,297 | (26,200) |
| Adult Outpatient Services | 4,114,509 | 5,124,680 | 5,073,134 | (51,546) |
| MH Community Rehabilitation | 1,268,920 | 1,500,083 | 1,583,768 | 83,685 |
| MH Emergency Services | 1,317,252 | 1,410,975 | 1,376,910 | (34,065) |
| Child and Youth Services | 2,882,143 | 2,905,932 | 2,720,584 | (185,348) |
| Residential Services | 2,951,529 | 3,069,079 | 3,133,574 | 64,495 |
| MH Case Management Unit | 2,541,849 | 2,524,540 | 2,904,875 | 380,335 |
| MH PATH | 194,805 | 165,526 | 174,019 | 8,493 |
| Harbour | 439,384 | 526,407 | 653,176 | 126,769 |
| DS Program Clinical Support | 475,602 | 512,571 | 533,435 | 20,864 |
| DS Case Management | 2,277,593 | 2,306,590 | 2,390,755 | 84,165 |
| DS Employment Services | 1,445,727 | 1,456,743 | 1,519,414 | 62,671 |
| DS Skillquest | 3,048,550 | 3,051,462 | 3,123,436 | 71,974 |
| DS Respite Care Program | 423,349 | 477,703 | 495,933 | 18,230 |
| DS Infant Program | 520,057 | 521,154 | 564,073 | 42,919 |
| DS Supportive Living | 2,962,777 | 3,061,701 | 3,197,922 | 136,221 |
| DS Family Support | 135,859 | 146,451 | 159,373 | 12,922 |
| DS Supportive Living - Homes | 2,254,694 | 2,441,141 | 2,539,100 | 97,959 |
| DS Kentucky Avenue Project | 1,546,509 | 1,720,052 | 1,929,032 | 208,980 |
| DS Early Intervention | 1,002,320 | 712,974 | 1,134,129 | 421,155 |
| DS Colby Way ICF/MR | 809,564 | 706,462 | 856,081 | 149,619 |
| DS BizNet Village | 4,296,581 | 4,260,411 | 4,986,512 | 726,101 |
| Indian River Road ICF/MR | 0 | 1,077,111 | 1,057,460 | (19,651) |
| Detoxification Services | 2,492,122 | 2,511,967 | 2,824,155 | 312,188 |
| MHSA Adult Day Treatment Services | 657,831 | 585,291 | 399,211 | (186,080) |
| SA Prevention | 779,410 | 763,655 | 774,352 | 10,697 |
| SA Adult Correctional Services | 1,035,640 | 896,163 | 874,885 | (21,278) |
| SA - HIV Prevention | 97,618 | 101,705 | 106,852 | 5,147 |
| SA - Project LINK | 424,842 | 340,523 | 364,363 | 23,840 |
| Child Services | 16,294,180 | 15,092,786 | 16,010,537 | 917,751 |
| Benefit Program | 9,884,204 | 10,752,107 | 11,310,080 | 557,973 |
| Employment Services | 9,924,142 | 11,082,715 | 3,871,475 | (7,211,240) |
| Adult Services | 1,677,261 | 1,787,437 | 1,846,360 | 58,923 |
| Virginia Beach Juvenile Detention Center | 4,247,519 | 4,325,633 | 4,406,289 | 80,656 |
| Pendleton Child Service Center | 1,627,409 | 1,719,004 | 1,780,283 | 61,279 |
| CSA Administration and Social Services | 12,515,405 | 13,936,771 | 13,198,211 | (738,560) |
| Total Expenditures | 104,501,392 | 109,584,987 | 106,030,865 | (3,554,122) |
| Revenues | | | | |
| Fees | 23,851,523 | 24,081,102 | 25,431,498 | 1,350,396 |
| State | 30,473,334 | 32,207,360 | 30,576,223 | (1,631,137) |
| Federal | 22,215,053 | 21,422,929 | 16,185,053 | (5,237,876) |
| Transfers | 241,856 | 401,147 | 274,551 | (126,596) |
| Fund Balance | 0 | 1,027,299 | 0 | (1,027,299) |
| Total Revenues | 76,781,766 | 79,139,837 | 72,467,325 | (6,672,512) |

## Human Services - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| General City Support | 27,719,626 | 30,445,150 | 33,563,540 | 3,118,390 |
| **183 Grants Consolidated Fund** | | | | |
| Expenditures | | | | |
| Hard to Serve Grant | 207,319 | 328,294 | 181,713 | (146,581) |
| Social Services - Revenue Max Grants | 547,431 | 530,451 | 0 | (530,451) |
| Community Corrections and Pre-Trial | 1,343,106 | 1,436,497 | 1,496,169 | 59,672 |
| Transfer to Other Funds | 1,176 | 0 | 0 | 0 |
| Total Expenditures | 2,099,032 | 2,295,242 | 1,677,882 | (617,360) |
| Revenues | | | | |
| Fees | 18,293 | 35,000 | 39,735 | 4,735 |
| State | 1,030,450 | 1,040,860 | 1,040,860 | 0 |
| Federal | 422,156 | 855,988 | 179,167 | (676,821) |
| Transfers | 329,700 | 363,394 | 418,120 | 54,726 |
| Total Revenues | 1,800,599 | 2,295,242 | 1,677,882 | (617,360) |
| General City Support | 298,433 | 0 | 0 | 0 |
| Total Department Expenditure | 106,600,424 | 111,880,229 | 107,708,747 | (4,171,482) |
| Total Department Revenue | 78,582,365 | 81,435,079 | 74,145,207 | (7,289,872) |
| Total General City Support | 28,018,059 | 30,445,150 | 33,563,540 | 3,118,390 |

## Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Central Administraton | 7.00 | 7.00 | 7.00 | 0.00 |
| Information Technology Services | 1.00 | 1.00 | 2.00 | 1.00 |
| Reimbursement | 14.00 | 14.00 | 14.00 | 0.00 |
| Quality Assurance | 4.50 | 5.50 | 5.50 | 0.00 |
| Personnel | 7.00 | 7.00 | 7.00 | 0.00 |
| Accounts Payable | 6.50 | 6.50 | 6.50 | 0.00 |
| Transportation | 25.87 | 25.87 | 26.82 | 0.95 |
| MHSA Program Support | 11.75 | 10.38 | 9.38 | -1.00 |
| Senior Adult Services | 3.63 | 3.63 | 3.63 | 0.00 |
| Adult Outpatient Services | 49.14 | 49.07 | 50.07 | 1.00 |
| MH Community Rehabilitation | 20.53 | 22.53 | 22.53 | 0.00 |
| MH Emergency Services | 18.75 | 17.75 | 16.75 | -1.00 |
| Child and Youth Services | 32.56 | 32.56 | 29.56 | -3.00 |
| Residential Services | 25.49 | 23.74 | 24.74 | 1.00 |
| MH Case Management Unit | 34.00 | 35.75 | 35.75 | 0.00 |
| MH PATH | 2.50 | 2.50 | 2.50 | 0.00 |
| Harbour | 5.31 | 6.75 | 6.75 | 0.00 |
| DS Program Clinical Support | 5.00 | 5.00 | 5.00 | 0.00 |
| DS Case Management | 31.73 | 31.73 | 31.73 | 0.00 |
| DS Employment Services | 19.00 | 19.00 | 19.00 | 0.00 |
| DS Skillquest | 40.95 | 40.95 | 40.95 | 0.00 |
| DS Respite Care Program | 6.60 | 6.60 | 6.60 | 0.00 |
| DS Infant Program | 7.30 | 6.70 | 6.70 | 0.00 |
| DS Supportive Living | 50.18 | 49.00 | 49.00 | 0.00 |
| DS Supportive Living - Homes | 38.79 | 38.79 | 38.79 | 0.00 |
| DS Kentucky Avenue Project | 22.00 | 23.00 | 23.00 | 0.00 |
| DS Early Intervention | 3.00 | 3.00 | 3.00 | 0.00 |
| DS Colby Way ICF/MR | 10.15 | 9.15 | 9.15 | 0.00 |

## Human Services - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| DS BizNet Village | 55.00 | 55.00 | 55.00 | 0.00 |
| Indian River Road ICF/MR | 0.00 | 31.50 | 31.50 | 0.00 |
| Detoxification Services | 28.27 | 28.27 | 29.27 | 1.00 |
| MHSA Adult Day Treatment Services | 6.00 | 4.00 | 3.00 | -1.00 |
| SA Prevention | 9.63 | 8.63 | 8.13 | -0.50 |
| SA Adult Correctional Services | 9.50 | 8.50 | 8.50 | 0.00 |
| SA - HIV Prevention | 1.00 | 1.00 | 1.00 | 0.00 |
| SA - Project LINK | 4.95 | 3.95 | 3.50 | -0.45 |
| Child Services | 101.00 | 96.00 | 95.00 | -1.00 |
| Benefit Program | 147.79 | 148.79 | 148.79 | 0.00 |
| Employment Services | 46.00 | 46.00 | 46.00 | 0.00 |
| Adult Services | 14.50 | 14.50 | 14.50 | 0.00 |
| Virginia Beach Juvenile Detention Center | 67.56 | 65.56 | 64.56 | -1.00 |
| Pendleton Child Service Center | 23.25 | 23.25 | 23.25 | 0.00 |
| CSA Administration and Social Services | 2.00 | 2.00 | 2.00 | 0.00 |
| Total | 1,020.68 | 1,041.40 | 1,037.40 | -4.00 |
| **183 Grants Consolidated Fund** | | | | |
| Hard to Serve Grant | 2.00 | 2.00 | 1.00 | -1.00 |
| Community Corrections and Pre-Trial | 23.00 | 23.00 | 23.00 | 0.00 |
| Total | 25.00 | 25.00 | 24.00 | -1.00 |
| Total Position Summary | 1,045.68 | 1,066.40 | 1,061.40 | -5.00 |

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# SECTION EIGHT

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## City Attorney

The Virginia Beach City Attorney's Office mission is dedicated to providing effective and efficient legal services, promoting accountability, trust and openness in government and focusing on outcomes that are fair, equitable and balanced while protecting the best interests of the client.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Financial** | | | | | | |
| **Maximize Efficiency of City Legal Services** | | | | | | |
| Effective Rate of All City Legal Services per Hour | $ | 99 | 103 | 99 | 99 | 101 |
| In-House City Legal Costs as Percent of All City Legal Costs | % | 95.0 | 87.0 | 99.0 | 95.0 | 95.0 |
| **Maximize Efficiency of School Legal Services** | | | | | | |
| Effective Rate of All School Legal Services per Hour | $ | 99 | 85 | 91 | 91 | 91 |
| In-House School Legal Costs as Percent of All School Legal Costs | % | 97.0 | 94.0 | 99.0 | 97.0 | 97.0 |

**Major Changes**

In total, the City Attorney's budget of $3,819,468 for FY 2012-13 is an increase of $149,059, or 4.1%, over the FY 2011-12 amended operating budget. This increase is primarily the result of higher costs associated with health insurance, retirement, and life insurance.

**Departmental Overview**

The City Attorney's Office is organized into five functional sections:

- **Public Policy and Administration -** Provides legal services in support of core governmental and administrative functions, including public policy, public facilities, human resources, public finance and public safety. This section has the primary responsibility for drafting policies, ordinances and resolutions, drafting opinions on legal issues posed by city departments and officials, and ensuring compliance with state and federal laws, including COIA, FOIA and Title VII.

- **Real Estate, Infrastructure and Development -** Provides legal services for the acquisition, maintenance and operation of the city's infrastructure and to support development activities intended to enhance the city's tax base. These attorneys are engaged in all aspects of municipal real estate and development, including title searches, drafting deeds, complex transactional documents, litigation, and eminent domain cases. The attorneys in this section also have responsibility for legal services in support of the city's APZ-1 and ITA Acquisition Programs to reduce encroachment around N.A.S. Oceana.

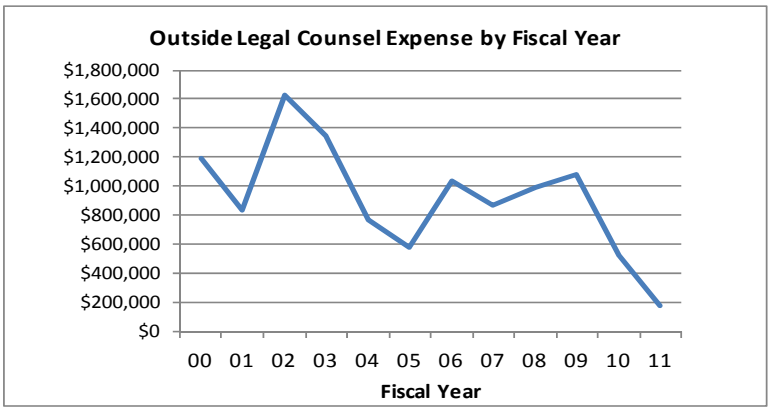
- **Land Use -** Performs legal tasks involved in the development, implementation, administration and enforcement of the city's zoning, land use (including AICUZ-related), environmental, agricultural, and neighborhood preservation programs. In addition, the land use attorneys serve as the primary legal counsel to the Planning Commission, Board of Zoning Appeals, Wetlands Board, Chesapeake Bay Preservation Area Board, Agricultural Advisory Commission, Bayfront Advisory Committee, Green Ribbon Committee, Workforce Housing Advisory Board and Military Economic Development Advisory Committee.

- **Litigation -** Provides representation in all civil litigation cases involving the city, its departments, boards, commissions, employees and volunteers. Representation includes defending and prosecuting tort claims, civil rights claims, collection actions, contract disputes and construction claims. In addition, the litigation section represents the department of Social Services in cases seeking to protect at-risk children and handicapped or elderly adults from abuse and neglect. Litigation attorneys are also actively involved with the Risk Management division and other city departments in evaluating and minimizing potential exposure to tort and contract claims before they arise.

- **Public Education -** Provides legal services in support of core public education and administrative functions including student issues, human resources, School Board policies, administrative support and public policy issues, and school finance matters. Supplemental services in support of the School Board's initiatives include litigation and real estate services. All work is performed through a cooperative agreement with the School Board that mandates a minimum number of legal service hours per year.

**Trends and Issues**

- The number of direct in-house service hours in FY 2012-13 is expected to be approximately 40,000. Consistent with the department's strategy to minimize the total cost for legal services, 99% of legal services to the city and schools were provided in-house in FY 2010-11, which represents the highest percentage of in-house legal services since FY 1992-93. The average cost of in-house service to the city in FY 2012-13 is expected to be about $101 per service hour. When necessary, outside counsel is retained at a substantially



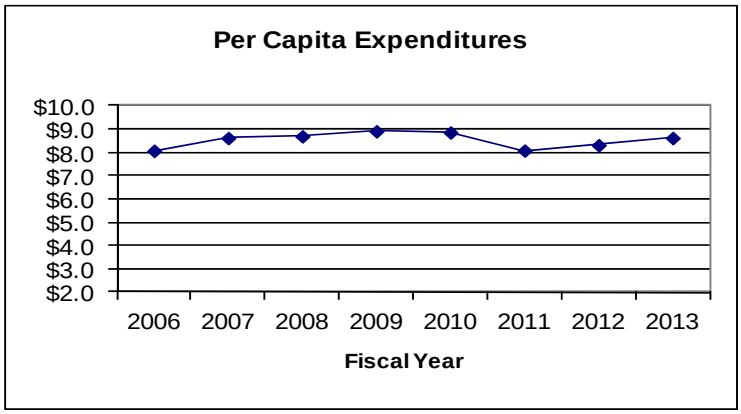
higher rate (average of $354 per hour); however, the number of service hours applied to outside counsel has been decreasing since FY 2008-09.

In FY 2010-11, the department provided 39,349 hours of in-house legal services:

- Land Use, Zoning, and Code Enforcement: 3,267 hours.
- Public Policy, Public Facilities, Public Finance, Public Safety, and Human Resources: 19,592 hours.
- Real Estate and Infrastructure: 10,814 hours.
- Economic Development: 1,502 hours.
- Public Education: 4,174 hours (at an effective in-house rate of approximately $81 per hour). This cost is fully funded by the Virginia Beach Public School system.

The overall effective rate of all city legal services (in-house and outside) was $99 per hour in FY 2010-11, down from $103 per hour in FY 2009-10.

- As shown in the chart, the per capita expenditures for the City Attorney's Office are expected to increase in FY 2012-13. As explained earlier, this is primarily the result of increased retirement and life insurance rates and higher health insurance costs. The reduction in per capita expenditure from FY 2009-10 to FY 2010-11 is the result of the elimination of positions.



## City Attorney - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| City Attorney | 3,577,826 | 3,670,409 | 3,819,468 | 149,059 |
| Total Expenditures | 3,577,826 | 3,670,409 | 3,819,468 | 149,059 |
| Revenues | | | | |
| Fees | 212 | 0 | 0 | 0 |
| Total Revenues | 212 | 0 | 0 | 0 |
| General City Support | 3,577,614 | 3,670,409 | 3,819,468 | 149,059 |
| Total Department Expenditure | 3,577,826 | 3,670,409 | 3,819,468 | 149,059 |
| Total Department Revenue | 212 | 0 | 0 | 0 |
| Total General City Support | 3,577,614 | 3,670,409 | 3,819,468 | 149,059 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| City Attorney | 39.96 | 39.61 | 39.61 | 0.00 |
| Total | 39.96 | 39.61 | 39.61 | 0.00 |
| Total Position Summary | 39.96 | 39.61 | 39.61 | 0.00 |

## City Auditor

The primary mission of the City Auditor is to promote accountability and integrity in City operations by providing quality audit services.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Promote Governmental Accountability** | | | | | | |
| Audits Completed within Budgeted Hours | % | 85.0 | 98.0 | 85.0 | 85.0 | 85.0 |
| Recommendations Accepted | % | 90.0 | 90.0 | 90.0 | 90.0 | 90.0 |
| **Provide Audit Services to City Departments, Agencies and Programs** | | | | | | |
| Hours of Direct Audit Services Provided | # | 7,100.0 | 7,000.0 | 7,206.0 | 7,326.0 | 7,326.0 |

**Major Changes**

In total, the City Auditor's budget for FY 2012-13 is $623,735. There have been no major changes to the department. The Office of the City Auditor will continue to provide the same level of service.

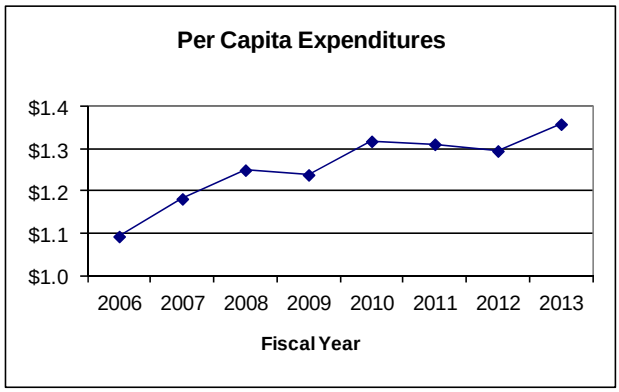
**Departmental Overview**

The City Auditor is an independent appraisal function responsible for financial, attestation engagements and performance audits of city programs, functions and activities; conducting investigations, providing technical and advisory services; special projects; and oversight and management of the city's external audit contract.

**Trends and Issues**

- The increase in the per capita expenditures beginning in FY 2005-06 illustrates the costs associated with launching the state mandated fraud hotline and the increased costs for implementing the city's related Integrity Connection Program. These programs have been fully implemented and costs and began leveling off; the increase in FY 2012-13 is due to the increase in retirement, life insurance, and health care benefits, and departmental promotions.

- The Integrity Connection Program has provided an opportunity to promote awareness of the city's organizational values and code of ethics to 4,937 city employees. This program offers employees an opportunity to ask questions about ethical behavior and report possible fraudulent activities. In relation to this program, a state mandated fraud hotline has been established. This hotline provides citizens and employees an additional confidential means to report and ask questions about fraudulent activities. Prior to this program, the annual fraudulent reports to the office were between eight and ten per year; however, since this program was implemented in FY 2007 the office has reviewed over 154 allegations.




- The City of Virginia Beach is mandated by law to be audited yearly by an independent external auditor. The City Auditor is responsible for the task of finding an external auditor and negotiating a contract for this service. Additionally, the City Auditor plays a significant role in the administering and monitoring of the external audit.

## City Auditor - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| City Auditor | 574,241 | 601,776 | 623,735 | 21,959 |
| Total Expenditures | 574,241 | 601,776 | 623,735 | 21,959 |
| General City Support | 574,241 | 601,776 | 623,735 | 21,959 |
| Total Department Expenditure | 574,241 | 601,776 | 623,735 | 21,959 |
| Total Department Revenue | 0 | 0 | 0 | 0 |
| Total General City Support | 574,241 | 601,776 | 623,735 | 21,959 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| City Auditor | 6.00 | 6.00 | 6.00 | 0.00 |
| Total | 6.00 | 6.00 | 6.00 | 0.00 |
| Total Position Summary | 6.00 | 6.00 | 6.00 | 0.00 |

## City Clerk

The mission of the City Clerk is to provide a historical record of the governing body; prepares/delivers weekly Agenda; serves the City Council in the most efficient manner to meet the needs of citizens and attests to/records all official agreements, deeds, contracts, et cetera. The City Clerk also ensures that all public notices comply with applicable State Code regulations and City Council policies. This office maintains the highest standards of customer service for the taxpayers needs and to ensure the City's policies.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Internal Process** | | | | | | |
| **Provide Permanent Records for City Council** | | | | | | |
| Customer Satisfaction with City Clerk Services | % | 98.0 | 97.0 | 98.0 | 98.0 | 98.0 |
| Research Hours Provided (Laserfiche) | # | 1,800.0 | 1,750.0 | 1,800.0 | 1,800.0 | 1,800.0 |

**Major Changes**

The City Clerk's proposed FY 2012-13 operating budget totals $576,749, which is an increase of $15,394 or 0.1% compared with FY 2011-12 adjusted operating budget due to the increase in personnel costs for fringe benefits including health insurance, retirement and life insurance.

| Change | Impact |
|---|---|
| Sister Cities Program not fully funded. | • Support costs are provided for this program totaling $9,415, which is a 29% reduction ($3,845) over FY 2011-12 funding levels. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

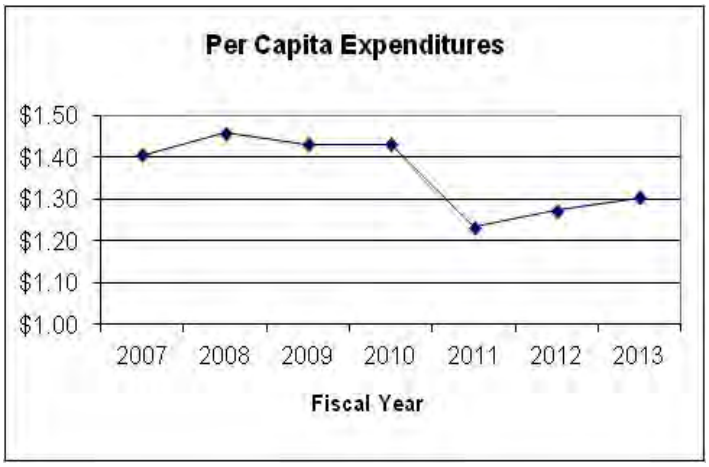
The City Clerk's Office responsibilities include:

- The Office of the City Clerk preserves and provides accurate governing body legislative historical records. Responsibilities include preparing and delivering weekly agendas, preparing and recording minutes reflecting actions of the governing body, attesting to and recording all official agreements, deeds and contracts, and ensuring all public notices comply with the applicable State Code and City Council policies.

- The City Clerk serves as City Clerk, Clerk of Council, and custodian of the City Seal. The City Clerk possesses authority to sign all city borrowed bond issuances and monitors City Council appointed boards, commissions, authorities and committees.

**Trends and Issues**

- Per capita expenditures will increase to $1.30 in FY 2012-13 compared with $1.27 in FY 2011-12. Eighty-nine percent of the FY 2012-13 operating budget of the City Clerk's Office is comprised of personnel costs for 6.0 FTEs ($515,478), with the remaining 11% ($61,271) for operating costs.




- Advertising that is required for public notices, hearings, and meetings, along with printing costs total about $32,600, and exceed 53% of operating costs for the City Clerk's Office. These costs were budgeted at $22,000 less than what was spent in FY 2010-11. Media advertising costs are difficult to predict and will be monitored throughout the fiscal year.

- Historically, funding has been provided in the City Clerk's Office operating budget to support the Sister Cities Association of Virginia Beach, which advises the Mayor and assists in coordinating the activities of the Sister City member affiliates. Sister Cities International is a non-profit citizen diplomacy network pursuing stronger economic and cultural ties at the municipal level between United States and international communities. The city has three established relationships: North Down, Co. Bangor, Northern Ireland, Moss, Norway, and Miyazaki, Japan. Multiple events are scheduled in the next fiscal year.

## City Clerk - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| City Clerk | 587,781 | 561,355 | 576,749 | 15,394 |
| Total Expenditures | 587,781 | 561,355 | 576,749 | 15,394 |
| Revenues | | | | |
| Fees | 1,150 | 0 | 0 | 0 |
| Total Revenues | 1,150 | 0 | 0 | 0 |
| General City Support | 586,631 | 561,355 | 576,749 | 15,394 |
| Total Department Expenditure | 587,781 | 561,355 | 576,749 | 15,394 |
| Total Department Revenue | 1,150 | 0 | 0 | 0 |
| Total General City Support | 586,631 | 561,355 | 576,749 | 15,394 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| City Clerk | 6.00 | 6.00 | 6.00 | 0.00 |
| Total | 6.00 | 6.00 | 6.00 | 0.00 |
| Total Position Summary | 6.00 | 6.00 | 6.00 | 0.00 |

## City Manager

The mission of the City Manager's Office is to provide support and direction for the delivery of quality customer service to Virginia Beach citizens and visitors, City Council, City staff, and others to maintain and nurture a quality community. The City Manager serves as the executive and administrative head of the City government and coordinates and directs the complex groups within agencies and departments responsible for the delivery of City services to citizens.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Achieve City Council's Goals and Long-Term Strategies** | | | | | | |
| Coordination of City's Legislative Interest | # | 3,400.0 | 3,409.0 | 3,213.0 | 3,364.0 | 3,408.0 |
| Respond to Citizen Concerns | # | 4,400.0 | 4,350.0 | 4,375.0 | 4,375.0 | 4,400.0 |
| **Increase Effectiveness, Productivity & Quality** | | | | | | |
| Client Evaluations of the Organization Development Office | # | 8.0 | 8.4 | 8.0 | 8.0 | 8.0 |
| Client Events Held By the Organization Development Office | # | 350.0 | 326.0 | 422.0 | 350.0 | 285.0 |
| Clients Served by the Organization Development Office | # | 4,850.0 | 4,629.0 | 6,891.0 | 4,850.0 | 3,718.0 |
| Overall Satisfaction with City Services | % | 100.0 | 91.4 | 91.0 | 91.0 | 91.0 |
| **Inform Citizens & Help Improve Community Relations** | | | | | | |
| Media Contacts Managed | # | 290.0 | 329.0 | 300.0 | 290.0 | 272.0 |
| Press Releases Written and/or Distributed | # | 330.0 | 423.0 | 350.0 | 330.0 | 347.0 |
| **Financial** | | | | | | |
| **To Coordinate and Promote Volunteerism** | | | | | | |
| Value of Volunteer Service (in millions) | $ | 19 | 19 | 19 | 19 | 19 |
| Volunteer Hours (in millions) | # | 1.4 | 1.3 | 1.4 | 1.4 | 1.4 |

**Major Changes**

In total, the City Manager's Office budget for FY 2012-13 is $2,658,037, an increase of $27,703 from the amended FY 2011-12 operating budget. The retirement, health and life insurance rate increases in the upcoming fiscal year accounts for a $55,000 increase in the departmental budget. A new Neighborhood Services Coordinator position was added to the Volunteer Office in June 2011. Two full-time positions were eliminated from the department in the FY 2012-13 budget. An Administrative Assistant position was eliminated in the Media and Communications division and an Organizational Development Coordinator position was transitioned from full-time to a contractual position. Eliminating these two positions increases the work loads of remaining staff. The Organizational Development position has been an integral component of the city's performance outcome measures project and the reduction in staff may delay the implementation of this initiative on a citywide basis as the contractual staffing will not provide the same level of service.

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The City Manager's Office is divided into four main areas that provide functions to ensure that the city organization functions as a quality organization to support the community and meet City Council's goals.

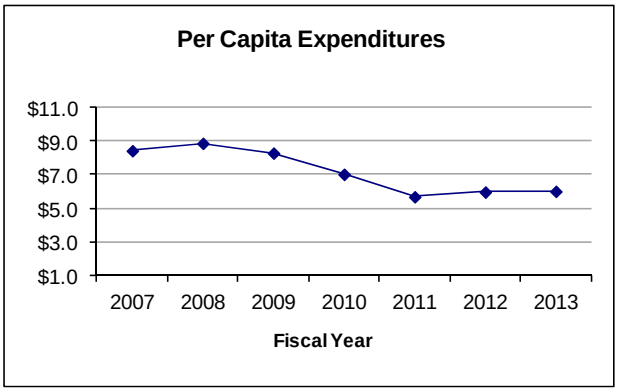
- **City Manager's Staff -** Ensures City Council's goals and targets are planned and effectively implemented.

- **Organization Development Office -** Enhances and supports organizational performance and effectiveness through assessments, analysis, process improvement and successful implementation of strategies to achieve Council's vision.

- **Office of Volunteer Resources -** Responsible for encouraging the use of volunteers to support the diverse activities of the government and for the tracking and overall coordination of city volunteers once on staff.

- **Media and Communication Group -** Provides communication services to city officials, executive leadership and departments to inform and improve communications with citizens, promote civic engagement, manage issues and achieve strategic outcomes.

**Trends and Issues**



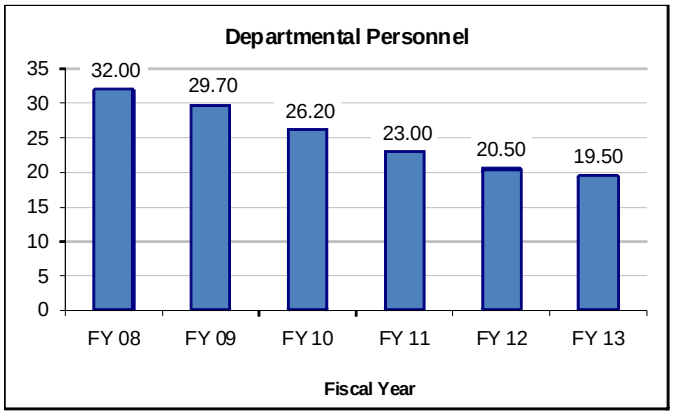

- In January 2012, the City of Virginia Beach was named the best-run city in the United States by 24/7 Wall St., a financial news website. They cited the city being among the 10 lowest cities for violent crime rate, unemployment, and poverty levels and among the 10 best for median income, high school graduation and health insurance coverage. The city's AAA credit rating was also heralded as evidence of our diversified tax base, financial position and conservative budgeting practices by 24/7 Wall St.

- There were many positive findings to the Citizen Satisfaction Survey conducted in the Fall of 2011. An overwhelming 97.2% of respondents agreed that Virginia Beach is a good place to live and 91% are satisfied with city services overall.

- The City Manager's Office has taken on recent economic challenges with a strategic forward thinking approach, ensuring an efficient organization and a focus on critical services to the community. The City Manager routinely examines the City of Virginia Beach's productivity and efficiency throughout the organization and reports his finding through the annual "Striving for Excellence Report". In 2011, the City of Virginia Beach reported $2,389,135 in direct cost savings and another $411,684 in cost avoidance. These figures demonstrate the city's focus on productivity and quality and continued commitment to making the City of Virginia Beach the most efficient organization possible.

- The City of Virginia Beach has long-standing programs that take full advantage of the dedicated spirit of volunteerism held by our citizens. In FY 2010-11, city programs reported 20,020 volunteers that contributed 1,390,015 hours of service valued at $19,162,199. That was equivalent to 661 full-time positions and 3.5 cents on the Real Estate tax rate.

- The City Manager's Office has reduced staffing by 39% since FY 2007-08. This is a significant reduction for a department regardless of size; however, through innovative and cost efficient alternatives, the department has been able to minimize the negative impact on the level of services offered.




- In 2011 the Organization Development Office was assigned two major organizational projects, the coordination and alignment of a new Strategic Planning effort and the facilitation of a pilot program for Outcome Based Performance Measurement. The Strategic Planning process was completed and "A Strategic Plan to Achieve City Council's Vision for the Future 2012-2014" was published in December 2011. Individuals across the organization have been assigned to lead the Strategies and Initiatives and are currently developing timelines and work plans.

  The Organization Development Office (ODO) has been working with Management Services on a pilot program for developing outcome performance measures and aligning them with the participating department's strategic plan. City departments have been tracking performance measures since the late 1970's. These measures have largely been limited to Output (product or service produced by program), Efficiency (cost per output, output per worker, or output per cost of output/program), and Service/Quality (satisfaction with, accuracy of, timeliness of program/service) measures. The city initiated Pilot Outcome Measure Project (POMP) for three departments (Public Works, Museums, and Libraries) to begin building capacity within the individual departments to measure the impacts (i.e. outcomes) of their programs and services on their customer base/the citizenry. The goals of these pilot programs are for departments to: change the way they look at measurement and evaluation within the context of their day-to-day operations and activities; revise their goal statements to make them more readily measureable (and to connect them more logically and seamlessly with the department's mission and vision); and to develop a set of measures that will allow them to measure the impact that their services have on their customers. When completed by the participating departments, this initiative will be launched to all other city departments; however, with the transition of a full-time Organizational Development Coordinator position to contractual, these efforts may be delayed.

## City Manager - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| City Manager | 1,660,176 | 1,716,267 | 1,807,625 | 91,358 |
| Organization Development Office | 315,034 | 334,118 | 306,602 | (27,516) |
| Office of Volunteer Resources | 135,542 | 209,595 | 206,079 | (3,516) |
| Media and Communications Group | 371,087 | 370,354 | 337,731 | (32,623) |
| Total Expenditures | 2,481,839 | 2,630,334 | 2,658,037 | 27,703 |
| General City Support | 2,481,839 | 2,630,334 | 2,658,037 | 27,703 |
| Total Department Expenditure | 2,481,839 | 2,630,334 | 2,658,037 | 27,703 |
| Total Department Revenue | 0 | 0 | 0 | 0 |
| Total General City Support | 2,481,839 | 2,630,334 | 2,658,037 | 27,703 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| City Manager | 12.00 | 12.00 | 12.00 | 0.00 |
| Organization Development Office | 3.00 | 3.00 | 2.00 | -1.00 |
| Office of Volunteer Resources | 1.50 | 2.50 | 2.50 | 0.00 |
| Media and Communications Group | 4.00 | 4.00 | 3.00 | -1.00 |
| Total | 20.50 | 21.50 | 19.50 | -2.00 |
| Total Position Summary | 20.50 | 21.50 | 19.50 | -2.00 |

## City Real Estate Assessor

The mission of the City Real Estate Assessor is to annually appraise all taxable and tax exempt real estate fairly and equitably, and maintain and continually amend assessment records to reflect changes in the City's real property, in accordance with state law and city code. Provide information and assistance to the City Council, city staff, State Department of Taxation and the public, regarding the land book and individual assessments.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Approved Applications for the Tax Relief Program** | | | | | | |
| Applications Approved for Disabled Veterans Program | # | 50.0 | 0.0 | 0.0 | 554.0 | 50.0 |
| Applications Approved for Elderly & Disabled Tax Relief Program | # | 7,800.0 | 7,666.0 | 7,798.0 | 7,398.0 | 7,800.0 |
| **Process Applications for Land Use Program** | | | | | | |
| Parcels Processed Under Land Use | # | 980.0 | 948.0 | 950.0 | 988.0 | 988.0 |
| **Provide Accurate Assessments on an Annual Basis** | | | | | | |
| Appeals Processed | # | 335.0 | 1,227.0 | 359.0 | 335.0 | 335.0 |
| Assessment Corrections Processed | # | 333.3 | 1,169.0 | 364.7 | 452.0 | 1,000.0 |
| Average Number of Parcels Assessed per All Staff | # | 7,091.0 | 6,186.0 | 7,047.0 | 7,067.0 | 7,091.0 |
| Total Dept Budget per Taxable Assessed Parcels | $ | 20 | 20 | 18 | 19 | 19 |
| Total Taxable Parcels Assessed | # | 156,000.0 | 154,648.0 | 155,027.0 | 155,467.0 | 156,000.0 |

**Major Changes**

In total, the Office of the City Real Estate Assessor's budget of $3,191,126 for FY 2012-13 is an increase of $190,994, or 6.4%, over the FY 2011-12 amended operating budget. This increase is the result of the changes shown below and the higher costs associated with health insurance, retirement, and life insurance.

| Change | Impact |
|---|---|
| Addition of two Account Clerk I positions for the Real Estate Tax Relief Program | Changes in qualifying criteria and program requirements have significantly extended the time needed to adequately process applications. These additional positions will allow the Real Estate Assessor's Office to complete processing of all applications by the deadline date. |

**Departmental Overview**

The services provided by the City Real Estate Assessor and Board of Equalization are:

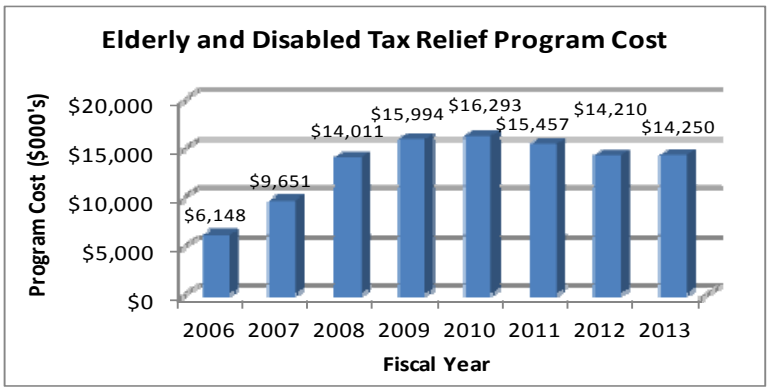
- **City Real Estate Assessor -** To accurately calculate Virginia Beach's real estate property taxes, this office's responsibilities include an annual inventory and appraisal of approximately 155,237 parcels. A quarterly inspection of new construction is also conducted. This includes the measurement, classification, documentation, and appraisal of newly constructed buildings and additions to existing buildings. For existing buildings and properties, subdivision sales are recorded throughout the year, and the results are analyzed to determine assessment adjustments. Additional responsibilities include the administration of the Real Estate Tax Relief Program for Elderly and Disabled Persons (Tax Relief Program).

- **Board of Equalization -** The board has the power to revise, correct, and amend real estate assessments. Generally, after an initial assessment review by the Real Estate Assessor, a resident may appeal and the board reviews the request. Hearings are held annually between July and November. The board determines the assessment's disposition. It is increased, decreased or affirmed.

- Both the City Council-appointed Real Estate Assessor and the Circuit Court-appointed Board of Equalization are fully funded by general city taxes.

**Trends and Issues**

- As the community ages, the number of applications for the Tax Relief Program is forecasted to increase to a total of 7,800. This does not include the participants in the Real Estate Tax Exemption Program for 100% Disabled Veterans. The Disabled Veterans Program was mandated by the state in FY 2011-12. While the City Council can revise the percentage parameters associated with the Tax Relief Program, the parameters of the state-mandated program for disabled veterans cannot be modified by the localities. Over the period FY 2005-06 through FY 2011-12, the Tax Relief Program participation has grown 63% from 4,539 to 7,398 while total cost has grown 131%, as shown in the accompanying graph. At the same time, the number of clerical staff supporting the program has declined by 22%.

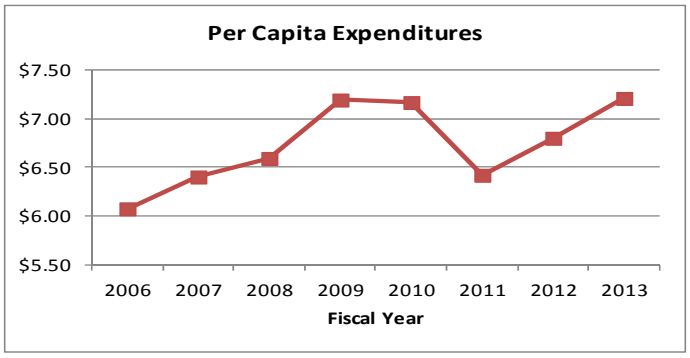



Although the number of participants in the program is anticipated to increase by about 5% from FY 2011-12 to FY 2012-13, a corresponding decrease in real estate assessments is anticipated to generally offset any increase in the cost of the program. Total tax relief equates to slightly over 3 cents of the city's real estate tax rate. In the past, by City Council policy, the income thresholds were adjusted by the average increase in residential appreciation until the state cap threshold of $67,000 was reached. Because the city has experienced negative appreciation for three consecutive years, the thresholds have not been adjusted since FY 2008-09. In addition, there is no longer a state cap, so thresholds of income and net worth are at the discretion of the locality.

- Well over 900 land use program applications (parcels) have been processed annually for several years. This will likely continue because of the slow economic recovery and City Council development polices in the southern portion of the city, with 988 applications expected to be processed in FY 2012-13.

- With assessments decreasing, the number of appeals processed is anticipated to remain at 335. Appeals spiked in FY 2009-10, which represented the first year of negative appreciation, and the spike in complaints was from property owners who believed the decline was greater than the assessment.

- The International Association of Assessing Officers' (IAAO) established standards for parcels assessed per all staff members, with the upper range of the number of parcels assessed per all staff members being 3,500. The city's figure of 4,566 is well above that standard. Prior to the recession and the loss of staff in FY 2010-11, the average number of parcels assessed per staff member was 4,070. The impact of the staff reduction in FY 2010-11 is reflected in the Per Capita Expenditures graph. The subsequent increase from FY 2010-11 to FY 2011-12 is the result of market survey salary increases and career progressions. The increase from FY 2011-12 to FY 2012-13 reflects the two additional positions for the Tax Relief Program and higher benefit costs.




The current income eligibility thresholds and exemption relief percentages are shown in the table below:

**Real Estate Tax Relief Thresholds**

| Total Income (all sources) | Tax Exemption |
|---|---|
| $0.00 - $47,100 | 100% |
| $47,100.01 - $51,200 | 80% |
| $51,200.01 - $55,300 | 60% |
| $55,300.01 - $59,400 | 40% |
| $59,400.01 - $63,450 | 20% |

**Council Amendment**

On May 8, 2012, City Council voted to transfer the Elderly and Disabled Tax Relief Program and the Disabled Veterans Tax Relief Program from the Real Estate Assessor's Office to the Commissioner of the Revenue and to move the real estate transfer and land book functions from the Commissioner's Office to the Real Estate Assessor. A reserve of $178.500 is included in the operating budget to cover the additional expenses to be incurred by the Commissioner of the Revenue for the tax relief programs.

## City Real Estate Assessor - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Board of Equalization | 9,354 | 15,808 | 15,846 | 38 |
| City Real Estate Assessor | 2,770,166 | 2,984,324 | 3,175,280 | 190,956 |
| Total Expenditures | 2,779,520 | 3,000,132 | 3,191,126 | 190,994 |
| Revenues | | | | |
| Fees | 726 | 0 | 0 | 0 |
| Total Revenues | 726 | 0 | 0 | 0 |
| General City Support | 2,778,794 | 3,000,132 | 3,191,126 | 190,994 |
| Total Department Expenditure | 2,779,520 | 3,000,132 | 3,191,126 | 190,994 |
| Total Department Revenue | 726 | 0 | 0 | 0 |
| Total General City Support | 2,778,794 | 3,000,132 | 3,191,126 | 190,994 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Board of Equalization | 0.30 | 0.30 | 0.30 | 0.00 |
| City Real Estate Assessor | 34.00 | 34.00 | 36.00 | 2.00 |
| Total | 34.30 | 34.30 | 36.30 | 2.00 |
| Total Position Summary | 34.30 | 34.30 | 36.30 | 2.00 |

**Resource Summary Notes**

The increase in the Real Estate Assessor's FY 2012-13 budget is the result of the two positions being added to support the Real Estate Tax Relief Program for Elderly and Disabled Persons.

## City Treasurer

The mission of the City Treasurer's Office is to collect revenues and tax receipts due to the city in the most efficient and effective manner and to invest these funds in a manner which will provide the highest investment returns. This is done while meeting goals of: maximum security/safety, providing for daily cash flow demands, and conforming with all state and local statutes governing the investment of public funds.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Provide City and State Mandated Billing** | | | | | | |
| Estimated Tax Envelopes Mailed | # | 11,500.0 | 12,864.0 | 11,871.0 | 11,772.0 | 11,500.0 |
| Personal Property Envelopes Mailed | # | 400,000.0 | 508,313.0 | 395,628.0 | 414,000.0 | 400,000.0 |
| Real Estate Envelopes Mailed | # | 119,500.0 | 119,683.0 | 119,560.0 | 120,000.0 | 119,500.0 |
| Trustee Tax Envelopes Mailed | # | 25,000.0 | 22,237.0 | 21,883.0 | 25,164.0 | 25,000.0 |
| **Provide Restitution Collection and Monitoring** | | | | | | |
| Amount Collected and Reimbursed to Victims | $ | 250,000 | 0 | 199,920 | 330,000 | 250,000 |
| Payments Sent to Victims | # | 1,750.0 | 0.0 | 1,426.0 | 2,199.0 | 1,750.0 |
| **Timely/Accurate Billing and Collection of Revenue** | | | | | | |
| Revenue from On-Time Parking Tickets | $ | 442,000 | 396,680 | 429,782 | 436,000 | 442,000 |
| Revenues from Delinquent Parking Tickets | $ | 377,000 | 360,000 | 374,142 | 376,000 | 377,000 |
| **Financial** | | | | | | |
| **Prudent and Safe Investment of Funds** | | | | | | |
| Average Yield on Investments | % | 0.4 | 0.6 | 0.4 | 0.3 | 0.4 |

**Major Changes**

The budget for this department was prepared based on the latest information available at the time regarding the state budget. It could be adjusted once the state budget is finalized and any adjustments will be discussed with City Council prior to adoption.

The City Treasurer's FY 2012-13 operating budget totals $5,111,193, which is $41,606 or 0.8% more than the previous year. Despite reductions in expenditures including the elimination of one position, expenditures have increased overall in the Treasurer's Office due to health insurance, VRS retirement, and life insurance costs for employees.

**Departmental Overview**

The City Treasurer is one of five elected Constitutional Officers in the city and as such is partially funded by the state Compensation Board. The Compensation Board reimburses about 90% of the Treasurer's salary, and 50% of all other state salaries. The state reimburses a portion of fringe benefits (i.e., VRS retirement, FICA, and VRS group life insurance) based on state approved salary amounts. Also, the state reimburses 50% of the budgeted amount for specific office expenses (i.e., office supplies, internet access costs, stationary, postage, printing data processing services, telephone service, repairs, and the Treasurer's association dues).

In addition to the state funded positions, the city also fully funds 40.83 positions in order to ensure the viability of the Treasurer's Office. As state funding continues to decline, it has necessitated a larger commitment of city funding to the Treasurer's Office. The office performs two major functions:

- **Billing & Accounts Receivable -** This office mails out, receives, and processes payments for current and delinquent real estate taxes, personal property taxes, trustee taxes, parking tickets and various other bills due to the city. In addition, they receive and process payments for consolidated utility bills. Furthermore, this office issues various licenses, including animal licenses and residential parking permits. All revenues of the government flow through this office for entry into the accounting records.

- **Investment Management -** The City Treasurer's Office is responsible for the investment of all cash financial assets of the city in a manner that will provide the highest investment returns only after the goals of maximum security and safety, meeting daily cash flow demands, and conformance with all state and local statutes governing the investment of public funds have been met. All city investments are guided by a basic principle of secure investments where the investment of these public funds is not for speculative purposes, but for the safety of the capital and derivation of income. The Treasurer invests approximately $500 million on an annual basis.

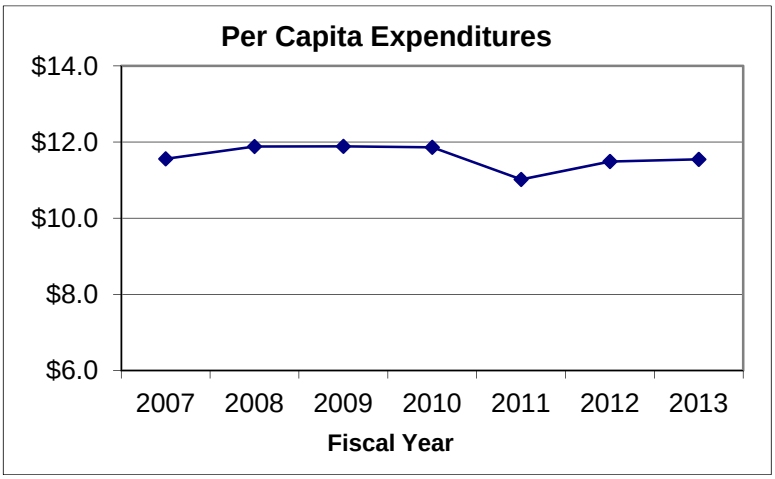
**Trends and Issues**

- The state continues to reduce the number of positions for which the city receives reimbursement. The state Compensation Board has approved 41.0 FTEs for the Treasurer's Office; however, the state provided reimbursement to the city for only 31 of them in FY 2011-12. In addition to reducing the number of reimbursable positions, the gap between the state reimbursement and the salaries and benefits paid continues to grow. The increased cost for health insurance, VRS retirement, and life insurance for all of the Treasurer's staff is being completely funded by the city as the state is providing no additional funds to cover these excalating costs. This has put an additional strain on dwindling city resources.

  Due to these reductions in funding, the staffing for the Treasurer's office has declined from 76.68 FTEs in FY 2008-09 budget to 71.83 FTEs (loss of 4.85 FTEs) in the proposed FY 2012-13 budget. The Treasurer's office has used automation and technology to minimize the impacts of these cuts to their customers.

- The City Treasurer has undertaken several initiatives, which are generating additional revenues to the city. One imposes administrative fees on delinquent accounts. This initiative continues to produce outstanding results and has allowed the Treasurer's Office to offset some reductions with little or no impact. A second program began in September 2011 and involves a joint effort between the City Treasurer and the Code Enforcement unit of the Housing Neighborhood Preservation department. This program allows the Treasurer's staff to collect delinquent payments from property owners who owe the city for work performed to correct code violations. The Treasurer's Office continues to seek out revenue collection opportunities within the city and state that will produce additional revenues for the city.

- As the graph illustrates, the Treasurer's Office experienced a decline in expenditures per capita in FY 2010-11. This decline is similar to that experienced by many departments throughout the city. In FY 2012-13, despite the reduction of a position, expenditures are increasing due to increased health insurance, VRS retirement, and life insurance costs for employees.



## City Treasurer - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| City Treasurer | 4,756,509 | 5,069,587 | 5,111,193 | 41,606 |
| Total Expenditures | 4,756,509 | 5,069,587 | 5,111,193 | 41,606 |
| Revenues | | | | |
| Fees | 1,529,199 | 1,532,986 | 1,433,108 | (99,878) |
| State | 597,476 | 626,223 | 552,767 | (73,456) |
| Transfers | 190,214 | 193,641 | 200,815 | 7,174 |
| Total Revenues | 2,316,889 | 2,352,850 | 2,186,690 | (166,160) |
| General City Support | 2,439,620 | 2,716,737 | 2,924,503 | 207,766 |
| Total Department Expenditure | 4,756,509 | 5,069,587 | 5,111,193 | 41,606 |
| Total Department Revenue | 2,316,889 | 2,352,850 | 2,186,690 | (166,160) |
| Total General City Support | 2,439,620 | 2,716,737 | 2,924,503 | 207,766 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| City Treasurer | 72.83 | 72.83 | 71.83 | -1.00 |
| Total | 72.83 | 72.83 | 71.83 | -1.00 |
| Total Position Summary | 72.83 | 72.83 | 71.83 | -1.00 |

**Resource Summary Notes**

The reduction in state revenue of $73,456 shown above is based on actual collections from FY 2010-11 and not an anticipated decrease in the state budget for FY 2012-13.

Please note the following regarding the Departmental Performance Report for this department:

1. “Estimated Tax Envelopes Mailed” – The decline is due to more customers registering directly with the state to pay these taxes.
2. “Amount Collected and Reimbursed to Victims” and “Payments Sent to Victims” – The restitution program was taken over by the Treasurer’s Office in May/June of 2010 and therefore there is not data for FY 2009-10.

## Commissioner of the Revenue

The mission of the Commissioner of the Revenue is to ensure the uniform and consistent assessment of applicable state and local tax codes while providing customer assistance on all tax related issues.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Provide Taxpayer Assistance** | | | | | | |
| Audits and Investigations | # | 6,500.0 | 3,177.0 | 6,458.0 | 6,800.0 | 7,140.0 |
| Business Accounts Adjusted | # | 7,000.0 | 4,782.0 | 6,698.0 | 7,000.0 | 7,350.0 |
| Business Licenses Assessed | # | 30,000.0 | 30,771.0 | 30,390.0 | 31,000.0 | 32,500.0 |
| Business Property Accounts Assessed | # | 29,000.0 | 28,319.0 | 28,280.0 | 29,500.0 | 30,000.0 |
| Direct Customer Contact | # | 410,000.0 | 405,278.0 | 414,690.0 | 420,000.0 | 430,000.0 |
| DMV Contacts | # | 40,000.0 | 48,991.0 | 47,138.0 | 50,000.0 | 60,000.0 |
| Military/Volunteer Exemptions Processed | # | 50,000.0 | 86,216.0 | 41,101.0 | 42,000.0 | 42,500.0 |
| Number of Trustee Tax Accounts Assessed | # | 26,000.0 | 27,420.0 | 25,872.0 | 26,000.0 | 26,500.0 |
| Personal Property Accounts Assessed Annually | # | 440,000.0 | 458,029.0 | 442,773.0 | 450,000.0 | 450,000.0 |
| Personal Property Assessments Adjusted | # | 75,000.0 | 73,657.0 | 83,862.0 | 85,000.0 | 87,500.0 |
| Real Estate Transfers Processed | # | 13,500.0 | 13,983.0 | 12,791.0 | 13,500.0 | 13,500.0 |
| State Income Returns Assessed | # | 25,000.0 | 56,972.0 | 40,624.0 | 37,500.0 | 27,500.0 |
| **Revenue Generated from All Assessments** | | | | | | |
| Bank Franchise Assessments (in millions) | $ | 3 | 3 | 3 | 3 | 4 |
| Business License Assessments (in millions) | $ | 42 | 40 | 42 | 43 | 45 |
| Personal Property Assessments (in millions) | $ | 140 | 122 | 138 | 147 | 155 |
| Public Service Assessments (in thousands) | $ | 6 | 8 | 8 | 8 | 7 |
| Trustee Tax Assessment (in millions) | $ | 115 | 113 | 121 | 123 | 128 |

**Major Changes**

For FY 2012-13, the Commissioner of the Revenue's budget totals $4,035,389, which is an increase of $88,080, or 2% from the previous year; the number of positions will remain at 60.93 FTE's. Historically any additional funding provided to the Commissioner of the Revenue's Office by the state, is used to offset local support of the office.

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

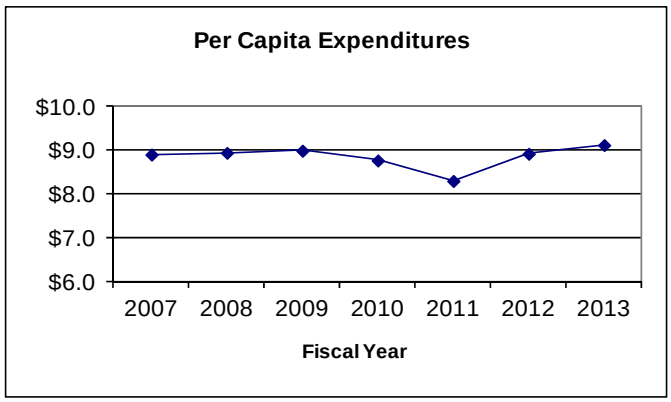
The Commissioner of the Revenue is one of five elected Constitutional Officers in the city and, as such, is partially funded by the state Compensation Board. Presently, the Compensation Board reimburses 90% of the Commissioner's salary, and 50% of the 34 positions that receive State approved salary supplements. The state also reimburses 50% of the fringe benefits (VRS retirement, FICA, and VRS group life insurance) based on state approved salary amounts. Prior to FY 2010-11, the state also provided a credit (which boosted the reimbursement) for risk management and retiree health care. This credit was reduced by 50% in FY 2010-11 and eliminated in FY 2011-12. In addition, the Compensation Board also reimburses 50% of the budgeted amount for specific office expenses (i.e., office supplies, internet access costs, stationary, postage, printing data processing services, telephone service, repairs, and the Commissioner's association dues).

- The Commissioner of the Revenue's Office is responsible for the discovery, investigation, licensing, assessment, audit, and prosecution and reporting of several tax levies – business license, tangible business property, machinery and tools, bank franchise, short term rental, meals, lodging, admissions, utility taxes and personal property. The Commissioner is also responsible for recording and taxation of the legal taxable entity for all real estate instruments and the archiving of data in a format which facilitates ready access, and has the responsibility to provide processing and filing assistance for state income taxes.

- The Commissioner of the Revenue entered into a contractual partnership with the Virginia Department of Motor Vehicles (DMV) to provide select DMV services, including vehicle titling, vehicle registrations, special and personalized license plate orders, dealer title and registration transactions, voter registration applications, and handicapped parking placards. The DMV provides the necessary equipment and forms to enable the Commissioner's Office to provide the contracted services while the Commissioner's Office is responsible for any necessary personnel and other expenses associated with the service. In its agreement with DMV Select sites, the DMV compensates each branch agency a percentage of gross collections made by the agency. Transactions handled by the Commissioner's Office generate excess revenue above the amount needed to cover any costs incurred by the city in providing these services.

**Trends and Issues**

- From FY 2009-10 until FY 2010-11, the Commissioner of Revenue's Office expenditure per capita declined as a result of reductions in state and local funding. Over this time period the office lost a net of 5.24 positions; however, innovations and increased efficiencies allowed the Commissioner's Office to maintain operations without negatively impacting service delivery. In FY 2011-12, the Commissioner's Office received three additional staff members to aid in the assessment of local taxes. Prior to the addition of these positions, the Commissioner of Revenue's Office was unable to complete every personal property assessment within a given fiscal year. The increase between FY 2011-12 and FY 2012-13 is the result of increased rates associated with Virginia Retirement System (VRS), life insurance and health insurance.




**Council Amendment**

On May 8, 2012, City Council voted to transfer the Elderly and Disabled Tax Relief Program and the Disabled Veterans Tax Relief Program from the Real Estate Assessor's Office to the Commissioner of the Revenue and to move the real estate

transfer and land book functions from the Commissioner's Office to the Real Estate Assessor. A reserve of $178,500 is included in the operating budget to cover the additional expenses to be incurred by the Commissioner of the Revenue for the tax relief programs.

## Commissioner of the Revenue - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Commissioner of the Revenue | 3,581,558 | 3,861,546 | 3,951,298 | 89,752 |
| DMV Select | 86,942 | 85,763 | 84,091 | (1,672) |
| Total Expenditures | 3,668,500 | 3,947,309 | 4,035,389 | 88,080 |
| Revenues | | | | |
| State | 786,646 | 811,173 | 812,532 | 1,359 |
| Total Revenues | 786,646 | 811,173 | 812,532 | 1,359 |
| General City Support | 2,881,854 | 3,136,136 | 3,222,857 | 86,721 |
| Total Department Expenditure | 3,668,500 | 3,947,309 | 4,035,389 | 88,080 |
| Total Department Revenue | 786,646 | 811,173 | 812,532 | 1,359 |
| Total General City Support | 2,881,854 | 3,136,136 | 3,222,857 | 86,721 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Commissioner of the Revenue | 55.00 | 58.00 | 58.00 | 0.00 |
| DMV Select | 2.93 | 2.93 | 2.93 | 0.00 |
| Total | 57.93 | 60.93 | 60.93 | 0.00 |
| Total Position Summary | 57.93 | 60.93 | 60.93 | 0.00 |

## Communications and Information Technology

The mission of the Department of Communications and Information Technology is to provide and support communications, information, and technology solutions to: enable City businesses, inform the community, and improve and promote quality of life and public safety.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Applications Operation and Repair** | | | | | | |
| Trouble calls resolved as Very Satisfied | % | 98.0 | 97.0 | 96.0 | 91.0 | 91.0 |
| **Availability of the Telecom Radio Microwave System** | | | | | | |
| Radio Microwave System Availability | % | 99.0 | 99.0 | 99.0 | 99.0 | 99.0 |
| **Enterprise GIS Output** | | | | | | |
| GIS Created database, elements, maps, other products | # | 35,000.0 | 31,000.0 | 32,884.0 | 34,000.0 | 33,000.0 |
| **Mail Service Processing** | | | | | | |
| Outgoing USPS Mail Processed | # | 600,000.0 | 616,380.0 | 642,662.0 | 592,000.0 | 592,000.0 |
| **Multimedia Services Production** | | | | | | |
| Multimedia Projects Produced | # | 250.0 | 263.0 | 213.0 | 233.0 | 233.0 |
| Online Media File Plays via Official City Websites | # | 200,000.0 | 173,677.0 | 167,809.0 | 172,800.0 | 172,800.0 |
| **Provide Telecom Uninterrupted Voice Service** | | | | | | |
| Availability of Municipal Center PBX | % | 99.9 | 0.0 | 99.9 | 99.9 | 99.9 |
| **Provide Uninterrupted Telecom WAN Connections** | | | | | | |
| Availability of Municipal Center-based WAN | % | 99.8 | 99.3 | 99.3 | 99.5 | 99.8 |
| **Support Center Effective Response to Customer Calls** | | | | | | |
| Average Answer Delay (seconds) | # | 20.0 | 29.0 | 20.0 | 17.0 | 20.0 |
| **Telecom Radio Services from the Voice Radio System** | | | | | | |
| Availability of Voice Radio System | % | 99.9 | 99.9 | 99.9 | 99.9 | 99.9 |
| **Time Required to Solve Priority 1, 2, & 3 Service Calls** | | | | | | |
| Resolution time (days) for priority 1, 2 & 3 service calls | # | 3.0 | 4.4 | 4.5 | 4.7 | 4.7 |
| **Web Services - VBgov.com** | | | | | | |
| Unique Visitors to VBgov.com (in thousands) | # | 2,500.0 | 2,223.6 | 2,221.5 | 2,287.0 | 2,287.0 |
| **Internal Process** | | | | | | |
| **Information Security and Privacy Secure Systems** | | | | | | |
| Scans of city computers for vulnerabilities | # | 47,600.0 | 2,861.0 | 29,259.0 | 40,500.0 | 40,500.0 |
| **Technology Projects Meeting Objectives** | | | | | | |
| Tech Projects Meeting All Objectives | % | 96.0 | 78.0 | 92.0 | 95.0 | 95.0 |

**Major Changes**

The FY 2012-13 operating budget of the Communications and Information Technology (ComIT) department is comprised of the General Fund and four Internal Service Funds (ISF), totaling $32,124,218. The General Fund portion increased $190,420, or 0.8%. Approximately $605,000 of ComIT's General Fund budget is due to required increases for health insurance, retirement, and life insurance accounts. Two internal service funds, Subscriptions and Telecommunications, increased $628,235 based on funds identified by customer agencies for hardware or software replacement or telephony needs. This budget eliminates two existing FTEs in operations, but adds two new FTEs to support previously approved CIP projects. As a result, the total number of department staff remains at 183.50 FTEs. The combination of all these changes results in a net increase of 2.4% over the prior year.

| Change | Impact |
|---|---|
| Addition of two positions to support the capital project for a public safety program previously approved in FY 2011-12. | • Two additional FTEs to support the project 3-095, CIT-Police-Integrated Public Safety Record Management System for primary and secondary support of mission-critical public safety systems. Without these two positions, there will not be sufficient resource capacity to complete associated projects and provide ongoing operational support. |
| Elimination of two positions involved with lifecycle maintenance and expansion. | • Two existing positions, which maintained technology lifecycle needs and kept existing systems, services, and applications up-to-date and viable for the continued delivery of services into the future were eliminated. There will be reductions in software support, in the computer replacement program, and in contracted system maintenance. |
| Reduction in ComIT repair and operational accounts totaling $253,621. | • The reductions in various accounts will negatively impact the department's capability to operate and repair business service, information services, information systems, and information security services. There is reduced funding for contract services for operations and projects, and software support for TeamTrack. |
| Hosted mainframe services. | • Rather than replacing the mainframe computer, ComIT issued an RFP for the provision of hosted mainframe services. As a result, ComIT was able to reduce mainframe costs by approximately $123,000 per year. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

Communications and Information Technology (ComIT) provides a technology foundation supporting all city/school departments and agencies. The department's services are built upon eight operational areas:

- **Applications Support -** Analyzes, develops, tests, integrates, manages, and supports organizational mission critical systems.

- **Business Center and Mail Services -** Responsible for departmental purchasing, human resources, payroll, accounts payable, reception, central support, print shop billing, telecommunication billing, and organization-wide mail delivery.

- **Center for Geospatial Information Services -** Provides GIS base mapping and GIS web services for public safety and other city and school agencies; Maintains maps and databases, support functions, and components including GIS data elements.

- **Multimedia Services -** Programs and operates the city and public schools' cable television channels (VBTV 46, 47, & 48); develops and executes communications plans for the organization, creates and maintains the enterprise information/content for VBgov.com, and manages and monitors the city social media tools of Facebook, Twitter, Flickr, and You Tube.

- **Systems Support -** Provides organizational computer, server, and network design, engineering, maintenance, repair, and support services.

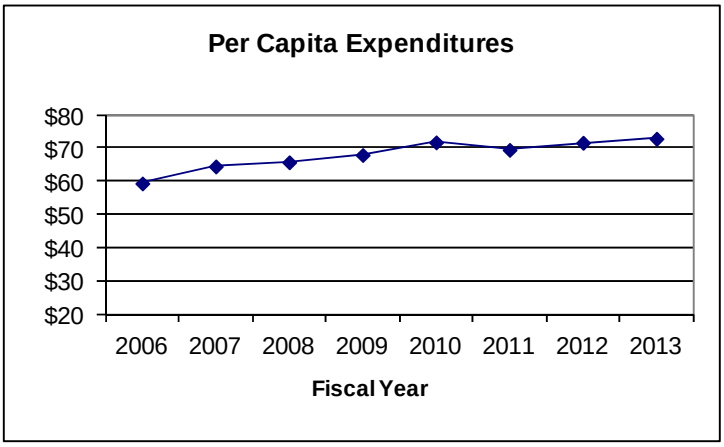
- **Telecommunications -** Provides telephone, network and radio maintenance, support, contract administration, cable management, billing, dial tone provision, service coordination, and configuration changes.

- **Technology Services -** Provides technology project portfolio management, customer support, information security, and privacy, and account management services.

- **City/Schools Printing Services -** Provides printing services to both the city and schools. These services include in-house printing, purchase of outside printing, bindery, forms management, and copier contract administration.

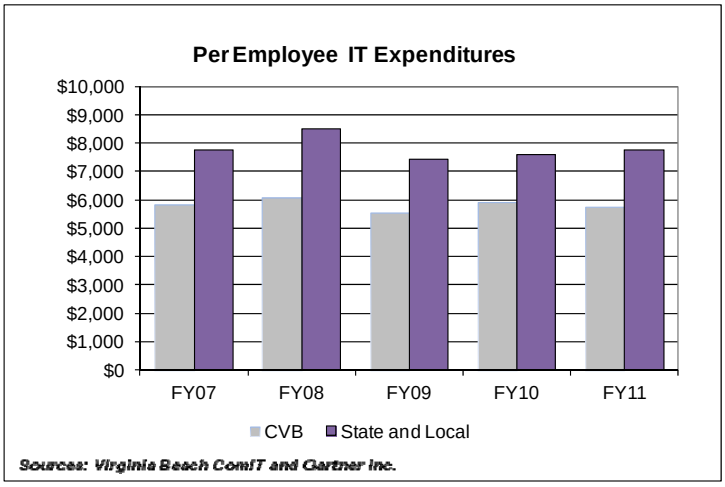
**Trends and Issues**

- The graph reflects a slight increase in the per capita expenditures for ComIT in FY 2012-13. This is attributable to increased cost of health insurance, retirement, and life insurance as well as two additional positions to support capital projects. ComIT has mitigated some of the increases by process re-engineering and hosting mainframe services.

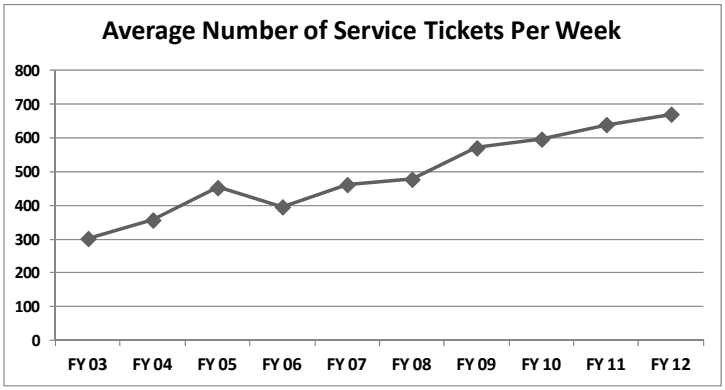



- The FY 2012-13 budget for printing services funds operations that match the FY2011-12 service model. A joint city/school RFP committee is evaluating responses that could lead to an award that would outsource printing services. If this becomes reality, the FY 2012-13 budget will be revised to match the new service model. Regarding existing staff, one model has existing staff voluntarily accepting offers of employment with the successful vendor. Another model has staff working through the transition process. A decision should be made by the end of June 2012.

- The city spends approximately $5,718 per employee for information technology. The average percentage for state and local government organizations is $7,733. As illustrated in the chart, over a five-year period, the amount the city spends per employee for IT is 26% less than the amount spent by state and other local governments.




- As a percentage of all employees, city IT staff comprises 2.0% of all city employees, while the average percentage for state and other local government organizations is 6%. Meanwhile, the number of service calls over a 10-year period has increased 122%, as shown on the chart. The combined impact of the rising numbers of service calls, along with the stagnant staffing levels are making it increasingly difficult for ComIT to service systems and resolve customer issues within the desired timeframe.



**Council Amendment**

On May 8, 2012, City Council voted to approve privatization of Printing Services. This action will eliminate five of the six positions in the Print Shop while retaining one to manage the copier and printing contracts. Projected savings are $207,084 in FY 2012-13 with greater savings anticipated in future years as a result of reducing fixed costs.

## Communications and Information Technology - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Multimedia Services | 1,367,941 | 1,460,311 | 1,436,430 | (23,881) |
| Mail Service | 186,540 | 207,618 | 235,194 | 27,576 |
| ComIT Business Center | 636,895 | 663,318 | 991,811 | 328,493 |
| Applications Support | 6,339,060 | 7,216,033 | 7,405,384 | 189,351 |
| Support Center | 463,752 | 0 | 0 | 0 |
| Systems Support | 6,440,084 | 8,146,027 | 7,705,872 | (440,155) |
| Center for Geospatial Information Services | 1,646,519 | 1,804,980 | 2,020,661 | 215,681 |
| Information Security and Privacy Office | 281,636 | 0 | 0 | 0 |
| Technology Project Management Office | 633,017 | 0 | 0 | 0 |
| GF Telecommunications | 1,295,023 | 1,187,454 | 1,159,303 | (28,151) |
| Technology Services | 475 | 1,857,940 | 1,888,119 | 30,179 |
| Total Expenditures | 19,290,942 | 22,543,681 | 22,842,774 | 299,093 |
| Revenues | | | | |
| Fees | 22,988 | 22,000 | 12,000 | (10,000) |
| Transfers | 1,965,293 | 1,957,838 | 1,999,395 | 41,557 |
| Total Revenues | 1,988,281 | 1,979,838 | 2,011,395 | 31,557 |
| General City Support | 17,302,661 | 20,563,843 | 20,831,379 | 267,536 |
| **604 Print Shop Internal Service Fund** | | | | |
| Expenditures | | | | |
| City/Schools Printing Services | 2,325,637 | 2,051,822 | 0 | (2,051,822) |
| Reserve for Contingencies | 0 | 325,832 | 0 | (325,832) |
| Total Expenditures | 2,325,637 | 2,377,654 | 0 | (2,377,654) |
| Revenues | | | | |
| Fees | 2,112,777 | 2,377,654 | 0 | (2,377,654) |
| Total Revenues | 2,112,777 | 2,377,654 | 0 | (2,377,654) |
| General City Support | 212,860 | 0 | 0 | 0 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Expenditures | | | | |
| Capital Projects - ComIT | 0 | 202,170 | 197,364 | (4,806) |
| Total Expenditures | 0 | 202,170 | 197,364 | (4,806) |
| Revenues | | | | |
| Fees | 0 | 202,170 | 197,364 | (4,806) |
| Total Revenues | 0 | 202,170 | 197,364 | (4,806) |
| General City Support | 0 | 0 | 0 | 0 |

## Communications and Information Technology - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **620 Telecommunications Internal Service Fund** | | | | |
| Expenditures | | | | |
| Telecommunications | 2,385,245 | 2,104,344 | 2,807,772 | 703,428 |
| Reserve for Contingencies | 0 | 617,891 | 447,320 | (170,571) |
| Total Expenditures | 2,385,245 | 2,722,235 | 3,255,092 | 532,857 |
| Revenues | | | | |
| Fees | 2,984,514 | 2,722,235 | 3,255,092 | 532,857 |
| Total Revenues | 2,984,514 | 2,722,235 | 3,255,092 | 532,857 |
| General City Support | (599,269) | 0 | 0 | 0 |
| **621 Subscriptions Internal Service Fund** | | | | |
| Expenditures | | | | |
| Subscriptions | 1,902,683 | 3,509,495 | 2,606,092 | (903,403) |
| Reserve for Contingencies | 0 | 0 | 998,781 | 998,781 |
| Total Expenditures | 1,902,683 | 3,509,495 | 3,604,873 | 95,378 |
| Revenues | | | | |
| Fees | 2,562,519 | 2,622,515 | 2,491,901 | (130,614) |
| Fund Balance | 0 | 886,980 | 1,112,972 | 225,992 |
| Total Revenues | 2,562,519 | 3,509,495 | 3,604,873 | 95,378 |
| General City Support | (659,836) | 0 | 0 | 0 |
| Total Department Expenditure | 25,904,507 | 31,355,235 | 29,900,103 | (1,455,132) |
| Total Department Revenue | 9,648,091 | 10,791,392 | 9,068,724 | (1,722,668) |
| Total General City Support | 16,256,416 | 20,563,843 | 20,831,379 | 267,536 |

### Position Summary by Program

| | | | | |
|---|---|---|---|---|
| **002 General Fund** | | | | |
| Multimedia Services | 18.00 | 17.50 | 16.50 | -1.00 |
| Mail Service | 4.00 | 4.00 | 4.00 | 0.00 |
| ComIT Business Center | 10.00 | 10.00 | 13.00 | 3.00 |
| Applications Support | 48.00 | 49.00 | 50.00 | 1.00 |
| Support Center | 2.50 | 0.00 | 0.00 | 0.00 |
| Systems Support | 43.00 | 44.00 | 41.00 | -3.00 |
| Center for Geospatial Information Services | 18.00 | 18.00 | 19.00 | 1.00 |
| Information Security and Privacy Office | 3.00 | 0.00 | 0.00 | 0.00 |
| Technology Project Management Office | 6.00 | 0.00 | 0.00 | 0.00 |
| GF Telecommunications | 8.00 | 8.00 | 8.00 | 0.00 |
| Technology Services | 0.00 | 15.00 | 15.00 | 0.00 |
| Total | 160.50 | 165.50 | 166.50 | 1.00 |
| **604 Print Shop Internal Service Fund** | | | | |
| City/Schools Printing Services | 12.00 | 6.00 | 0.00 | -6.00 |
| Total | 12.00 | 6.00 | 0.00 | -6.00 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Capital Projects - ComIT | 0.00 | 2.00 | 2.00 | 0.00 |
| Total | 0.00 | 2.00 | 2.00 | 0.00 |

## Communications and Information Technology - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **620 Telecommunications Internal Service Fund** | | | | |
| Telecommunications | 10.00 | 10.00 | 10.00 | 0.00 |
| Total | 10.00 | 10.00 | 10.00 | 0.00 |
| Total Position Summary | 182.50 | 183.50 | 178.50 | -5.00 |

**Resource Summary Notes**

The reduction in Systems Support is a result of the elimination of two FTE's and reductions in software support, in the computer replacement program, and in contracted maintenance.

A joint city/school RFP committee is evaluating responses that could lead to the outsourcing of printing services.

## Finance

The mission of the Finance Department is through strong leadership, deliver comprehensive financial and business services, and protect the City's resources in a high quality, cost effective, and innovative environment that inspires trust and supports our community for a lifetime.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Local Vehicle Registration - City State Cooperative Tax Collection** | | | | | | |
| LVR - Number of Vehicles Registered and Paid | # | 358,000.0 | 358,000.0 | 366,827.0 | 366,827.0 | 366,827.0 |
| **Management of Civil Claims Against the City** | | | | | | |
| Civil Claims Against the City - Millions | $ | 4 | 4 | 4 | 4 | 4 |
| Civil Insurance Claims Against the City | # | 420.0 | 420.0 | 420.0 | 420.0 | 420.0 |
| Risk Management Hosting | % | 85.0 | 85.0 | 85.0 | 99.5 | 99.5 |
| **Financial** | | | | | | |
| **Financial Accountability for Funds, Expenditures and Revenues** | | | | | | |
| 1099s Issued for Prior Calculation Year | # | 1,800.0 | 1,800.0 | 1,816.0 | 1,800.0 | 1,800.0 |
| CAFR Preparation Time - Weeks | # | 14.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| Compliance for State & Federal Reports - Millions | $ | 242 | 242 | 222 | 230 | 230 |
| Days to Prepare Monthly Interim Financial Statement | # | 10.0 | 12.0 | 12.0 | 12.0 | 13.0 |
| Ensuring Revenue Receipts - Millions | $ | 31 | 31 | 35 | 35 | 35 |
| High Risk Fiscal Program Analysis - Millions | $ | 58 | 58 | 60 | 60 | 70 |
| Invoices Processed per FY | # | 136,900.0 | 133,312.0 | 130,366.0 | 130,000.0 | 130,000.0 |
| New Vendor Tax Verification and IRS Compliance | % | 100.0 | 4.0 | 36.0 | 36.0 | 30.0 |
| P-Card Transactions Reviewed | # | 19,000.0 | 18,406.0 | 17,446.0 | 17,000.0 | 17,000.0 |
| Working Days to Process Invoices | # | 7.0 | 7.0 | 7.0 | 8.0 | 10.0 |
| **Financial Vision and Strategy for the Future** | | | | | | |
| Debt Service Payments | # | 310.0 | 310.0 | 347.0 | 391.0 | 391.0 |
| **Payroll, Employment Tax and Labor Pay Compliance** | | | | | | |
| Garnishments, Liens and Court Orders | # | 9,000.0 | 9,024.0 | 6,355.0 | 7,000.0 | 7,000.0 |
| Payroll Payments Issued Annually | # | 240,000.0 | 239,677.0 | 231,254.0 | 235,000.0 | 235,000.0 |
| Retirement Counseling Sessions | # | 800.0 | 800.0 | 463.0 | 600.0 | 600.0 |
| **Purchasing Competitive Maximization and Opportunity** | | | | | | |
| Dollar Volume in Purchase Orders - Millions | $ | 225 | 225 | 268 | 268 | 281 |
| Minority Business - Minority Expenditures - Millions | $ | 10 | 15 | 14 | 15 | 16 |
| Purchasing Formal Solicitations | # | 165.0 | 162.0 | 185.0 | 185.0 | 194.0 |
| **Workers' Compensation Claim Management** | | | | | | |
| Workers' Compensation Claim Dollars (Millions) | $ | 7 | 6 | 6 | 7 | 7 |
| Workers' Compensation Claims Filed | # | 900.0 | 864.0 | 900.0 | 900.0 | 900.0 |

**Major Changes**

In total, the Finance department's budget is $16,176,013. This represents an overall decrease of $173,197 (1.1%) and increase of 1.0 FTE in FY 2012-13; however, the majority of programs are increasing mainly as a result of a 23.4% increase ($202,375) in health care, VRS retirement and life insurance costs.

| Change | Impact |
|---|---|
| Increase of 1.0 FTE | • The 1.0 FTE (Accountant III) will work on capital project management and is funded in the Capital Improvement Program (CIP). This position will monitor and report CIP revenue, Governor Transportation and Urban Construction initiatives in excess of $65 million in FY 2012-13. |
| Increased funding for Risk Management Internal Service Fund | • As addressed in the FY 2011-12 budget, a five year plan is in place to fund the city's Risk Management liability up to 75% of its actuarial estimate. Fees were increased in departments by $1,895,120 to help meet this objective. |

Additional information about program reductions is available in the Requested But Not Funded listing in the Appendices of the Executive Summary.

**Departmental Overview**

The Finance department is funded through general city taxes and fees. The Risk Management Fund, the city's self-insurance fund, charges all costs back to the various services and programs throughout the city. The department ensures direction, planning, and coordination of financial services through:

- **Debt Management -** Supports the approved Capital Improvement Program (CIP) debt requirements, provides debt planning, bond issuance, administration, and analysis of taxable debt, IRS and SEC reporting, and monitoring of interest rate environment for potential refunding of debt issues.

- **Payroll -** Prepares city employee payroll, manages federal and state tax reporting and compliance, manages VRS programs, manages part-time medical program, manages garnishments, liens, and pay deductions.

- **Comptroller -** Publishes Comprehensive Annual Financial Report. Responsible for maintaining the integrity of the financial management system, the preparation of mandated financial reports in compliance with federal and state laws, the processing of all invoices and city payments, oversight of IRS vendor tax reporting, the city's unclaimed property reporting, the indirect cost allocation process, providing oversight of accounting policies and internal controls, validating grant and CIP financial data, and the reporting of city owned capital assets.

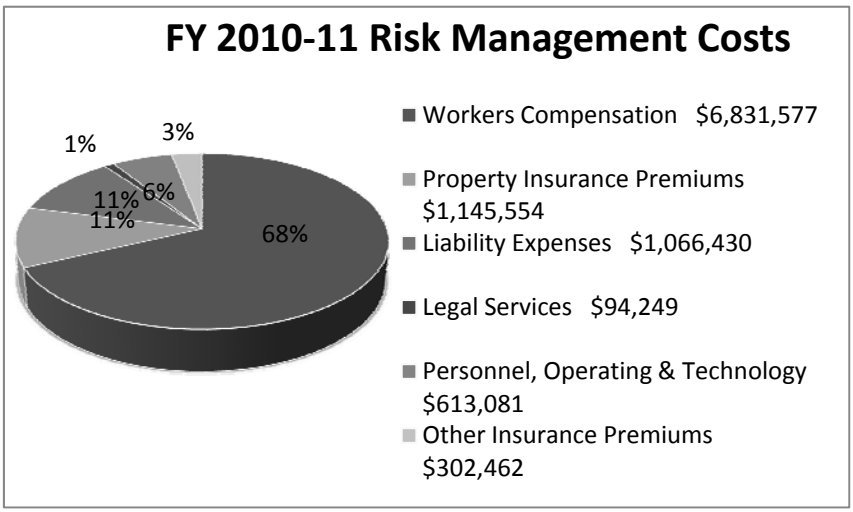
- **Purchasing -** In accordance with state law and City Code, responsible for the procurement of all goods, services and construction, is responsible for surplus property, and manages the bidding and competitive negotiation processes for all formal procurement solicitations. Responsible for supporting minority business programs.

- **Risk Management -** Manages the city's self-insurance program including: identifying and evaluating city risk, managing the loss control programs, purchase insurances, and processing Workers' Compensation adjustments and civil liability claims. Manages public assistance recovery and reimbursement efforts.

**Trends and Issues**

- Risk Management had averaged 383 general liability, 112 auto liability and 1,233 Workers' Compensation claims against the city per year over five years. During this same period, the total cost of risk on average is $2,265 per FTE. The city's multi-year goal of funding 75% of the actuarial estimate is being achieved by aligning the chargeback formula for departments, increasing department costs by about $1.8 million and preventing growth of future deficits.

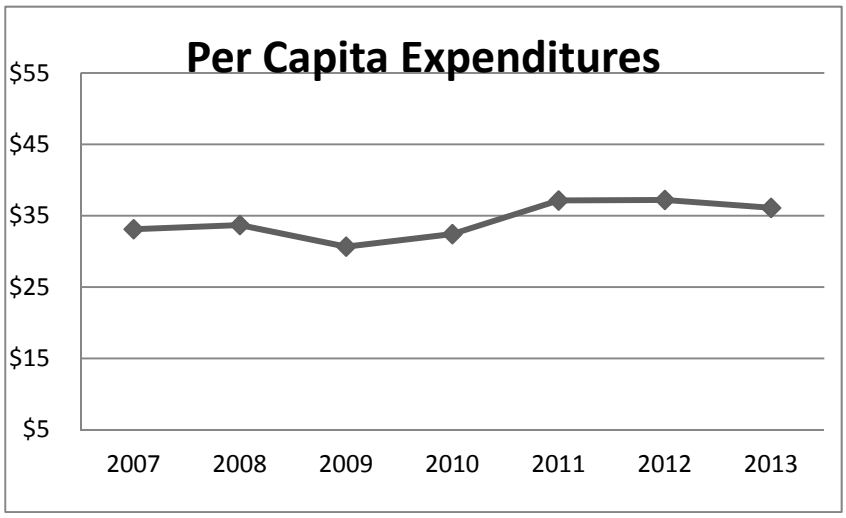
- As the graph depicts, Risk Management costs are broken into several categories. In FY 2010-11, the highest costs were incurred in Workers' Compensation (68%, $6,831,577). Workers' Compensation, by far, costs almost 6 times greater than the next largest categories: Property Insurance Premiums (11%, $1,145,554) and Liability Expenses (11%, $1,066,430) respectively.




- City payroll for approximately 7,200 employees will continue including verifications and policy setting for internal controls. W-2 forms processed will remain at 8,500. Since 1995, this represents a growth of 31%. The Payroll division issued 236,141 disbursements (direct deposits and checks) for gross pay of $306.3 Million. The ratio of payroll staff to total employees is 1:800 which is far above the industry standard of 1:636. The VRS modernization effort is underway with the city being one of the pilot sites. The existing payroll is paid on a current (non-arrears) semi-monthly basis which creates a risk of overpayments and requires on-going corrections.

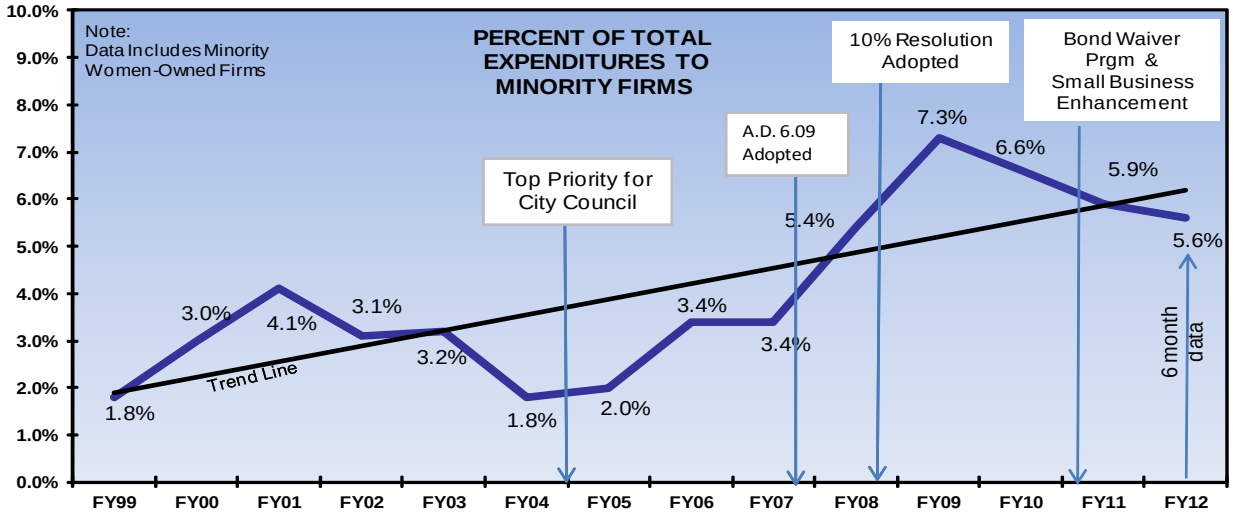
- As the graph indicates, the Finance department's per capita expenditures have generally increased since FY 2009-10 primarily due to increasing Risk Management claims.

- Over the last 20 years, revenues, assets, invoices, grants and debt have grown at a triple digit rate. In the past 10 years, invoice volume has almost doubled to $650 million annually and the number of vendor records has tripled. Increased IRS scrutiny requires additional controls and documentation to avoid penalties.




- Over the last eleven years, the number of grants has grown 600%. In FY 2011-12, there are approximately 274 city grants and CIP projects budgeted to receive approximately $193 million in federal and state funding. There has been an increase in the number of audits and reports for federal, state, and other grant entitlements and funding matches, including additional oversight due to ARRA grants.

- As noted below, the city has increased its percentage of total expenditures paid to minority vendors from 1.8% in FY 1998-99 to 5.6% in FY 2011-12. Participation in the Minority Business Council initiative is growing but has yet to reach the goal of 10%. While the trend is moving in the right direction, much work remains, with more emphasis on construction contracting and subcontracting. City Council has recently adopted two new business enhancement programs to stimulate minority and small business participation in city contracting. These programs add additional procurement and reporting responsibilities for staff.



## Finance - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 781,908 | 695,178 | 700,348 | 5,170 |
| Local Vehicle Registration | 789,679 | 803,770 | 779,657 | (24,113) |
| Comptroller's Office | 1,400,530 | 1,507,816 | 1,600,741 | 92,925 |
| Payroll | 608,088 | 665,300 | 713,978 | 48,678 |
| Purchasing | 1,019,269 | 1,090,338 | 1,145,037 | 54,699 |
| Total Expenditures | 4,599,474 | 4,762,402 | 4,939,761 | 177,359 |
| Revenues | | | | |
| Fees | 600,897 | 671,750 | 694,550 | 22,800 |
| Total Revenues | 600,897 | 671,750 | 694,550 | 22,800 |
| General City Support | 3,998,577 | 4,090,652 | 4,245,211 | 154,559 |
| **607 Risk Management Internal Service Fund** | | | | |
| Expenditures | | | | |
| Risk Management Insurance Payments | 9,306,202 | 10,917,601 | 10,405,575 | (512,026) |
| Risk Management | 606,790 | 610,629 | 666,243 | 55,614 |
| Total Expenditures | 9,912,992 | 11,528,230 | 11,071,818 | (456,412) |
| Revenues | | | | |
| Fees | 9,216,845 | 9,176,698 | 11,071,818 | 1,895,120 |
| Fund Balance | 0 | 2,351,532 | 0 | (2,351,532) |
| Total Revenues | 9,216,845 | 11,528,230 | 11,071,818 | (456,412) |
| General City Support | 696,147 | 0 | 0 | 0 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Expenditures | | | | |
| Capital Projects - Finance | 0 | 58,578 | 164,434 | 105,856 |
| Total Expenditures | 0 | 58,578 | 164,434 | 105,856 |
| Revenues | | | | |
| Fees | 0 | 58,578 | 164,434 | 105,856 |
| Total Revenues | 0 | 58,578 | 164,434 | 105,856 |
| General City Support | 0 | 0 | 0 | 0 |
| Total Department Expenditure | 14,512,466 | 16,349,210 | 16,176,013 | (173,197) |
| Total Department Revenue | 9,817,742 | 12,258,558 | 11,930,802 | (327,756) |
| Total General City Support | 4,694,724 | 4,090,652 | 4,245,211 | 154,559 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Director's Office | 7.00 | 6.00 | 6.00 | 0.00 |
| Comptroller's Office | 18.00 | 19.00 | 19.00 | 0.00 |
| Payroll | 9.00 | 9.00 | 9.00 | 0.00 |
| Purchasing | 13.00 | 13.00 | 13.00 | 0.00 |
| Total | 47.00 | 47.00 | 47.00 | 0.00 |

## Finance - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **607 Risk Management Internal Service Fund** | | | | |
| Risk Management | 7.00 | 7.00 | 7.00 | 0.00 |
| Total | 7.00 | 7.00 | 7.00 | 0.00 |
| **610 Capital Projects Internal Service Fund** | | | | |
| Capital Projects - Finance | 0.00 | 1.00 | 2.00 | 1.00 |
| Total | 0.00 | 1.00 | 2.00 | 1.00 |
| Total Position Summary | 54.00 | 55.00 | 56.00 | 1.00 |

## General Registrar

The mission of the General Registrar is to maintain the current registration and elections process for Virginia Beach voters at three locations, to meet mandatory State and Federal standards for access to voter registration and to handle the regulations of the National Voter Registration Act, Help America Vote Act and State Board of Elections policies. Also to provide convenient ways for citizens to change voter registration records, vote by absentee ballot and pursue their candidacies for office.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Provide Current Registration of All Voters** | | | | | | |
| Registered Voters | # | 290,000.0 | 281,000.0 | 283,000.0 | 289,000.0 | 290,000.0 |
| Registered Voters Served by Each Registrar | # | 26,364.0 | 22,000.0 | 23,008.0 | 23,496.0 | 26,364.0 |
| **Provide Ways for Citizens to Change Registrations** | | | | | | |
| Registration Adds and Changes Made | # | 21,000.0 | 27,000.0 | 27,000.0 | 21,362.0 | 28,500.0 |
| Registration Adds and Changes Made Per Staff Member | # | 1,910.0 | 2,500.0 | 2,500.0 | 1,942.0 | 2,591.0 |

**Major Changes**

In total, the General Registrar's Office has budgeted $1,378,340 in FY 2012-13. This is an increase of $250,363 or 22% in expenditures when compared to the FY 2011-12 budget.

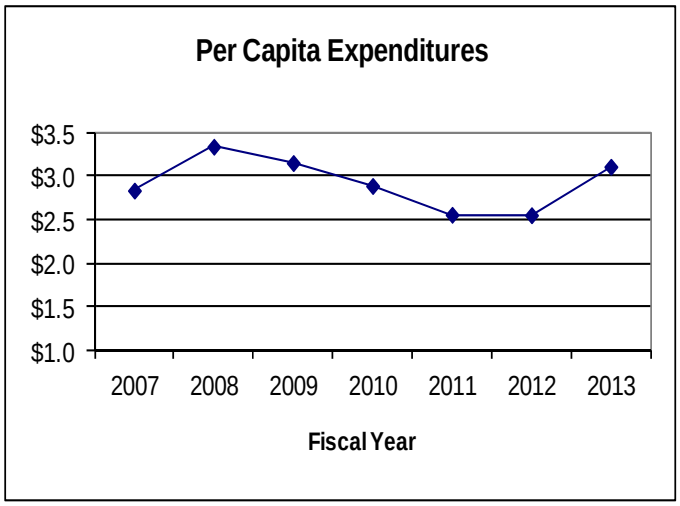
| Change | Impact |
|---|---|
| Reduction in State Revenue | • State Code requires each locality to pay the salary established by the state Board of Elections for the General Registrar and Electoral Board Members.<br>• In FY 2012-13, the salary for these positions remains the same; however, the reimbursement to the city for these positions will be reduced. As a result, the city will absorb this unfunded mandate and supplant $16,000 in state revenue. |
| Increased funding for Presidential Election | • An additional $227,753 is included in the General Registrar's FY 2012-13 operating budget for the upcoming 2012 presidential election. |

**Departmental Overview**

The state reimburses the city for the General Registrar's salary. Reimbursements are also received for the Electoral Board members' salary. The General Registrar's Office maintains the current registration and elections process for Virginia Beach voters and supports 95 precincts by:

- Complying with mandatory state and federal standards and guidelines of the Voting Right Act and Help America Vote Act of 2002.
- Offering two satellite offices in local Department of Motor Vehicles (DMV) facilities.
- Providing convenient ways for citizens to register to vote, change voter registration records, vote by absentee ballot, and pursue their candidacy for office.
- Handling mail registration sites at the U.S. Post Offices, city schools, city recreation centers, in person registration at DMVs, public libraries, department of Human Services and the offices of the City Treasurer, Commissioner of the Revenue, Clerk of the Circuit Court, Sheriff's Office and two local companies.
- Maintaining and checking the campaign financial reports of all local candidates.

**Trends and Issues**




- The increase during FY 2007-08 in per capita expenditures is a result of the office purchasing additional electronic devices to verify voter precinct locations. The office lacked adequate equipment for elections as a result of splitting precincts over several years. The decline from FY 2007-08 to FY 2010-11 is a result of less funding for the office for temporary workers and office supplies due to the recession. The budget provides funding to oversee the elections of the President, U.S. Senate, U.S. House of Representatives, State Senate, House of Delegates, City Council and School Board.
- The increase between FY 2011-12 and FY 2012-13 is the result of increased funding for the November 2012 presidential election. Election costs are estimated to be slightly less than 2008 presidential election which had the highest national voter turnout since the 1968 presidential election. Additional increases are also included for Virginia Retirement System, life insurance and health insurance increases.

## General Registrar - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| General Registrar | 1,036,814 | 1,127,977 | 1,378,340 | 250,363 |
| Total Expenditures | 1,036,814 | 1,127,977 | 1,378,340 | 250,363 |
| Revenues | | | | |
| Fees | 500 | 0 | 0 | 0 |
| State | 73,567 | 93,619 | 78,015 | (15,604) |
| Total Revenues | 74,067 | 93,619 | 78,015 | (15,604) |
| General City Support | 962,747 | 1,034,358 | 1,300,325 | 265,967 |
| Total Department Expenditure | 1,036,814 | 1,127,977 | 1,378,340 | 250,363 |
| Total Department Revenue | 74,067 | 93,619 | 78,015 | (15,604) |
| Total General City Support | 962,747 | 1,034,358 | 1,300,325 | 265,967 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| General Registrar | 12.03 | 12.03 | 12.03 | 0.00 |
| Total | 12.03 | 12.03 | 12.03 | 0.00 |
| Total Position Summary | 12.03 | 12.03 | 12.03 | 0.00 |

## Human Resources

The mission of the Department of Human Resources is to facilitate the recruitment, retention and development of a sustainable quality workforce and its alignment with the City's strategy.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Assist with Human Rights Inquiries/Complaints** | | | | | | |
| Citizen Complaints/Inquiries Addressed | # | 19.0 | 18.0 | 19.0 | 19.0 | 19.0 |
| **Enhance Communication and Understanding** | | | | | | |
| Participants Satisfied with Member Conversations | % | 100.0 | 97.0 | 98.0 | 98.0 | 98.0 |
| **Manage the Sick Leave Bank/Donation Program** | | | | | | |
| Sick Leave Bank Applications Processed | # | 112.0 | 106.0 | 112.0 | 115.0 | 115.0 |
| **Perform Strategic Recruitment & Selection Process** | | | | | | |
| Qualified Employees Recruited and Hired Within 60 Days | % | 100.0 | 64.0 | 64.0 | 58.0 | 58.0 |
| **Provide Mandated Safety Services** | | | | | | |
| Employee Injuries Reviewed Annually | # | 1,200.0 | 1,200.0 | 1,214.0 | 1,195.0 | 1,200.0 |
| Participants Attending Occupational Safety Courses | # | 6,200.0 | 8,595.0 | 7,947.0 | 8,000.0 | 8,000.0 |
| **Provide Medical Services for Employees** | | | | | | |
| Medical Exams/Health Screenings/Nursing Services Encounters | # | 14,000.0 | 14,750.0 | 13,781.0 | 14,126.0 | 14,000.0 |
| **Return to Work Program** | | | | | | |
| Cost Savings Per Nurse Hour | $ | 30 | 25 | 27 | 27 | 30 |
| **Learning & Growth** | | | | | | |
| **Provide Employee Training** | | | | | | |
| Participants Attending Instructor-Led Training Courses | # | 5,500.0 | 5,112.0 | 5,707.0 | 5,523.0 | 5,825.0 |
| Participants Taking E-Learning Courses | # | 1,910.0 | 1,913.0 | 2,290.0 | 1,910.0 | 1,985.0 |

**Major Changes**

The FY 2012-13 operating budget for Human Resources totals $4,291,809, an increase of 0.5% over the previous year. This total includes a 14% increase in health insurance, and a 17.7% increase in retirement, which added $107,507 to the department's budget. Excluding those increases, the budget would reflect a 2.0% decrease from the previous year. The funding level includes 47.0 FTEs, the same number over the past two years. With these resources, the department should be able to maintain the current level of services.

There are several Human Resources program requests included in the Requested But Not Funded listing in the Appendices of the Executive Summary. These unfunded requests are not expected to materially impact the department's ability to provide services.

**Departmental Overview**

Funding for Human Resources comes primarily from general city revenues. The department collects a small amount of revenue that covers the costs of the employee newsletter, *Beam.* Also, revenue from sponsors is obtained to support the Professional Support Development Team (PSDT) annual conference. The services provided by the department of Human Resources are divided into the following areas:

- **Staffing and Compensation -** Coordinates and oversees the city's recruitment, test administration, selection processes, and administration of the city's compensation system. This division provides technical assistance to all departments, employees and applicants on matters which affect the selection, classification and pay of employees. They support the city's commitment to ensuring pay equity by conducting position evaluations and salary analyses.

- **Learning and Development -** Provides citywide learning opportunities to allow a comprehensive and integrated learning and development continuum for every city employee, thereby recognizing the city's underlying commitment to provide leadership and learning opportunities by enabling employees to realize their full potential and to continue learning throughout their career and for a lifetime.

- **Workforce Planning and Development -** Coordinates the development of departmental plans that will anticipate and design ways to meet the needs of the city's current and future workforce.

- **Human Rights Commission -** Conducts and engages in educational and informational programs to promote mutual understanding among citizens, serves as a forum for discussion of human rights issues, conducts studies and proposes solutions for the improvement of human relations, and provides referral assistance to persons who believe their rights have been violated.

- **Equal Employment Opportunity (EEO)/ADA/Diversity Programs -** Provides consultative services to departments in managing their EEO/ADA/Diversity programs, advises and investigates EEO/ADA related complaints and issues, and provides training that will raise awareness for both employees and managers.

- **Member Communications -** Provides a multidirectional communication program that enhances information, knowledge, employee engagement, and builds strong relationships that encourage trust. Official connection for employees to know what is happening throughout the city. Program provides/coordinates/implements; *Member Update*, *Beam*, and *OnPoint with Jim* newsletters; *Member conversations with the City Manager*; *Ask Jim*, *Because You Asked*; *Quality of Work Life Member Survey & Action Plans* (other surveys as needed); member recognition programs, and the Member Advisory Committee.

- **HR/Police Services -** Administers the police performance feedback program, coordinates the police selection process, provides professional support for police command staff, provides consultation regarding employee disciplinary and performance issues, and conducts exit interviews and other research of employee retention issues for the Police department.

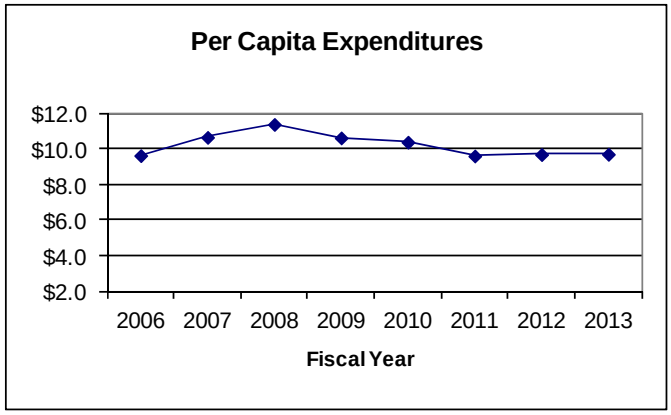
- **Employee Relations -** Focuses on maintaining effective management and employee relationships. The division provides technical advice and assistance to departments regarding human resource policies and procedures, performance

management and counseling, performance and discipline based actions, an alternative dispute resolution process, leave management and administration, and work life issues.

- **Occupational Health and Occupational Safety -** Conducts pre-placement and annual medical examinations for public safety and safety sensitive positions that screen for correctable risk factors, provides fitness for duty testing, substance abuse testing and manages the Return to Work Program. Occupational Safety coordinates DMV checks and supports city operations conducting ergonomic evaluations of work stations, indoor air quality testing, job hazard studies and safety compliance training.

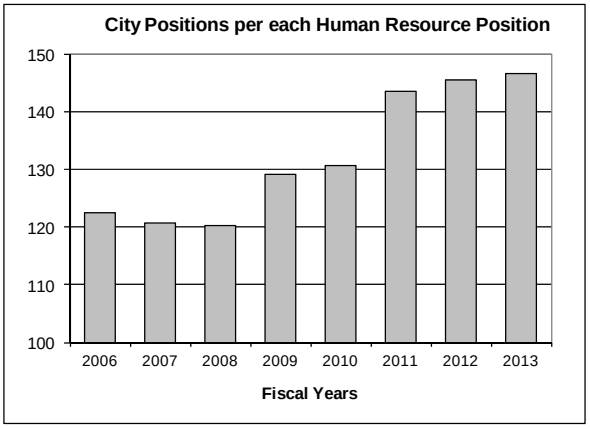
**Trends and Issues**

- As the graph illustrates, the increase in expenditures between FY 2006-07 and FY 2007-08 is attributable to a transfer of one position from Risk Management, and additional funding for the E-Learning curriculum. While expenditures for Human Resources in FY 2012-13 remains relatively constant from the previous year, they represent a decline when compared to the earlier years. This is attributable to the department's loss of 6.13 positions in FY 2010-11 and a reduction in funding for E-Learning courses. In the last four year period, Human Resources has lost 11.13 FTEs.




- In May 2011, the city implemented the Driver Alert Program available through the Division of Motor Vehicles (DMV). This program tracks the driving records of employees, contractual hires, and volunteers who drive a city vehicle, and are required to have a commercial driver's license, transport clients in their personal vehicles, or receive a car allowance. These individuals need to have a signed DMV Transcript Request form on file with Occupational Safety and are required to take Defensive Driving training every four years. With this new program, the number of mandated DMV checks has been reduced from approximately 7,000 to 1,000 per year.

- The graph shows the ratio of city employees to Human Resources employees. Between FY 2010 to FY 2011, the ratio of city positions per Human Resource employee increased from 130.7 to 143.5, a 9.8% increase. This ratio increased slightly in the following years as a result of increases in the number of city employees, while the department's FTEs remained constant. As a result, the increased workload on Human Resource employees continues, as a result of the economy and the regional unemployment rate.




- Due to reductions in positions in recent years (from 58.13 FTEs in FY 2007-08 to 47.00 FTEs beginning in FY 2010-11), and based on feedback from other departments, Human Resources has restructured to best meet customer needs and departmental effectiveness. Five positions have been moved from the Director's division to other divisions within the department. The restructuring is intended to more closely group related functions to allow enhanced collaboration and facilitate the exchange of information to improve responsiveness, and allow dedicated resources to be assigned to areas of greatest legal risk.

## Human Resources - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Director's Office | 728,218 | 735,897 | 361,716 | (374,181) |
| Employee Relations | 394,193 | 417,478 | 586,707 | 169,229 |
| Staffing and Compensation Services | 1,031,031 | 1,157,834 | 1,220,147 | 62,313 |
| Learning and Development | 526,669 | 575,031 | 748,509 | 173,478 |
| HR Police Services | 88,510 | 92,244 | 97,462 | 5,218 |
| Member Communications | 0 | 108,476 | 110,641 | 2,165 |
| Human Rights Commission | 0 | 67,221 | 69,524 | 2,303 |
| Occupational Safety | 225,371 | 251,919 | 249,944 | (1,975) |
| Occupational Health | 751,581 | 864,134 | 847,159 | (16,975) |
| Total Expenditures | 3,745,573 | 4,270,234 | 4,291,809 | 21,575 |
| Revenues | | | | |
| Fees | 24,824 | 20,867 | 21,617 | 750 |
| Total Revenues | 24,824 | 20,867 | 21,617 | 750 |
| General City Support | 3,720,749 | 4,249,367 | 4,270,192 | 20,825 |
| Total Department Expenditure | 3,745,573 | 4,270,234 | 4,291,809 | 21,575 |
| Total Department Revenue | 24,824 | 20,867 | 21,617 | 750 |
| Total General City Support | 3,720,749 | 4,249,367 | 4,270,192 | 20,825 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Director's Office | 9.00 | 8.00 | 3.00 | -5.00 |
| Employee Relations | 5.00 | 5.00 | 7.00 | 2.00 |
| Staffing and Compensation Services | 16.00 | 15.00 | 16.00 | 1.00 |
| Learning and Development | 5.00 | 5.00 | 7.00 | 2.00 |
| HR Police Services | 1.00 | 1.00 | 1.00 | 0.00 |
| Member Communications | 0.00 | 1.00 | 1.00 | 0.00 |
| Human Rights Commission | 0.00 | 1.00 | 1.00 | 0.00 |
| Occupational Safety | 3.00 | 3.00 | 3.00 | 0.00 |
| Occupational Health | 8.00 | 8.00 | 8.00 | 0.00 |
| Total | 47.00 | 47.00 | 47.00 | 0.00 |
| Total Position Summary | 47.00 | 47.00 | 47.00 | 0.00 |

**Resource Summary Notes**

The reduction in the Director's Office reflects a restructuring of the department due to the reduction of positions over several years, and based on feedback from departments. The reorganization will enhance the department's responsiveness.

## Management Services

The mission of Management Services is to provide program, fiscal and budgetary policy development and analysis support services to the City Manager, and through the City Manager to City Council for use in formulating City policy.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Customer** | | | | | | |
| **Communicate Resource Issues & Decisions** | | | | | | |
| Taxpayers Feel They Get Good Value | % | 80.0 | 77.2 | 77.2 | 75.0 | 75.0 |
| **Complete Ordinances & Resource Issues for Review** | | | | | | |
| Adjustments Made to CIP and Budget | # | 500.0 | 412.0 | 467.0 | 519.0 | 500.0 |
| Ordinances & Agenda Requests Completed in Prescribed Time | % | 100.0 | 99.0 | 98.0 | 98.0 | 99.0 |
| **Financial** | | | | | | |
| **Resource Management Plan** | | | | | | |
| Average Value of Community Organization Grants | $ | 30,000 | 20,051 | 49,157 | 33,792 | 20,051 |
| Government Expenditures Allocated to Debt Service | % | 9.0 | 8.4 | 8.8 | 8.5 | 8.9 |
| Incentive Community Organization Grants | # | 20.0 | 15.0 | 20.0 | 21.0 | 17.0 |
| Variation Between General Fund Revenue Estimates and Acutal | % | 2.0 | 2.0 | 0.2 | 0.6 | 0.8 |
| **Internal Process** | | | | | | |
| **Management Support For City Manager & Council** | | | | | | |
| Program Evaluations Completed | # | 2.0 | 0.0 | 3.0 | 3.0 | 2.0 |
| Public/Private Partnerships Managed | # | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 |

**Major Changes**

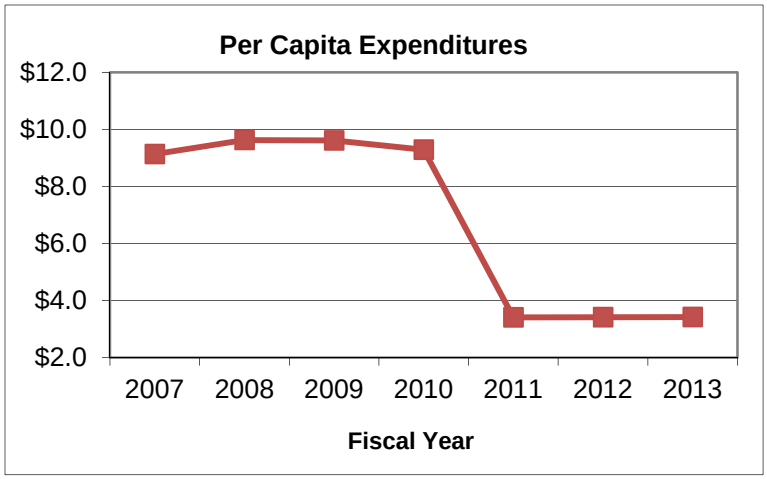
The department of Management Services FY 2012-13 operating budget totals $1,514,382, which is 0.5% more than the previous year. The increase is primarily due to increases in health care, VRS retirement and life insurance costs.

**Departmental Overview**

The department of Management Services receives all of its funding from general city revenue. The department is responsible for the development and preparation of the Resource Management Plan which includes the Operating Budget and six-year Capital Improvement Program as well as the annual Five-Year Forecast. Staff also provides issue management and analytical support on large complex development/construction projects and conducts ongoing reviews of public/private partnerships to address the fiscal, budgetary, and economic impacts of proposals.

**Trends and Issues**

- With the transition of staff to the SGA Office coupled with the transfer of the Facilities Management Office to the department of Public Works in FY 2010-11, per capita expenditures decreased significantly in FY 2010-11. Per capita expenditures have remained relatively similar following the sharp decline in FY 2010-11. Between FY 2011-12 and 2012-13, there was a slight increase (.2%) which is mainly attributable to increases in health care, VRS retirement and life insurance costs.




- Management Services received the Distinguished Budget Presentation Award presented by the Government Finance Officers Association for preparation of a budget document of the highest quality to meet the needs of decision makers and citizens.

- At the direction of city management, the department of Management Services conducted three comprehensive program evaluations during FY 2011-12.

  i. Staff studied vehicle routing for the Public Works and Public Utilities departments for potential efficiencies or other cost savings strategies. This evaluation will be reviewed over several months and any cost saving or programmatic changes could be made during FY 2012-13.
  ii. Staff studied equipment management/replacement schedules for Public Works, Fire, Finance, and other departments with similar equipment. These schedules and final recommendations were reviewed with the departments.
  iii. The final evaluation was the cost and cost recovery for special events and is on-going.

- In order to improve community understanding of the proposed budget and city funding, there was a Budget Open House held as a part of the FY 2011-12 budget process. Every department attended to explain to citizens the services planned for the upcoming year and, where applicable, the reductions in services. They also answered questions on the cost to deliver those services and how they were funded. Overall, this first effort was successful and is planned as a part of this year's process for April 5th at the Convention Center.

- The department has provided the oversight to the Lynnhaven Mall Tax Increment Financing program and is recommending an early payoff to the required TIF payments. This early payoff, which is allowed as a part of the Lynnhaven Mall TIF agreement, will save the city approximately $1.8 million in FY 2012-13.

- The city conducted its sixth Citizen Satisfaction Survey in November of 2011. Of the twenty-nine city services included in the survey, eighteen received a satisfaction level of 80% or higher (Most localities consider excellence as an 80% or higher level of satisfaction).

- In an effort to improve efficiency, address reduced staffing, and eliminate needless accounting, Management Services and Finance simplified the accounting of local revenues to individual capital projects. In the past, local revenues (bonds, fund balance, and pay-as-you-go) were all uniquely coded to a project. This resulted in staff in both departments having to do multiple transfers to move realized revenues between various projects. In this CIP, individual projects are funded by three main sources: local funding, state funding, and federal funding. Projects that still have unique revenues such as grant funding will still display these sources. The financial summaries for each section of the CIP still include the sources of funding, which support the CIP business area. Making this accounting change has allowed Management Services and Finance to enhance the information on debt and debt service, which is included in the Debt Service section of the operating budget document.

- Management Services has provided staff support to the City Council appointed Process Improvement Steering Committee and to the Hampton Roads Service Sharing Project. The Process Improvement Steering Committee is examining three specific processes to improve efficiency and customer experiences: 1) helping businesses thrive and succeed; 2) building permit and development review; and 3) payroll processes (i.e. payment in arrears). The Hampton Roads Service Sharing Project is being sponsored by the Hampton Roads Partnership to explore opportunities for Chesapeake, Norfolk, and Virginia Beach to reduce redundancy, improve efficiency, and maximize outcomes for service provision.

## Management Services - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Management and Budget Analysis | 1,484,154 | 1,506,753 | 1,514,382 | 7,629 |
| Total Expenditures | 1,484,154 | 1,506,753 | 1,514,382 | 7,629 |
| General City Support | 1,484,154 | 1,506,753 | 1,514,382 | 7,629 |
| Total Department Expenditure | 1,484,154 | 1,506,753 | 1,514,382 | 7,629 |
| Total Department Revenue | 0 | 0 | 0 | 0 |
| Total General City Support | 1,484,154 | 1,506,753 | 1,514,382 | 7,629 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Management and Budget Analysis | 15.00 | 15.00 | 15.00 | 0.00 |
| Total | 15.00 | 15.00 | 15.00 | 0.00 |
| Total Position Summary | 15.00 | 15.00 | 15.00 | 0.00 |

## Municipal Council

Our City organization exists to enhance the economic, educational, social and physical quality of the community, while providing municipal services effectively, efficiently, and equitably with quality education for life-long learning.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Community** | | | | | | |
| **Provide Legislative Actions** | | | | | | |
| Citizens Who Feel Safe in Their Neighborhoods | % | 92.0 | 93.6 | 92.0 | 92.0 | 92.0 |
| Citizens Who Feel VA Beach is a Good Place to Live | % | 97.2 | 97.4 | 97.2 | 97.2 | 97.2 |
| Residents Satisfied with City Services | % | 91.0 | 91.4 | 91.0 | 91.0 | 91.0 |

**Major Changes**

The Municipal Council's proposed FY 2012-13 operating budget totals $545,118, which is an increase of $2,447 or 0.5% compared with FY 2011-12 adjusted operating budget mainly due to the increase in personnel costs for fringe benefits including health insurance, retirement and life insurance.

**Departmental Overview**

The Municipal Council establishes city goals (both long-term and short-term) and policies, interprets and represents the community's needs, and promotes the economic, social, educational and physical quality of the city. They have established the following Destination Points to guide the city's business areas to achieve their vision of a *"Community for a Lifetime"*:

- **Economic Vitality -** Diversified economy including a strong military presence, first class year-round resort for residents, businesses and tourists, business reinvestment, and technology-related businesses; new commercial enterprises; broad based revenue sources supporting quality and affordable city services; and above national average household income.

- **Safe Community -** Safe and secure citywide mobility; and quick, qualified, and caring emergency responses.

- **Quality Physical Environment -** Clean and safe water; effective transportation system; well-maintained streets; useable waterways; neighborhoods with attractive streetscapes; quality waste management; blight elimination; natural area protection; and open spaces.

- **Cultural and Recreational Opportunities -** Diverse activities for all generations; wholesome options as a substitute for unsavory activities; and provision of unique city recreational and cultural attractions and programs.

- **Quality Education and Lifelong Learning -** Education available to all; quality educational facilities; state educational standard attainment; and Pre-K preparation.

- **Family and Youth Opportunities -** Financially, physically, mentally, and emotionally strengthen families; youth retention; decreased need for courts and jails; and healthier births and babies.

- **Quality Organization -** Exemplary city leadership and advocacy; competitive, fair and responsive governmental costs; and citizen input solicitation and decision consideration.

Envision Virginia Beach 2040 -- "The future of Virginia Beach in our region": On January 11, 2011, the Mayor appointed a 13 member citizen visioning group to research and analyze current trends to determine the future of Virginia Beach in 2040. Over the past year, the committee has met twice a month and received trend-driven data from over 50 presenters. In February 2012, the Committee embarked on their mission of developing the framework for their deliverable(s). The vision of year 2040 will be presented to City Council in Spring 2012. The Strategic Growth Area Office coordinates resources and provides administrative support as this diverse group assesses current reality, identifies realization factors, and develops vision casting for "A day in the life of a citizen in Virginia Beach in 2040" -- where are we now, where will we be, where do we want to be? Driving factors encompass economic development, military presence, modes of transportation, safe and stable neighborhoods, transportation corridors, quality of education, employment for future generations, agriculture reserve, urban and cultural opportunities, recreational and environmental preservation, and etc.

At their retreat in January 2012, the City Council set the top and high priorities for 2012 to include:

**Top Priority**

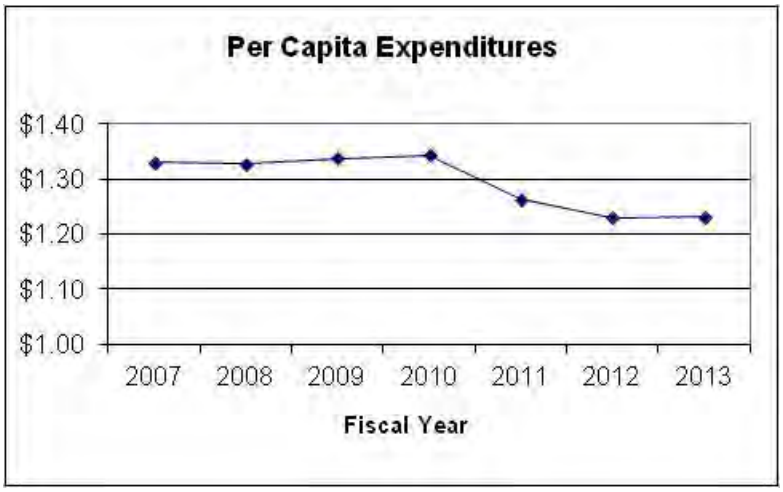
- Landfill and Solid Waste
- City-School Funding
- Employee Compensation-New Model
- TMDL (Total Maximum Daily Load) Direction
- Homeless Strategy
- Dome Site
- 19th Street Pedestrian Connection

**High Priority**

- Process Improvement Committee
- Uranium Mining Impact Advocacy
- Energy Related Business Strategy
- Local Road Funding
- Route 460 Advocacy
- Rudee Walk

**Trends and Issues**

- Per capita expenditures will remain flat at $1.23 for both FY 2011-12 and FY 2012-13. Sixty-three percent of the FY 2012-13 operating budget of the Municipal Council is comprised of personnel costs for 11.0 FTEs, with the remaining 37% covering operational costs.



## Municipal Council - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Municipal Council | 516,811 | 542,671 | 545,118 | 2,447 |
| Total Expenditures | 516,811 | 542,671 | 545,118 | 2,447 |
| Revenues | | | | |
| Fees | 6,300 | 0 | 0 | 0 |
| Total Revenues | 6,300 | 0 | 0 | 0 |
| General City Support | 510,511 | 542,671 | 545,118 | 2,447 |
| Total Department Expenditure | 516,811 | 542,671 | 545,118 | 2,447 |
| Total Department Revenue | 6,300 | 0 | 0 | 0 |
| Total General City Support | 510,511 | 542,671 | 545,118 | 2,447 |

| | | | | |
|---|---|---|---|---|
| **Position Summary by Program** | | | | |
| **002 General Fund** | | | | |
| Municipal Council | 11.00 | 11.00 | 11.00 | 0.00 |
| Total | 11.00 | 11.00 | 11.00 | 0.00 |
| Total Position Summary | 11.00 | 11.00 | 11.00 | 0.00 |

## Non-Departmental

The Non-Departmental section of the budget serves as an umbrella for appropriations that are City-wide in nature and, as such, are not contained in an operational department. These include Community Organization Grants, Revenue Reimbursements, Regional Participation, Independent Financial Services, Employee Special Benefits, Benefits Administration, Citywide Lease Management, and Vehicle Replacements.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Financial** | | | | | | |
| **Funding for Non-Profit Organizations** | | | | | | |
| Funding for Community Organization Grant Programs | $ | 426,343 | 525,662 | 379,257 | 439,308 | 426,343 |
| **Provide Real Estate Tax Relief for Elderly** | | | | | | |
| Number of Residents Receiving Tax Exemptions | # | 7,800.0 | 7,666.0 | 7,798.0 | 7,398.0 | 7,800.0 |
| **Internal Process** | | | | | | |
| **Coordinate Leases for Buildings/Land** | | | | | | |
| Lease Space Managed - Buildings and Land (square feet) | # | 901,387.0 | 905,497.0 | 905,497.0 | 901,387.0 | 901,387.0 |

**Major Changes**

In total, the Non-Departmental budget of $31,244,950 for FY 2012-13 decreased by $318,103 from FY 2011-12.

| Change | Impact |
|---|---|
| Elimination of the Lynnhaven Mall Tax Increment Financing Fund | The city has met the commitment of the development agreement, and the commitment has been paid off two years early. With the elimination of this fund, taxes that were previously applied to the TIF are now returned to the General Fund. |
| Increased funding for Vehicle Replacements | Funding for vehicle replacements is increased $1 million to address a backlog of city vehicles to be replaced. |
| Increase in Cost of Health Insurance for Retirees | As a result of an increase in the number of retirees and in the cost of health care, funding for retiree health insurance rose by $401,219, or 9.7%. |
| Line of Duty Payments | Benefits for state or local public safety officers or their beneficiaries because of death or disability were previously made entirely by the state; however, as of July 1, 2011, local governments are required to make contributions, in addition to state contributions, to the Line of Duty Act Fund. The city's contribution for FY 2012-13 is budgeted at $625,000. |

**Departmental Overview**

- **Regional Participation and Community Organization Grants (COG) -** Provides funding for non-profit organizations. Regional Participation provides funds to non-profit organizations, regional colleges, and governmental agencies that support City Council goals and compliment city services. Community Organization Grants provide an opportunity to encourage non-profit agencies to provide services that affect the welfare of residents of Virginia Beach by providing a system to award monetary grants to qualified non-profit organizations. City Council has appointed members to serve on the COG Review and Allocation Committee to review applications and make recommendations for all grant requests filed under the COG program. Financial and service delivery reports are required from those agencies receiving grant funding.

- **Independent Financial Services -** Provides funding for the city's annual external audit.

- **Employee Special Benefits -** Provides employee service awards, the Employee Assistance Program (EAP), the employer's share of health and dental insurance for eligible retirees as well as line of duty payments to local public safety officers or their beneficiaries.

- **Benefits Administration -** Provides the city's portion of funding for the staff and operations of the Consolidated City/School Employee Benefits Office, which oversees the administration of the health insurance contract and the Employee Wellness Program.

- **Revenue Reimbursements -** Provide real estate tax relief to certain private properties from which the city derives the primary benefit. Real estate tax relief and water/sewer line fee cost reductions are available to the elderly and disabled and other persons who have financial limitations and meet the criteria of the program.

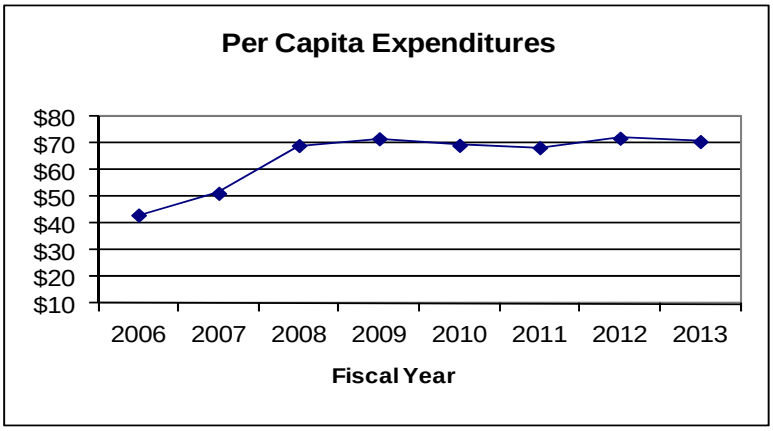
- **Citywide Leases -** Provides the necessary leases for office space, contracts for building security, provides facilities management of the Municipal Center buildings and rental space and parking.

- **Vehicle Replacements -** Provides funding for the city to replace vehicles.

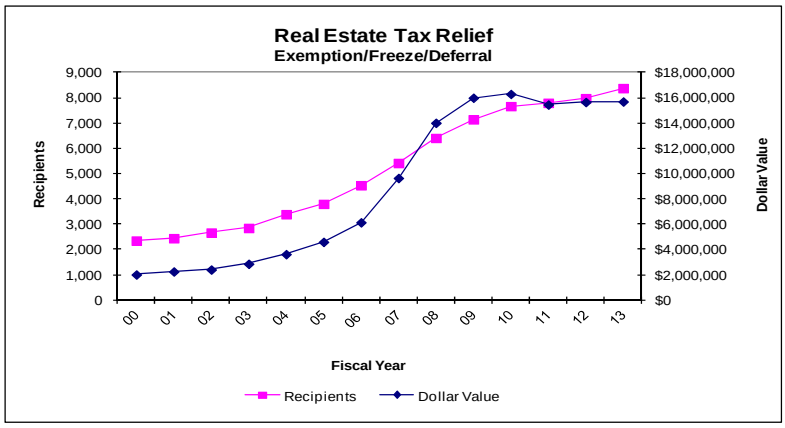
- **Lynnhaven Mall Tax Increment Financing Fund (TIF) -** Established by City Council for the Lynnhaven Mall shopping area on June 2, 1998, in conjunction with the expansion of Lynnhaven Mall totaling over $100 million of private investment. The proposed use of the TIF funds will improve the capacity and flow of traffic within the mall area, improve public access to and from the mall area, and expand public parking.

**Trends and Issues**

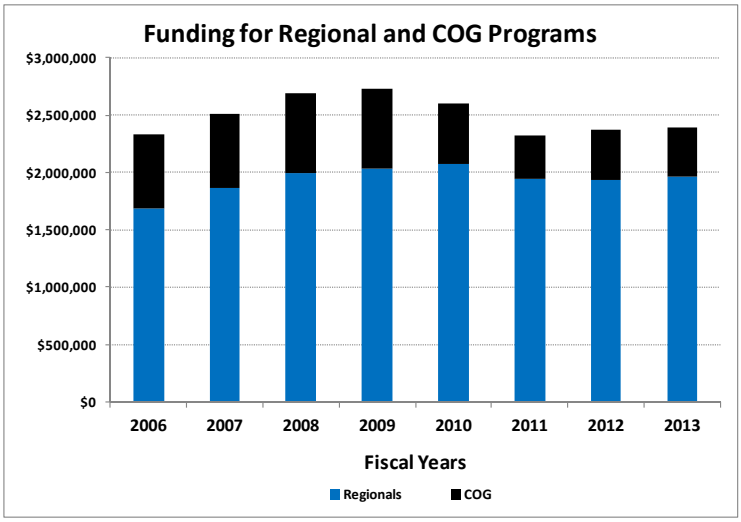
- Despite the increases associated with the restoration of $1 million in vehicle replacement funds and an increase in retiree health care costs and line of duty payments for public safety, the per capita expenditures decreased from FY 2011-12 to FY 2012-13 because of the elimination of the Lynnhaven Mall Tax Increment Financing (TIF) Fund. Taxes previously applied to the Lynnhaven TIF are now returned to the General Fund. The significant increase from 2007 to 2009 is attributable to the city's cost associated with complying with GASB 45 accounting requirements and major increases in the cost of the Real Estate Tax Relief Program for Elderly and Disabled Persons (Tax Relief Program), which is the result of rising housing values prior to the recession.




- The graph shows the number of recipients and cost of the tax relief programs for the Tax Relief Program and the Disabled Veterans Program. The Disabled Veterans Program is state-mandated and was initiated in FY 2011-12. The Tax Relief Program offers three options to eligible senior citizens and disabled persons – tax relief, tax freeze, and tax deferral. For FY 2012-13, about 8,400 homeowners, including 100% disabled veterans, are anticipated to take advantage of the programs and total tax relief in FY 2012-13 is projected to be approximately $16 million. Even though the number of participants in the programs is anticipated to increase from FY 2011-12 to FY 2012-13, a decrease in real estate assessments is expected to offset any increase in the cost of the programs. Real estate tax relief and water/sewer line fee cost reductions are available to the elderly and disabled who have certain financial limitations.




- The graph shows the funding for Regional Participation and Community Organization Grant (COG) Programs. This program provides assistance to non-profit organizations that offer services to Virginia Beach residents. The Council-appointed COG committee determines funding based on an application process. Applications for the upcoming budget are being solicited and the COG committee will meet in April and May to determine FY 2012-13 allocations.



- Organizations that received funding in FY 2011-12 are listed below:

| FY 2011-12 Community Organization Grants (COG) | |
|---|---|
| Beach Health Clinic | $135,000 |
| Children's Hospital of the King's Daughters | 12,500 |
| Endependence Center Inc. | 25,000 |
| Foodbank of Southeastern Virginia | 42,500 |
| Seton Youth Shelters | 12,500 |
| Senior Services of Southeastern Virginia | 27,000 |
| Volunteers of America | 40,321 |
| Judeo-Christian Outreach Center | 50,000 |
| Mary Buckley Foundation | 35,737 |
| Samaritan House | 12,350 |
| Together We Can Foundation | 5,000 |
| Virginia Beach Central Lions Club Charity Foundation | 10,000 |
| Virginia Beach Project Lifesaver, Inc | 31,400 |
| Total | $439,308 |

| FY 2011-12 Regional Participation | |
|---|---|
| Court Appointed Special Advocate | $10,000 |
| Eastern Virginia Medical School | 433,033 |
| Hampton Roads Chamber of Commerce | 8,500 |
| Hampton Roads Economic Development Alliance | 412,059 |
| Hampton Roads Military and Federal Facility Alliance | 215,175 |
| Hampton Roads Partnership | 15,210 |
| Hampton Roads Planning District Commission | 359,155 |
| HRPDC-Metro Medical Response System | 87,599 |
| Navy League | 21,250 |
| Southeast 4-H | 6,036 |
| Square One | 53,798 |
| Tidewater Community College | 5,100 |
| Virginia Arts Festival | 250,000 |
| Virginia Beach S.P.C.A. | 30,000 |
| Virginia Dare Soil Conservation | 8,000 |
| Virginia Offshore Wind Alliance | 10,000 |
| Virginians for High Speed Rail | 10,000 |
| Total | $1,934,915 |

**Council Amendment**

The following information was requested by several City Council members during the FY 2012-13 budget process. This information is displayed for informational purposes.

According to Section 11 of the budget ordinance, the City Manager may transfer, in amounts necessary, appropriations from all Reserve for Contingencies except Reserve for Contingencies – Regular, within the intent of the Reserve approved by City Council.

# FY 2012-13 Reserve for Contingencies Funds

| | |
|---|---|
| General Fund (002) | |
| *600418 Transition Tax Relief to Commissioner of Revenue* | 178,500 |
| *600421 Elimination of Print Shop* | -276,030 |
| *600600 Plan 1 Employee Compensation* | 790,000 |
| *600610 Regular* | 1,234,652 |
| *600619 Youth Neighborhood Partnership Program Reserve* | 100,000 |
| *600633 New Employees 5% VRS Savings* | -1,050,000 |
| *600722 Fuel/Energy Increases* | 1,500,000 |
| *600733 Replacement of Totaled Vehicles* | 150,000 |
| *600736 Plan 2 Employees Compensation* | 300,000 |
| Grants Consolidated Fund (183) | |
| *600671 Miscellaneous Grants* | 100,000 |
| Storm Water Utility Enterprise Fund (255) | |
| *600610 Regular* | 220,000 |
| Parks and Recreation Special Revenue Fund (151) | |
| *600700 Future Capital Projects* | 1,597,465 |
| Law Library Fund (130) | |
| *600600 Plan 1 Employee Compensation* | 2,225 |
| *600610 Regular* | 104 |
| Agriculture Reserve Program Special Revenue Fund (161) | |
| *600610 Regular* | 477,652 |
| Water and Sewer Fund (241) | |
| *600610 Regular* | 1,072,393 |
| Telecommunications Internal Service Fund (620) | |
| *600610 Regular* | 447,320 |
| Subscriptions Internal Service Fund (621) | |
| *600610 Regular* | 998,781 |
| Parking Enterprise Fund (253) | |
| *600713 Parking Maintenance* | 282,477 |
| School Equipment Replacement Special Revenue Fund (107) | |
| *699975 Education - Capital Outlay* | 902,602 |
| Sandbridge Tax Increment Financing Fund (166) | |
| *600700 Future Capital Projects* | 7,113,616 |
| **Total** | **16,141,757** |

## Non-Departmental - Departmental Resource Summary

| | FY 2011 Actual | FY 2012 Adjusted | FY 2013 Adopted | Variance from FY 2012 |
|---|---|---|---|---|
| **Program Summary** | | | | |
| **002 General Fund** | | | | |
| Expenditures | | | | |
| Community Organization Grants | 393,257 | 439,308 | 426,343 | (12,965) |
| Employee Special Benefits | 3,826,486 | 5,040,436 | 5,266,655 | 226,219 |
| Benefits Administration | 662,283 | 662,283 | 662,283 | 0 |
| Vehicle Replacements | 4,739,061 | 4,111,914 | 5,111,914 | 1,000,000 |
| Revenue Reimbursements | 15,473,208 | 15,741,537 | 15,957,439 | 215,902 |
| Regional Participation | 1,997,669 | 1,933,213 | 1,993,213 | 60,000 |
| Independent Financial Services | 117,682 | 153,878 | 153,878 | 0 |
| Leases | 1,604,481 | 1,630,484 | 1,673,225 | 42,741 |
| Total Expenditures | 28,814,127 | 29,713,053 | 31,244,950 | 1,531,897 |
| Revenues | | | | |
| Fees | 150,000 | 150,000 | 150,000 | 0 |
| Total Revenues | 150,000 | 150,000 | 150,000 | 0 |
| General City Support | 28,664,127 | 29,563,053 | 31,094,950 | 1,531,897 |
| **165 Lynnhaven Mall Tax Increment Financing Fund** | | | | |
| Expenditures | | | | |
| Lynnhaven Mall TIF Payment | 793,194 | 1,850,000 | 0 | (1,850,000) |
| Total Expenditures | 793,194 | 1,850,000 | 0 | (1,850,000) |
| Revenues | | | | |
| Local Taxes | 1,527,691 | 1,557,709 | 0 | (1,557,709) |
| Fees | 4,706 | 0 | 0 | 0 |
| Fund Balance | 0 | 292,291 | 0 | (292,291) |
| Total Revenues | 1,532,397 | 1,850,000 | 0 | (1,850,000) |
| General City Support | (739,203) | 0 | 0 | 0 |
| Total Department Expenditure | 29,607,321 | 31,563,053 | 31,244,950 | (318,103) |
| Total Department Revenue | 1,682,397 | 2,000,000 | 150,000 | (1,850,000) |
| Total General City Support | 27,924,924 | 29,563,053 | 31,094,950 | 1,531,897 |

**Resource Summary Notes**

The Employee Special Benefits budget is higher in FY 2012-13 primarily because of the increase in the City's contribution to the Line of Duty Act Fund, discussed earlier in this section.

Vehicle Replacements received an additional $1 million in FY 2012-13 to address the backlog of vehicles needing to be replaced.

The increase in Revenue Reimbursements is primarily associated with the greater tax relief, including tax exemption for 100% disabled veterans.

The Lynnhaven Mall Tax Increment Financing (TIF) Fund has been eliminated. Taxes that were previously applied to the Lynnhaven TIF are now returned to the General Fund.

# TABLE OF CONTENTS
# SECTION NINE

**DEBT SERVICE**

Debt Service.....9-1

## Debt Service

The mission of the Debt Service budget is to provide for the pincipal and interest payments, issuance charges and bank charges on long-term obligations obtained by the City for General Government, Schools, Utilities (i.e., Water and Sewer and Storm Water) purposes. Also included are obligations under the Agriculture Reserve Program.

| Objective/Performance Measure | Unit | Annual Target | Actual 2010 | Actual 2011 | Est. 2012 | Proj. FY 2013 |
|---|---|---|---|---|---|---|
| **Financial** | | | | | | |
| **The debt service for general government debt will not exceed 10% of the general govt. budget** | | | | | | |
| Ratio of General Government Debt to General Government Budget | % | 10.0 | 8.1 | 8.4 | 8.2 | 8.3 |
| **The general government net debt per capita will not exceed $2,800** | | | | | | |
| General Government Debt Per Capita | $ | 2,800 | 2,244 | 2,275 | 2,239 | 2,357 |
| **The general government net debt per capita will not exceed 6.5% of per capita income** | | | | | | |
| Ratio of Per Capita Debt to Per Capita Income | % | 6.5 | 4.8 | 4.7 | 4.6 | 4.7 |
| **The general government net debt will not exceed 3.5% of assessed value** | | | | | | |
| Ratio of Gen. Government Debt to Assessed Value of Real Property | % | 3.5 | 1.8 | 1.9 | 2.0 | 2.1 |

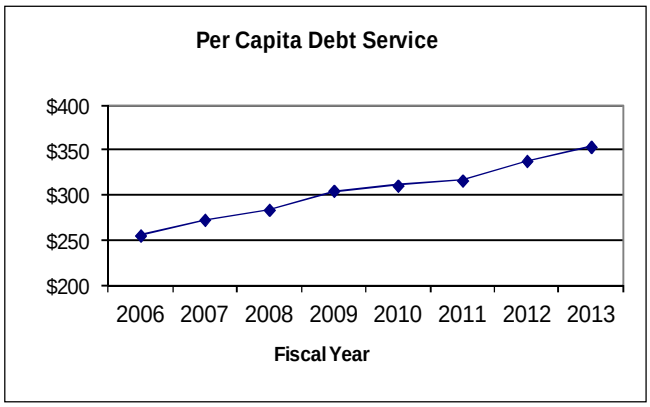
**Major Changes**

This section summarizes debt service in accordance with G.A.S.B 54, which specifies that the anticipated debt service expenditure is reflected in the fund in which it is incurred. The FY 2012-13 Debt Service budget totals $156,550,815, which is 5.0% more than the previous year. The debt service for the General Fund, Parks and Recreation, Agriculture Reserve Program, and Water and Sewer Fund increased. Included in this budget are debt service payments for the following planned issuances in the Spring 2012: $65.0 million General Obligation Bonds and approximately $30 million for Public Revenue Bonds. The city works with financial advisors to take advantage of favorable bond market conditions to refund bonds, resulting in cost savings. The last refunding done in January 2010 involving general obligation bonds, public facility revenue bonds, and storm water utility bonds, resulted in $17.9 million of savings over the remaining 18-year term of the bonds. In FY 2011-12, the department of Finance is planning a General Obligation refunding bond sale. The size of the refunding and savings will be determined by market conditions at the time of the sale.

**Departmental Overview**

**Debt Service -** Debt service is issued for three major purposes: city, schools, and utilities (including water, sewer, and storm water). To guide future capital improvement program development and address long-term debt management issues, City Council uses debt indicators as well as the following guidelines listed below.

- Debt will be the last source of funding considered.
- The city will issue bonds for capital improvements with a cost in excess of $250,000 or which cannot be financed from current revenues.
- When the city finances capital projects by issuing bonds, it will pay back the debt within a period not to exceed the expected useful life of the projects.
- Where possible, the city will develop, authorize and issue revenue, special fee or other self-supporting debt instruments instead of general obligation bonds.
- The debt structure of the government will be managed in a manner that results in minimal deviation from the indicators listed in this policy.
- The city will maintain good communications regarding its financial conditions. It will regularly evaluate its adherence to its debt policies. The city will promote effective communications with bond rating agencies and others in the marketplace based on full disclosure.




- The graph illustrates the budgeted debt service cost per capita for all debt. The rise in costs starting from FY 2006-07 reflects debt service payments for major projects construction. This per capita calculation is based on annual debt service costs; whereas, the debt per capita indicator on the previous and following pages reflects outstanding general government debt per capita.

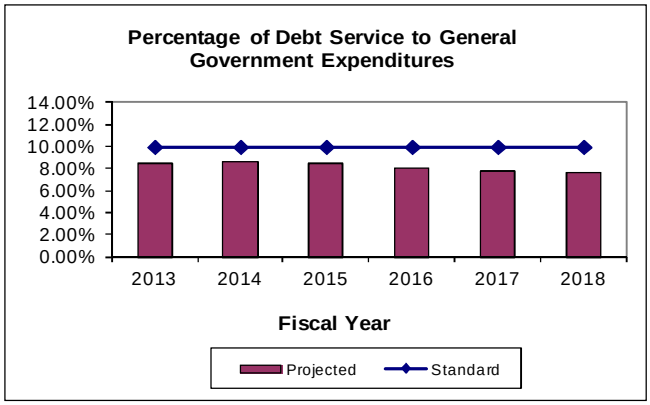
**Trends and Issues**

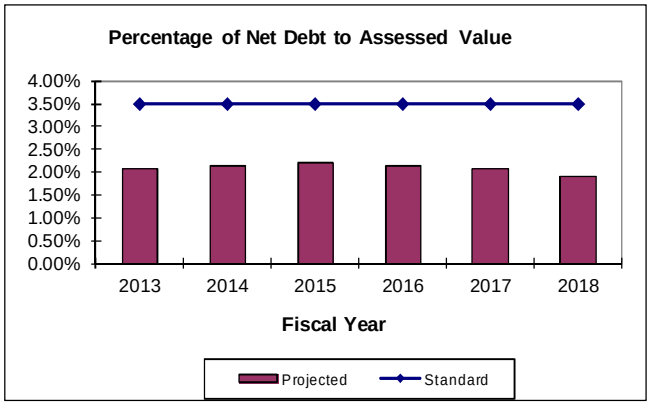
- As a reflection of its strong economic condition, Virginia Beach has been rated triple-A by all three major ratings agencies, Moody's, Standard & Poor's, and Fitch. This translates into reduced borrowing costs.
- The city has consistently taken advantage of the favorable interest rate environment to refund previously issued debt. Much of the city's bonds have already been refunded so there is not much principal remaining to be refunded, unless interest rates experience a further drop. The bond market conditions will ultimately determine if refunding is feasible.
- **Projected Debt -** The total outstanding debt for the city is projected to be $1.3 billion by June 30, 2013, as summarized in the table.

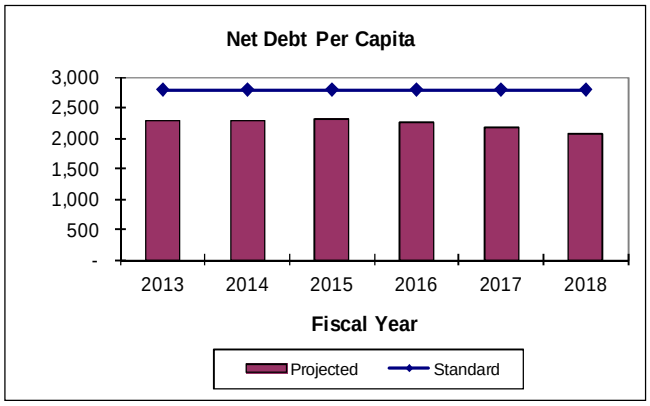
| Projected Outstanding Debt As of June 30, 2013 | | |
|---|---|---|
| **Purpose** | **Amount** | **Percent** |
| Schools | $ 320,812,861 | 24.67% |
| General Government | 735,874,038 | 56.58% |
| Utilities | 243,814,106 | 18.75% |
| **Total** | **$1,300,501,005** | **100.00%** |

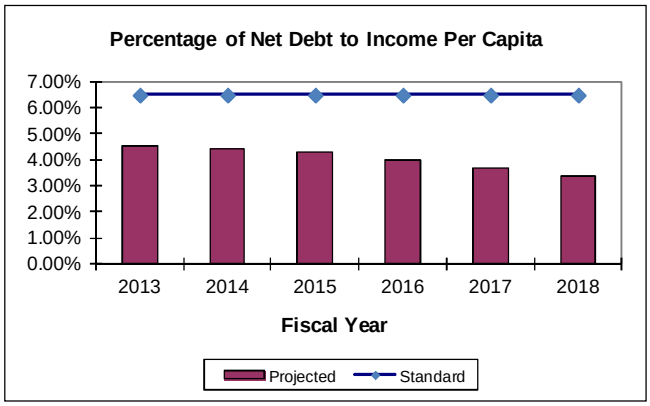
- **Legal Debt Limit -** State statute imposes on cities a legal debt margin for general obligation debt a limit of 10% of the assessed value of real property. Revenue bonds, such as those for utilities, are not subject to the state limit. Historically, the city's outstanding debt has represented only a fraction of the legal debt limit. For FY 2012-13, the city's assessed value of real property is estimated at $48.7 billion. By the end of the fiscal year, the city's projected debt amount will only be 2.1% of the total assessed value.

- **Debt Indicators -** The city uses four indicators to help in its debt management. Using data from the FY 2012-13 through FY 2017-18 Capital Improvement Program, projections of these indicators are shown on the charts. Additional information on the debt management policies of the city is found in the Financial Management section of the budget document.



- **Debt Service by Purpose -** The table illustrates the debt service by functional area. The utility amounts include water, sewer, and storm water debt. The general government amount includes all other city debt and the Agricultural Reserve Program debt.

**Debt Service By Purpose**

| Purpose | FY 2011-12 | FY 2012-13 | % Change |
|---|---|---|---|
| Schools | $ 44,812,083 | $ 44,747,986 | -0.1% |
| General Government | 83,367,724 | 88,907,509 | 6.6% |
| Utilities | 20,248,271 | 22,410,320 | 10.7% |
| **Total** | **$ 148,428,078** | **$ 156,065,815** | 5.1% |

- **Debt Service by Fund -** With the distribution of debt service among the various funds, the table lists the various funds, which have budgeted debt service. The reduction in the Parks & Recreation amount was due to a one-time Recreation Center Reserve in the previous year. A reduction in the budgeted amount needed for the purchase of zero-coupon Treasury Securities resulted in the reduction in the Agricultural Reserve Program. The increase in the Water and Sewer Enterprise debt service is a result of the $65 million revenue bonds sale in June 2010.

**Debt Service By Fund**

| Fund Name | FY 2011-12 | FY 2012-13 | % Change |
|---|---|---|---|
| General | $ 44,862,754 | $ 48,375,933 | 7.8% |
| School Operating | 44,812,083 | 44,747,986 | -0.1% |
| Parks & Recreation | 563,591 | 1,889,313 | 235.2% |
| Tourism Investment Program | 25,897,074 | 26,252,872 | 1.4% |
| Agricultural Reserve Program | 3,296,134 | 3,643,024 | 10.5% |
| Central Business District South TIF | 5,566,817 | 5,588,312 | 0.4% |
| Open Space | 2,456,342 | 2,433,043 | -0.9% |
| Water and Sewer Enterprise | 17,763,841 | 20,050,544 | 12.9% |
| Parking Enterprise | 725,012 | 725,012 | 0.0% |
| Storm Water Utility Enterprise | 2,484,430 | 2,359,776 | -5.0% |
| **Total** | **$ 148,428,078** | **$ 156,065,815** | **5.1%** |

## General Obligation Debt

The following tables show the projected debt over the next six-year period.

The City of Virginia Beach issues General Obligation Bonds for construction of schools, roadways, buildings, and other capital needs of the city. Payment of the bonds are backed by the full faith and credit of the city and paid from property taxes and other general revenues. The amounts below represent the outstanding balance of the city's general obligation debt. The beginning balance of General Obligation Bonds at the start of FY 2012-13 is projected at $615 million. As a result of principal retirements and the anticipated issuances of new debt, the balance is projected to be $664.0 million at the end of six years. Funding of $77.9 million of unallocated Charter Bond capacity is available in the six-year CIP. If the Charter Bond capacity is used, the outstanding debt reflected in this table would increase as well as the net debt per capita.

**Projection of Outstanding Debt**

| | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 | FY 18 |
|---|---|---|---|---|---|---|
| **General Obligation Bonds** | | | | | | |
| Beginning General Obligation Debt | 614,997,354 | 557,325,111 | 502,785,125 | 451,857,192 | 404,280,898 | 359,565,633 |
| Less: Principal Retirement | 57,672,243 | 54,539,986 | 50,927,933 | 47,576,294 | 44,715,265 | 41,622,024 |
| Ending General Obligaton Debt | 557,325,111 | 502,785,125 | 451,857,192 | 404,280,898 | 359,565,633 | 317,943,609 |
| Spring 2012 Issue | 65,000,000 | 61,750,000 | 58,500,000 | 55,250,000 | 52,000,000 | 48,750,000 |
| Less: Principal Retirement | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 |
| Ending General Obligaton Debt | 61,750,000 | 58,500,000 | 55,250,000 | 52,000,000 | 48,750,000 | 45,500,000 |
| Summer 2012 Issue | 6,000,000 | 5,700,000 | 5,400,000 | 5,100,000 | 4,800,000 | 4,500,000 |
| Less: Principal Retirement | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Ending General Obligaton Debt | 5,700,000 | 5,400,000 | 5,100,000 | 4,800,000 | 4,500,000 | 4,200,000 |
| Spring 2013 Issue | 63,500,000 | 63,500,000 | 60,325,000 | 57,150,000 | 53,975,000 | 50,800,000 |
| Less: Principal Retirement | - | 3,175,000 | 3,175,000 | 3,175,000 | 3,175,000 | 3,175,000 |
| Ending General Obligaton Debt | 63,500,000 | 60,325,000 | 57,150,000 | 53,975,000 | 50,800,000 | 47,625,000 |
| Spring 2014 Issue | - | 61,405,318 | 61,405,318 | 58,335,052 | 55,264,786 | 52,194,520 |
| Less: Principal Retirement | - | - | 3,070,266 | 3,070,266 | 3,070,266 | 3,070,266 |
| Ending General Obligaton Debt | - | 61,405,318 | 58,335,052 | 55,264,786 | 52,194,520 | 49,124,254 |
| Spring 2015 Issue | - | - | 65,784,145 | 65,784,145 | 62,494,938 | 59,205,731 |
| Less: Principal Retirement | - | - | - | 3,289,207 | 3,289,207 | 3,289,207 |
| Ending General Obligaton Debt | - | - | 65,784,145 | 62,494,938 | 59,205,731 | 55,916,523 |
| Spring 2016 Issue | - | - | - | 58,608,148 | 58,608,148 | 55,677,741 |
| Less: Principal Retirement | - | - | - | - | 2,930,407 | 2,930,407 |
| Ending General Obligaton Debt | - | - | - | 58,608,148 | 55,677,741 | 52,747,333 |
| Spring 2017 Issue | - | - | - | - | 54,034,524 | 54,034,524 |
| Less: Principal Retirement | - | - | - | - | - | 2,701,726 |
| Ending General Obligaton Debt | - | - | - | - | 54,034,524 | 51,332,798 |
| Spring 2018 Issue | - | - | - | - | - | 43,840,478 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending General Obligaton Debt | - | - | - | - | - | 43,840,478 |
| **Total-Outstanding Gen Obligation Debt** | **688,275,111** | **688,415,443** | **693,476,389** | **691,423,770** | **684,728,148** | **668,229,996** |

## Leases and Other Debt

Leases and Other Debt is comprised of long-term financing from Lease-Purchases, Certificates of Participation, and Public Facility Bonds. A Lease-Purchase is a contractual agreement whereby the city acquires equipment or real property through a lease from a vendor, leasing company, or another governmental entity. Certificates of Participation and Public Facility Bonds are subject to the annual appropriation of funds. The city's balance for Leases and Other Debt totals $308.0 million at the start of FY 2012-13. At the end of the six-year period, the projected balance is $269.1 million. This debt is included in the net debt per capita calculation.

**Projection of Outstanding Debt**

| | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 | FY 18 |
|---|---|---|---|---|---|---|
| **Leases and Other Debt** | | | | | | |
| Beginning Outstanding Debt | 308,072,500 | 287,322,500 | 265,580,000 | 243,170,000 | 222,525,000 | 200,830,000 |
| Less: Principal Retirement | 20,750,000 | 21,742,500 | 22,410,000 | 20,645,000 | 21,695,000 | 22,880,000 |
| Ending Outstanding Debt | 287,322,500 | 265,580,000 | 243,170,000 | 222,525,000 | 200,830,000 | 177,950,000 |
| | | | | | | |
| FY 2012 Issue | 19,486,000 | 18,511,700 | 17,537,400 | 16,563,100 | 15,588,800 | 14,614,500 |
| Less: Principal Retirement | 974,300 | 974,300 | 974,300 | 974,300 | 974,300 | 974,300 |
| Ending General Obligaton Debt | 18,511,700 | 17,537,400 | 16,563,100 | 15,588,800 | 14,614,500 | 13,640,200 |
| | | | | | | |
| FY 2013 Issue | 21,792,818 | 21,792,818 | 20,703,177 | 19,613,536 | 18,523,895 | 17,434,254 |
| Less: Principal Retirement | - | 1,089,641 | 1,089,641 | 1,089,641 | 1,089,641 | 1,089,641 |
| Ending General Obligaton Debt | 21,792,818 | 20,703,177 | 19,613,536 | 18,523,895 | 17,434,254 | 16,344,614 |
| | | | | | | |
| FY 2014 Issue | - | 34,133,989 | 34,133,989 | 32,427,290 | 30,720,590 | 29,013,891 |
| Less: Principal Retirement | - | - | 1,706,699 | 1,706,699 | 1,706,699 | 1,706,699 |
| Ending General Obligaton Debt | - | 34,133,989 | 32,427,290 | 30,720,590 | 29,013,891 | 27,307,191 |
| | | | | | | |
| FY 2015 Issue | - | - | 34,811,705 | 34,811,705 | 33,071,119 | 31,330,534 |
| Less: Principal Retirement | - | - | - | 1,740,585 | 1,740,585 | 1,740,585 |
| Ending General Obligaton Debt | - | - | 34,811,705 | 33,071,119 | 31,330,534 | 29,589,949 |
| | | | | | | |
| FY 2017 Issue | - | - | - | - | 3,470,533 | 3,470,533 |
| Less: Principal Retirement | - | - | - | - | - | 173,527 |
| Ending General Obligaton Debt | - | - | - | - | 3,470,533 | 3,297,006 |
| | | | | | | |
| **Total-Outstanding Leases & Other Debt** | **327,627,018** | **337,954,566** | **346,585,630** | **320,429,405** | **296,693,712** | **268,128,960** |

## Agricultural Reserve Program Debt

The Agricultural Reserve Program (ARP) provides funding for the city to buy development rights from landowners. The goal of the the program is to preserve and protect approximately 20,000 acres of farm and forested lands in the southern part of the city. The city has purchased zero-coupon U.S. Treasury Securities to fund the cost of development rights. For giving up their rights to development of their land, property owners will receive interest payments for 25 years, and at the end of the 25-year period, they will receive a lump sum payment, but they forego their right for development permanently. Additional information on ARP is in the operating budget section for the Agriculture department. The city's obligation for ARP is $38.4 million at the start of FY 2012-13. At the end of six years, with the anticipated purchase of additional development rights, the balance is projected at $47.4 million. Because ARP debt is regarded as self supporting (analogous to enterprise debt), this debt is not included in the net debt per capita calculation.

**Projection of Outstanding Debt**

| | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 | FY 18 |
|---|---|---|---|---|---|---|
| **Agricultural Reserve Program** | | | | | | |
| Beginning Outstanding Debt | 38,365,512 | 38,365,512 | 38,365,512 | 38,365,512 | 38,365,512 | 38,365,512 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | 38,365,512 | 38,365,512 | 38,365,512 | 38,365,512 | 38,365,512 | 38,365,512 |
| FY 12 Installment Purchase | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 |
| FY 13 Installment Purchase | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 | 1,209,629 |
| FY 14 Installment Purchase | - | 1,233,822 | 1,233,822 | 1,233,822 | 1,233,822 | 1,233,822 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | - | 1,233,822 | 1,233,822 | 1,233,822 | 1,233,822 | 1,233,822 |
| FY 15 Installment Purchase | - | - | 1,270,837 | 1,270,837 | 1,270,837 | 1,270,837 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | - | - | 1,270,837 | 1,270,837 | 1,270,837 | 1,270,837 |
| FY 16 Installment Purchase | - | - | - | 1,321,670 | 1,321,670 | 1,321,670 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | - | - | - | 1,321,670 | 1,321,670 | 1,321,670 |
| FY 17 Installment Purchase | - | - | - | - | 1,374,537 | 1,374,537 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | - | - | - | - | 1,374,537 | 1,374,537 |
| FY 18 Installment Purchase | - | - | - | - | - | 1,429,518 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | - | - | - | - | - | 1,429,518 |
| Total-Outstanding ARP Debt | 40,784,770 | 42,018,592 | 43,289,429 | 44,611,099 | 45,985,636 | 47,415,154 |

## Enterprise Funds Debt

The City has two major Enterprise funds, the Water and Sewer Enterprise Fund, and the Storm Water Enterprise Fund. Revenue bonds are issued for the expansion and maintenance of water lines, sewer lines, and the storm water system. These bonds are paid from the revenues collected from customers. The Water and Sewer debt is $172.2 million at the start of FY 2012-13. With issuances of $27 million of revenue bonds annually, the balance is projected at $300.1 million at six years. The balance for Storm Water Utility revenue bonds is $26.4 million at the start of FY 2012-13. With only one planned issuance within the six year period, the balance is projected at $14.8 after six years. Because this is revenue-supported debt, it is not included in the net debt per capita calculation.

**Projection of Outstanding Debt**

| | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 | FY 18 |
|---|---|---|---|---|---|---|
| **Water & Sewer Utility Debt** | | | | | | |
| Beginning Water & Sewer Revenue Bond | 172,210,894 | 164,959,822 | 157,163,647 | 149,070,516 | 140,728,711 | 132,026,004 |
| Less: Principal Retirement | 7,251,071 | 7,796,176 | 8,093,130 | 8,341,806 | 8,702,707 | 8,010,728 |
| Ending Outstanding Debt | 164,959,822 | 157,163,647 | 149,070,516 | 140,728,711 | 132,026,004 | 124,015,276 |
| FY 2012 Issue | 27,000,000 | 26,434,284 | 25,840,281 | 25,216,579 | 24,561,692 | 23,874,060 |
| Less: Principal Retirement | 565,716 | 594,002 | 623,702 | 654,887 | 687,632 | 722,013 |
| Ending Outstanding Debt | 26,434,284 | 25,840,281 | 25,216,579 | 24,561,692 | 23,874,060 | 23,152,047 |
| FY 2013 Issue | 27,000,000 | 27,000,000 | 26,434,284 | 25,840,281 | 25,216,579 | 24,561,692 |
| Less: Principal Retirement | - | 565,716 | 594,002 | 623,702 | 654,887 | 687,632 |
| Ending Outstanding Debt | 27,000,000 | 26,434,284 | 25,840,281 | 25,216,579 | 24,561,692 | 23,874,060 |
| FY 2014 Issue | - | 27,000,000 | 27,000,000 | 26,434,284 | 25,840,281 | 25,216,579 |
| Less: Principal Retirement | - | - | 565,716 | 594,002 | 623,702 | 654,887 |
| Ending Outstanding Debt | - | 27,000,000 | 26,434,284 | 25,840,281 | 25,216,579 | 24,561,692 |
| FY 2015 Issue | - | - | 27,000,000 | 27,000,000 | 26,434,284 | 25,840,281 |
| Less: Principal Retirement | - | - | - | 565,716 | 594,002 | 623,702 |
| Ending Outstanding Debt | - | - | 27,000,000 | 26,434,284 | 25,840,281 | 25,216,579 |
| FY 2016 Issue | - | - | - | 27,000,000 | 27,000,000 | 26,434,284 |
| Less: Principal Retirement | - | - | - | - | 565,716 | 594,002 |
| Ending Outstanding Debt | - | - | - | 27,000,000 | 26,434,284 | 25,840,281 |
| FY 2017 Issue | - | - | - | - | 27,000,000 | 27,000,000 |
| Less: Principal Retirement | - | - | - | - | - | 565,716 |
| Ending Outstanding Debt | - | - | - | - | 27,000,000 | 26,434,284 |
| FY 2018 Issue | - | - | - | - | - | 27,000,000 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending Outstanding Debt | - | - | - | - | - | 27,000,000 |
| **Total Outstanding W&S Debt** | **218,394,106** | **236,438,212** | **253,561,661** | **269,781,547** | **284,952,900** | **300,094,219** |
| **Storm Water Utility Debt** | | | | | | |
| Beginning Storm Water Bond Debt | 26,410,000 | 25,420,000 | 24,410,000 | 23,380,000 | 22,325,000 | 21,250,000 |
| Less: Principal Retirement | 990,000 | 1,010,000 | 1,030,000 | 1,055,000 | 1,075,000 | 1,095,000 |
| Ending Outstanding Debt | 25,420,000 | 24,410,000 | 23,380,000 | 22,325,000 | 21,250,000 | 20,155,000 |
| FY 2014 Issue | - | 16,300,000 | 16,300,000 | 15,958,475 | 15,599,874 | 15,223,342 |
| Less: Principal Retirement | - | - | 341,525 | 358,601 | 376,531 | 395,358 |
| Ending Outstanding Debt | - | 16,300,000 | 15,958,475 | 15,599,874 | 15,223,342 | 14,827,984 |
| **Total Outstanding SWU Utility Debt** | **25,420,000** | **40,710,000** | **39,338,475** | **37,924,874** | **36,473,342** | **34,982,984** |

The City Charter allows Virginia Beach to increase its long term general obligation by $10 million each year. As part of its Capital Improvement Program, City Council is presented with an ordinance to authorize the issuance of General Obligation Bonds equal to the amount of principal retired in a calendar year plus the additional $10 million as allowed by charter. These general obligation bonds are also known as charter bonds. The table shows the projected amounts of charter bond authorizations over a six year period. The amount for calendar year 2012 is used for FY 2012-13 bond authorization. The calendar year 2013 is used for FY 2013-14 and so forth.

**City of Virginia Beach, Virginia**
**Fiscal Years 2012-13 through 2017-18 Capital Improvement Program**
**Computation of Bonding Limits**

| CALENDAR YEAR RETIREMENT | | Year 1 2012 | Year 2 2013 | Year 3 2014 | Year 4 2015 | Year 5 2016 | Year 6 2017 | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Additional Annual Bonding Limits | | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 60,000,000 |
| Add: | | | | | | | | |
| Prior Bond Issues as of (June 30, 2011) | | | | | | | | |
| Calendar Year Principal Retirement | | 57,722,243 | 54,564,986 | 50,957,933 | 50,416,294 | 48,990,265 | 44,482,024 | 307,133,745 |
| New Bond Issues | Amount | | | | | | | |
| 2012 Bonds (Spring 2012) | 65,000,000 | 0 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 16,250,000 |
| 2012 Bonds (Summer 2012) | 6,000,000 | 0 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 1,500,000 |
| 2013 Bonds (Spring 2013) | 69,500,000 | 0 | 0 | 3,475,000 | 3,475,000 | 3,475,000 | 3,475,000 | 13,900,000 |
| 2014 Bonds (Spring 2014) | 61,405,318 | 0 | 0 | 0 | 3,070,266 | 3,070,266 | 3,070,266 | 9,210,798 |
| 2015 Bonds (Spring 2015) | 65,784,145 | 0 | 0 | 0 | 0 | 3,289,207 | 3,289,207 | 6,578,415 |
| 2016 Bonds (Spring 2016) | 58,608,148 | 0 | 0 | 0 | 0 | 0 | 2,930,407 | 2,930,407 |
| 2017 Bonds (Spring 2017) | 54,034,524 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Estimated Principal Retirement | | 57,722,243 | 58,114,986 | 57,982,933 | 60,511,560 | 62,374,738 | 60,796,905 | 357,503,365 |
| Total Bonding Limits | | 67,722,243 | 68,114,986 | 67,982,933 | 70,511,560 | 72,374,738 | 70,796,905 | 417,503,365 |
| Total Bonding Limits - Rounded | | 67,700,000 | 68,100,000 | 67,900,000 | 70,500,000 | 72,300,000 | 70,700,000 | 417,200,000 |
| Charter Bonds Allocated | | 62,447,450 | 72,391,959 | 59,176,331 | 58,039,954 | 50,029,084 | 37,651,872 | 339,736,650 |
| Total Annual Unallocated Bond Authority | | 5,252,550 | (4,291,959) | 8,723,669 | 12,460,046 | 22,270,916 | 33,048,128 | 77,463,350 |
| Prior Year Unallocated Bond Authority | | 460,523 | 0 | 0 | 0 | 0 | 0 | 460,523 |
| Cumulative Unallocated Bond Authority | | 5,713,073 | 1,421,114 | 10,144,783 | 22,604,829 | 44,875,745 | 77,923,873 | 155,847,746 |

Note: Retirement of bonds assumes the issuance of bonds with 20 year, level principal retirement with principal payments beginning one year from the date of issue. Annual bond limits are calculated on a calendar year-basis. The fiscal year identified in the heading represents the period in which they are traditionally appropriated.

**Council Amendment**

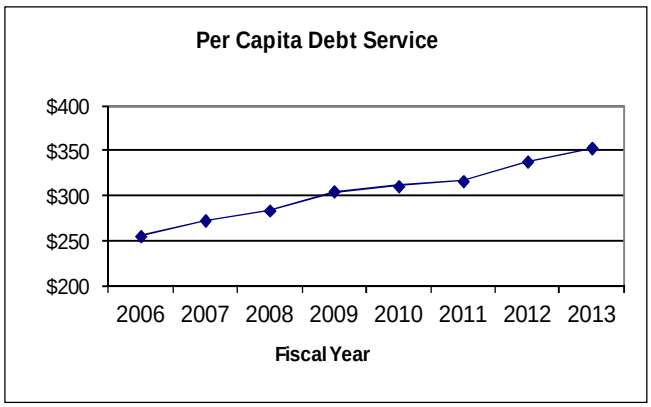
On May 8, 2012, City Council voted to reduce the budget for debt service by $292,816 as a result of a recent bond sale. In addition City Council debt funded the following projects: the Kempsville Recreation Center Modernization Project (CIP #4-509); Greenwich Road Cross Over (CIP #2-401); and Sportsplex Drive (CIP #2-421). The tables and graphs below reflect these changes.

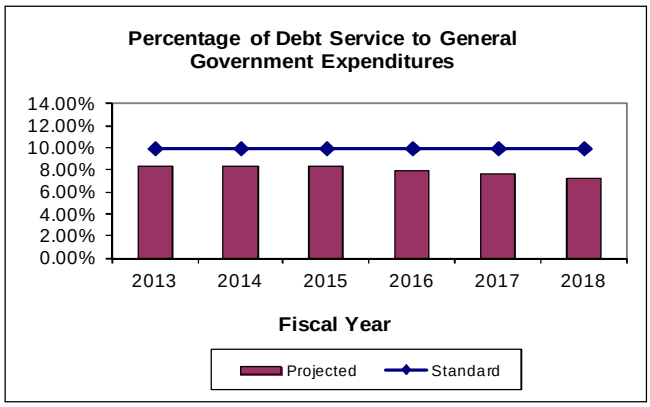
| Projection of Outstanding Debt | | | | | | |
|---|---|---|---|---|---|---|
| | **FY 13** | **FY 14** | **FY 15** | **FY 16** | **FY 17** | **FY 18** |
| **General Obligation Bonds** | | | | | | |
| Beginning General Obligation Debt | 614,997,354 | 557,325,111 | 502,785,125 | 451,857,192 | 404,280,898 | 359,565,633 |
| Less: Principal Retirement | 57,672,243 | 54,539,986 | 50,927,933 | 47,576,294 | 44,715,265 | 41,622,024 |
| Ending General Obligaton Debt | 557,325,111 | 502,785,125 | 451,857,192 | 404,280,898 | 359,565,633 | 317,943,609 |
| Spring 2012 Issue | 65,000,000 | 61,750,000 | 58,500,000 | 55,250,000 | 52,000,000 | 48,750,000 |
| Less: Principal Retirement | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 |
| Ending General Obligaton Debt | 61,750,000 | 58,500,000 | 55,250,000 | 52,000,000 | 48,750,000 | 45,500,000 |
| Summer 2012 Issue | 6,000,000 | 5,700,000 | 5,400,000 | 5,100,000 | 4,800,000 | 4,500,000 |
| Less: Principal Retirement | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Ending General Obligaton Debt | 5,700,000 | 5,400,000 | 5,100,000 | 4,800,000 | 4,500,000 | 4,200,000 |
| Spring 2013 Issue | 96,130,452 | 91,130,452 | 85,330,452 | 80,523,929 | 75,717,407 | 70,910,884 |
| Less: Principal Retirement | 5,000,000 | 5,800,000 | 4,806,523 | 4,806,523 | 4,806,523 | 4,806,523 |
| Ending General Obligaton Debt | 91,130,452 | 85,330,452 | 80,523,929 | 75,717,407 | 70,910,884 | 66,104,362 |
| Spring 2014 Issue | - | 77,391,960 | 77,391,960 | 73,522,362 | 69,652,764 | 65,783,166 |
| Less: Principal Retirement | - | - | 3,869,598 | 3,869,598 | 3,869,598 | 3,869,598 |
| Ending General Obligaton Debt | - | 77,391,960 | 73,522,362 | 69,652,764 | 65,783,166 | 61,913,568 |
| Spring 2015 Issue | - | - | 70,265,330 | 70,265,330 | 66,752,064 | 63,238,797 |
| Less: Principal Retirement | - | - | - | 3,513,267 | 3,513,267 | 3,513,267 |
| Ending General Obligaton Debt | - | - | 70,265,330 | 66,752,064 | 63,238,797 | 59,725,531 |
| Spring 2016 Issue | - | - | - | 58,039,955 | 58,039,955 | 55,137,957 |
| Less: Principal Retirement | - | - | - | - | 2,901,998 | 2,901,998 |
| Ending General Obligaton Debt | - | - | - | 58,039,955 | 55,137,957 | 52,235,960 |
| Spring 2017 Issue | - | - | - | - | 50,029,084 | 50,029,084 |
| Less: Principal Retirement | - | - | - | - | - | 2,501,454 |
| Ending General Obligaton Debt | - | - | - | - | 50,029,084 | 47,527,630 |
| Spring 2018 Issue | - | - | - | - | - | 37,651,872 |
| Less: Principal Retirement | - | - | - | - | - | - |
| Ending General Obligaton Debt | - | - | - | - | - | 37,651,872 |
| **Total-Outstanding Gen Obligation Debt** | **715,905,563** | **729,407,537** | **736,518,813** | **731,243,087** | **717,915,521** | **692,802,530** |

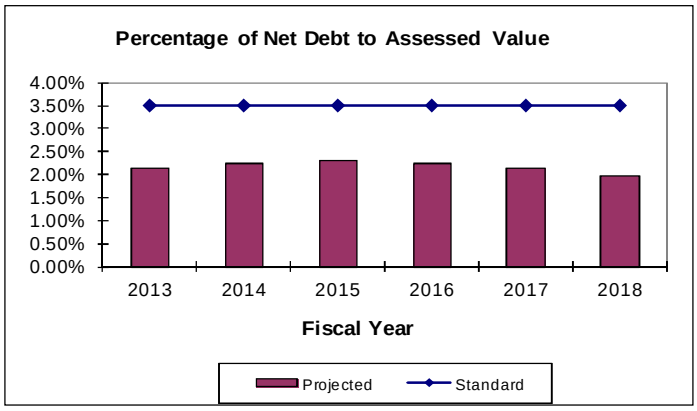
## City of Virginia Beach, Virginia
## Fiscal Years 2012-13 through 2017-18 Capital Improvement Program
## Computation of Bonding Limits

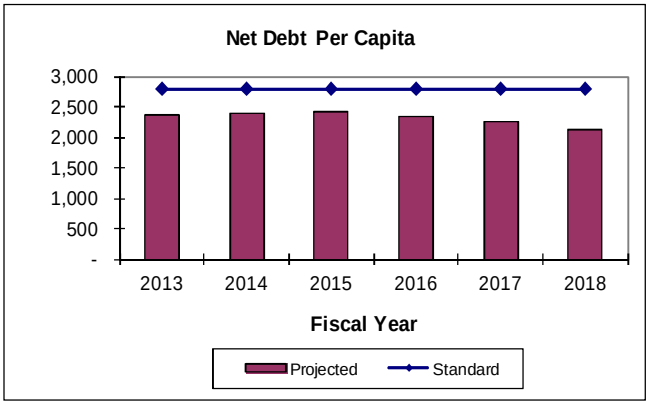
| CALENDAR YEAR RETIREMENT | | Year 1 2012 | Year 2 2013 | Year 3 2014 | Year 4 2015 | Year 5 2016 | Year 6 2017 | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Additional Annual Bonding Limits | | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 60,000,000 |
| Add: | | | | | | | | |
| Prior Bond Issues as of (June 30, 2011) | | | | | | | | |
| Calendar Year Principal Retirement | | 57,722,243 | 54,564,986 | 50,957,933 | 50,416,294 | 48,990,265 | 44,482,024 | 307,133,745 |
| New Bond Issues | Amount | | | | | | | |
| 2012 Bonds (Spring 2012) | 65,000,000 | 0 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 | 16,250,000 |
| 2012 Bonds (Summer 2012) | 6,000,000 | 0 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 1,500,000 |
| 2013 Bonds (Spring 2013) | 96,130,452 | 0 | 5,000,000 | 5,800,000 | 4,806,523 | 4,806,523 | 4,806,523 | 25,219,568 |
| 2014 Bonds (Spring 2014) | 77,391,960 | 0 | 0 | 0 | 3,869,598 | 3,869,598 | 3,869,598 | 11,608,794 |
| 2015 Bonds (Spring 2015) | 70,265,330 | 0 | 0 | 0 | 0 | 3,513,267 | 3,513,267 | 7,026,533 |
| 2016 Bonds (Spring 2016) | 58,039,955 | 0 | 0 | 0 | 0 | 0 | 2,901,998 | 2,901,998 |
| 2017 Bonds (Spring 2017) | 50,029,084 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Estimated Principal Retirement | | 57,722,243 | 63,114,986 | 60,307,933 | 62,642,415 | 64,729,652 | 63,123,409 | 371,640,638 |
| Total Bonding Limits | | 67,722,243 | 73,114,986 | 70,307,933 | 72,642,415 | 74,729,652 | 73,123,409 | 431,640,638 |
| Total Bonding Limits - Rounded | | 67,700,000 | 73,100,000 | 70,300,000 | 72,600,000 | 74,729,652 | 73,100,000 | 431,529,652 |
| Charter Bonds Allocated | | 63,868,564 | 77,391,959 | 70,265,331 | 58,039,954 | 50,029,084 | 37,651,872 | 357,246,764 |
| Total Annual Unallocated Bond Authority | | 3,831,436 | (4,291,959) | 34,669 | 14,560,046 | 24,700,568 | 35,448,128 | 74,282,888 |
| Prior Year Unallocated Bond Authority | | 460,523 | 0 | 0 | 0 | 0 | 0 | 460,523 |
| Cumulative Unallocated Bond Authority | | 4,291,959 | 0 | 34,669 | 14,594,715 | 39,295,283 | 74,743,411 | |

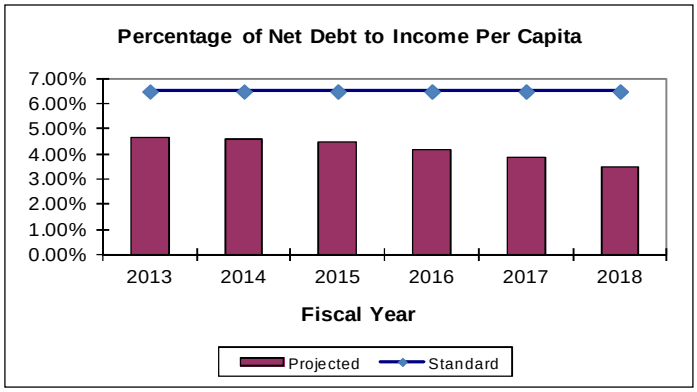
Notes: Retirement of bonds assumes the issuance of bonds with 20-year, level principal retirement with the principal payments starting one year from the date of issue. Annual bond limits are on a calendar basis. The fiscal year (FY) identified in the heading represents the period in which they are traditionally appropriated.




Percentage of Net Debt to Assessed Value
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
2013
2014
2015
2016
2017
2018
Fiscal Year
Projected
Standard


Net Debt Per Capita
3,000
2,500
2,000
1,500
1,000
500
-
2013
2014
2015
2016
2017
2018
Fiscal Year
Projected
Standard


Percentage of Net Debt to Income Per Capita
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
2013
2014
2015
2016
2017
2018
Fiscal Year
Projected
Standard

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NOTE: The last ordinance listed in the Table of Contents above has been added since the adoption of the FY 2012-13 Operating Budget on May 8, 2012. When the School Board adopted their operating budget in May, they adopted a budget that requested $307,351 less funding than approved by City Council. This added ordinance shows the new alignment of funds.

**AN ORDINANCE MAKING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2012 AND ENDING JUNE 30, 2013 IN THE SUM OF $ 1,767,701,362 FOR OPERATIONS**

WHEREAS, the City Manager has heretofore submitted an Annual Budget for the City for the fiscal year beginning July 1, 2012, and ending June 30, 2013, and it is necessary to appropriate sufficient funds to cover said budget;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

**Sec. 1.** That the amounts named aggregating $2,451,937,659 consisting of $499,905,552 in inter-fund transfers, $184,330,745 for internal service funds, and $1,767,701,362 for operations, are hereby appropriated subject to the conditions hereinafter set forth for the use of departments, and designated funds of the City government, and for the purposes hereinafter mentioned, as set forth in the Annual Operating Budget, which is hereby incorporated by reference, for the fiscal year beginning July 1, 2012, and ending June 30, 2013, a summary of which is attached to this ordinance as "Attachment A – Appropriations."

**Sec. 2.** That in accordance with Section 5.04 of the City Charter, Estimated Revenue in Support of Appropriations is set forth in said Annual Operating Budget, with a summary of Estimated Revenue in Support of Appropriations attached to this ordinance as "Attachment B – Revenues."

**Sec. 3.** With the exception of the funds under the control of the School Board, specifically the funds numbered 106, 107, 108, 109, 112, 114, 115, 116, 117, 119, 614, and 615 (hereinafter referred to as "School Board Funds"), the total number of full-time permanent positions shall be the maximum number of positions authorized for the various departments of the City during the fiscal year, except for changes or additions authorized by the Council or as hereinafter provided. The City Manager may from time to time increase or decrease the number of part-time or temporary positions provided the aggregate amount expended for such services shall not exceed the respective appropriations made therefore. The City Manager is further authorized to make such rearrangements of positions within and between the departments as may best meet the needs and interests of the City, including changes necessary to implement the employee transition program.

**Sec. 4.** To improve the effectiveness and efficiencies of the government in service delivery, the City Council hereby authorizes the City Manager or his designee to transfer appropriated funds and existing positions throughout the fiscal year as may be necessary to implement organizational adjustments that have been authorized by the City Council. Unless otherwise directed by the City Council, such organizational adjustments shall be implemented on such date or dates as the City Manager determines, in his discretion, to be necessary to guarantee a smooth and orderly transition of existing organizational functions. The City Manager shall make a report each year to the City Council identifying the status and progress of any such organizational adjustments.

**Sec. 5.** All current and delinquent collections of local taxes shall be credited to the General Fund, Special Service District Funds, Tax Increment Financing Fund or any fund to which City Council has, by ordinance, dedicated a tax levy.

**Sec. 6.** All balances of the appropriations payable out of each fund of the City Treasury at the close of business for the fiscal year ending on June 30, 2013, unless otherwise provided for, are hereby declared to be lapsed into the fund balance of the respective funds, except all appropriations to School Board Funds derived from local public sources which shall lapse and revert to the General Fund Balance, and may be used for the payment of the appropriations that may be made in the appropriation ordinance for the fiscal year beginning July 1, 2013. Prior to the expenditure of any sums that have lapsed to the fund balance of any fund, an appropriation by the City Council shall be required.

**Sec. 7.** That the City's debt management policies for the Water and Sewer Enterprise Fund shall serve as a basis for developing financial strategies for the water and sanitary sewer system based on the following guidelines: (a) for the Water and Sewer Fund, the goal of retaining working capital equal to 80% to 100% of one year's operating expense shall be pursued; (b) for the Water and Sewer Fund, the goal shall be for debt service coverage on its water and sewer revenue bonds at not less than 1.50 times and, on a combined basis, including water and sewer general obligation bonds, at no less

than 1.20 times and (c) for the Water and Sewer Fund, contributions from non-borrowed funds, on a five-year rolling average basis, will be sought for approximately 25% of the annual capital program for the water and sewer system.

**Sec. 8.** All balances of appropriations in each fund which support authorized obligations or are encumbered at the close of the business for the fiscal year ending on June 30, 2013, are hereby declared to be re-appropriated into the fiscal year beginning July 1, 2013, and estimated revenues adjusted accordingly.

**Sec. 9.** All balances of appropriations attributable to grants or other similar funding mechanism from state or federal sources and trust or gift funds, whose period of expenditure extends beyond the fiscal year ending on June 30, 2012, are hereby declared to be re-appropriated into the fiscal year beginning July 1, 2012, and estimated revenues adjusted accordingly. <u>The close-out of any grant or similar funding mechanism shall account for all expenditures in such grant, and provided there is any remaining balance in the grant, the portion of the balance attributable to local sources shall revert to the General Fund, special revenue fund, or enterprise fund that provided the local contribution.</u>

**Sec.10.** No department or agency for which appropriations are made under the provisions of this ordinance shall exceed the amount of such appropriations except with the consent and approval of the City Council first being obtained. It is expressly provided that the restrictions with respect to the expenditure of the funds appropriated shall apply only to the totals for each Appropriation Unit included in this ordinance and does not apply to Inter-fund Transfers.

**Sec.11.** The City Manager or the Director of Management Services is hereby authorized to approve transfers of appropriations in an amount up to $100,000 between any Appropriation Units included in this ordinance. The City Manager shall make a monthly report to the City Council of all transfers between $25,000 and $100,000. In addition, the City Manager may transfer, in amounts necessary, appropriations from all Reserves for Contingencies except Reserve for Contingencies – Regular, within the intent of the Reserve as approved by City Council.

**Sec. 12.** The City Manager or the Director of Management Services is hereby authorized to establish and administer budgeting within Appropriation Units consistent with best management practices, reporting requirements, and the programs and services adopted by the City Council. The City Manager or the Director of Management Services is further authorized to establish administrative directives to provide additional management oversight and control to ensure the integrity of the City's budget.

**Sec. 13.** The City Manager or the Director of Management Services is hereby authorized to change the Estimated Revenues included in this ordinance to reflect expected collections. If the Estimated Revenue in support of an Operating Appropriation Unit declines, the City Manager or the Director of Management Services is hereby authorized to reduce, subject to any other provision of law, those appropriations to equal the decline in Estimated Revenue. The City Manager shall give prior notice to the City Council of any reduction to total appropriations exceeding $100,000. The notice to City Council shall identify the basis and amount of the appropriation reduction and the Appropriation Units affected. The accounting records of the City will be maintained in a manner that the total of Estimated Revenue is equal to the total of the Appropriation Units for each of the City's funds. The City Manager or the Director of Management Services is hereby authorized to transfer any excess appropriations to the Reserve for Contingencies after all anticipated expenditures for which those funds were appropriated have been incurred. Nothing in this section shall be construed as authorizing any reduction to be made in the amount appropriated in this ordinance for the payment of interest or principal on the bonded debt of the City Government.

**Sec. 14.** Allowances made from the appropriations made in this ordinance by any or all of the City departments, bureaus, or agencies, to any of their officers and employees for expenses on account of the use by such officers and employees of their personal automobiles in the discharge of their official duties shall not exceed forty two cents ($0.42) per mile of actual travel for the first 15,000 miles and fifteen cents ($0.15) per mile for additional miles of such use within the fiscal year.

**Sec. 15.** In the event of an emergency and under emergency circumstances wherein the City Council cannot reasonably hold a meeting, the City Manager is authorized to transfer and expend appropriated sums from any budget account to ensure that the emergency is handled as efficiently and expeditiously as possible. Immediately following the expenditure

of funds under this provision, and as soon as the City Council can reasonably meet under the existing circumstances, the City Manager shall notify the City Council of the reason for such action, how funds were expended, and present to the City Council for adoption an emergency appropriations ordinance that sets forth what measures are required to ensure that funds are forthwith restored to the appropriate accounts and that the budget is balanced at the end of the fiscal year in which the emergency expenditures occurred.

An emergency is defined for the purposes of this provision as an event that could not have been reasonably foreseen at the time of the adoption of the budget, and in which (i) an immediate threat to the public health, safety or welfare is involved, such as clean-up after a hurricane, and/or (ii) immediate action is required to protect or preserve public properties.

**Sec. 16.** All travel expense accounts shall be submitted on forms approved by the Director of Finance and according to regulations approved by the City Council. Each account shall show the dates expenses were incurred or paid; number of miles traveled; method of travel; hotel expenses; meals; and incidental expenses. The Director of Finance is specifically directed to withhold the issuance of checks in the event expense accounts are submitted for "lump-sum" amounts.

**Sec. 17.** The City Manager is hereby authorized to allocate funding, within the aggregate amounts approved by City Council for total compensation, to implement the General Assembly mandated changes to the Virginia Retirement System ("VRS") that require all full-time City employees hired before July 1, 2010 to pay one percent (1%) of their salaries to the VRS to be offset by a pay increase of one percent (1%).

**Sec. 18.** That the City Manager or his designee is hereby authorized to implement the organizational and financial adjustments necessary to eliminate the Print Shop Internal Service Fund. Any funds provided to the Print Shop Internal Service Fund that are unobligated and unencumbered at the close of business on June 30, 2012, shall lapse and such lapsed funds shall be transferred to the fund balance of the General Fund.

**Sec. 19.** That the City Manager or his designee is hereby authorized to implement the organizational and financial adjustments necessary to functions of the Office of the Real Estate Assessor and the Commissioner of the Revenue in the following manner:

a. The Commissioner of the Revenue will be the City Manager's designee for the processing of applications for the Real Estate Tax Relief for the Elderly and Disabled Persons Program and the recently enacted tax exemption for service disabled veterans;
b. Two FTEs are transferred from the Office of the Real Estate Assessor to the Commissioner of the Revenue to execute the above subsection;
c. The duties for the processing of the land book are transferred from the Commissioner of the Revenue to the Office of the Real Estate Assessor;
d. Funding in the amount of $178,500 is provided for the delivery of the services in the above subsections.

**Sec. ~~17~~20.** Violation of this ordinance may result in disciplinary action by the City Manager against the person or persons responsible for the management of the Appropriation Unit in which the violation occurred.

~~**Sec. 18.** Funds in the amount of $3,600,000 are hereby transferred from the fund balance of the General Fund and $1,500,000 from the fund balance of the Emergency FEMA Fund are hereby transferred to the fund balance of the Risk Management Internal Service Fund effective on June 30, 2011.~~

~~**Sec. 19.** Funds in the amount of $14,500,000 are hereby transferred from the fund balance of the School Risk Management Internal Service Fund to the fund balance of the General Fund effective on June 30, 2011.~~

**Sec. ~~20~~21.** ~~With the exception of Sections 18 and 19, t~~This ordinance shall be effective on July 1, 2012.

**Sec. ~~21~~22.** If any part of this ordinance is for any reason declared to be unconstitutional or invalid, such decision shall not affect the validity of the remaining parts of this ordinance.

Adopted by the Council of the City of Virginia Beach, Virginia, on this the 8th day of May, 2012.

*Requires an affirmative vote by a majority of all the members of City Council.*

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment A - Appropriations

| | FY 2012-13 Adopted |
|---|---|
| **002 General Fund** | |
| Agriculture | 757,224 |
| Benefits Administration | 662,283 |
| Board of Equalization | 15,846 |
| Circuit Court | 1,034,008 |
| City Attorney | 3,819,468 |
| City Auditor | 623,735 |
| City Clerk | 576,749 |
| City Manager | 2,658,037 |
| City Real Estate Assessor | 3,175,280 |
| City Treasurer | 5,111,193 |
| Clerk of the Circuit Court | 3,041,507 |
| Commissioner of the Revenue | 4,035,389 |
| Commonwealth's Attorney | 7,491,148 |
| Communications and Information Technology | 22,842,774 |
| Community Organization Grants | 426,343 |
| Convention and Visitor Bureau | 8,839,297 |
| Cultural Affairs | 2,358,924 |
| Debt Service | 48,083,117 |
| Director of Finance | 4,939,761 |
| Economic Development | 2,561,326 |
| Emergency Communications and Citizen Services | 10,453,477 |
| Emergency Medical Services | 7,726,688 |
| Employee Special Benefits | 5,266,655 |
| Fire | 44,588,074 |
| General District Court | 359,618 |
| General Registrar | 1,378,340 |
| Health | 2,991,428 |
| Housing and Neighborhood Preservation | 1,680,366 |
| Human Resources | 4,291,809 |
| Human Services | 106,030,865 |
| Independent Financial Services | 153,878 |
| Juvenile and Domestic Relations District Court | 137,438 |
| Juvenile Probation | 1,781,767 |
| Leases | 1,673,225 |
| Library | 17,392,209 |
| Magistrates | 95,514 |
| Management Services | 1,514,382 |
| Mass Transit Operations | 4,472,679 |
| Municipal Council | 545,118 |
| Museums | 10,039,310 |
| Parks and Recreation | 13,233,825 |
| Planning | 9,969,591 |
| Police | 92,000,136 |
| Public Works | 63,639,425 |
| Regional Participation | 1,993,213 |
| Reserve for Contingencies | 2,927,122 |
| Revenue Reimbursements | 15,957,439 |
| Strategic Growth Area | 952,992 |
| Transfer to Other Funds | 439,453,041 |
| Vehicle Replacements | 5,111,914 |
| Fund 002 Appropriation Totals | 990,864,947 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment A - Appropriations

| | FY 2012-13 Adopted |
|---|---|
| **098 School Reserve Special Revenue Fund** | |
| Transfer to Other Funds | 11,000,000 |
| Fund 098 Appropriation Totals | 11,000,000 |
| **106 School Technology Category Special Revenue Fund** | |
| Technology | 26,338,973 |
| Fund 106 Appropriation Totals | 26,338,973 |
| **107 School Equipment Replacement Special Revenue Fund** | |
| Reserve for Contingencies | 902,602 |
| Fund 107 Appropriation Totals | 902,602 |
| **109 School Vending Operations Fund** | |
| Athletic | 329,561 |
| Fund 109 Appropriation Totals | 329,561 |
| **112 School Communication Tower Technology Fund** | |
| Instructional Technology | 600,000 |
| Fund 112 Appropriation Totals | 600,000 |
| **114 School Cafeteria Fund** | |
| Cafeteria | 28,343,127 |
| Fund 114 Appropriation Totals | 28,343,127 |
| **115 School Operating Fund** | |
| Administration, Attendance, and Health | 21,434,692 |
| City Manager Adjustment | -3,728,043 |
| Debt Service | 44,747,986 |
| Instruction | 522,820,730 |
| Operations and Maintenance | 87,242,879 |
| Pupil Transportation | 30,154,558 |
| Fund 115 Appropriation Totals | 702,672,802 |
| **116 School Grants Fund** | |
| Grants | 68,578,220 |
| Fund 116 Appropriation Totals | 68,578,220 |
| **117 School Textbook Fund** | |
| Textbook | 15,117,601 |
| Fund 117 Appropriation Totals | 15,117,601 |
| **119 School Athletic Special Revenue Fund** | |
| Athletic | 4,941,085 |
| Fund 119 Appropriation Totals | 4,941,085 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment A - Appropriations

| | | FY 2012-13 Adopted |
|---|---|---|
| **130 Law Library Fund** | | |
| Library | | 224,869 |
| Reserve for Contingencies | | 2,329 |
| Transfer to Other Funds | | 57,252 |
| | Fund 130 Appropriation Totals | 284,450 |
| **142 DEA Seized Property Special Revenue Fund** | | |
| Commonwealth's Attorney | | 200,000 |
| | Fund 142 Appropriation Totals | 200,000 |
| **144 Waste Management Special Revenue Fund** | | |
| Public Works | | 41,455,404 |
| | Fund 144 Appropriation Totals | 41,455,404 |
| **147 Federal Section 8 Program Special Revenue Fund** | | |
| Housing and Neighborhood Preservation | | 17,474,801 |
| | Fund 147 Appropriation Totals | 17,474,801 |
| **149 Sheriff's Department Special Revenue Fund** | | |
| Sheriff and Corrections | | 38,935,820 |
| Transfer to Other Funds | | 24,551 |
| | Fund 149 Appropriation Totals | 38,960,371 |
| **151 Parks and Recreation Special Revenue Fund** | | |
| Debt Service | | 1,889,313 |
| Future C.I.P. Commitments | | 1,597,465 |
| Parks and Recreation | | 28,364,155 |
| Public Works | | 2,772,645 |
| Transfer to Other Funds | | 2,573,615 |
| | Fund 151 Appropriation Totals | 37,197,193 |
| **152 Tourism Investment Program Fund** | | |
| Convention and Visitor Bureau | | 100,000 |
| Cultural Affairs | | 50,500 |
| Debt Service | | 26,252,872 |
| Mass Transit Operations | | 590,000 |
| Parks and Recreation | | 275,485 |
| Public Works | | 915,684 |
| Strategic Growth Area | | 3,522,454 |
| Transfer to Other Funds | | 4,326,391 |
| | Fund 152 Appropriation Totals | 36,033,386 |
| **157 Sandbridge Special Service District Spec Rev Fd** | | |
| Transfer to Other Funds | | 4,804,405 |
| | Fund 157 Appropriation Totals | 4,804,405 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment A - Appropriations

| | FY 2012-13 Adopted |
|---|---|
| **161 Agriculture Reserve Program Special Revenue Fund** | |
| Agriculture | 215,950 |
| Debt Service | 3,643,024 |
| Reserve for Contingencies | 477,652 |
| Fund 161 Appropriation Totals | 4,336,626 |
| **163 Tourism Advertising Program Special Revenue Fund** | |
| Convention and Visitor Bureau | 10,084,811 |
| Transfer to Other Funds | 56,838 |
| Fund 163 Appropriation Totals | 10,141,649 |
| **166 Sandbridge Tax Increment Financing Fund** | |
| Future C.I.P. Commitments | 7,113,616 |
| Fund 166 Appropriation Totals | 7,113,616 |
| **169 Central Business District-South TIF (Twn Cntr) Fd** | |
| Debt Service | 5,588,312 |
| Transfer to Other Funds | 150,000 |
| Fund 169 Appropriation Totals | 5,738,312 |
| **172 Open Space Special Revenue Fund** | |
| Debt Service | 2,433,043 |
| Parks and Recreation | 490,838 |
| Public Works | 15,300 |
| Transfer to Other Funds | 2,026,724 |
| Fund 172 Appropriation Totals | 4,965,905 |
| **174 Town Center Special Service District** | |
| Parks and Recreation | 29,367 |
| Town Center Special Tax District | 1,580,361 |
| Transfer to Other Funds | 337,197 |
| Fund 174 Appropriation Totals | 1,946,925 |
| **180 Community Development Special Revenue Fund** | |
| Housing and Neighborhood Preservation | 2,058,899 |
| Transfer to Other Funds | 128,858 |
| Fund 180 Appropriation Totals | 2,187,757 |
| **181 CD Loan and Grant Fund** | |
| Housing and Neighborhood Preservation | 595,488 |
| Fund 181 Appropriation Totals | 595,488 |
| **182 Federal Housing Assistance Grant Fund** | |
| Housing and Neighborhood Preservation | 899,400 |
| Fund 182 Appropriation Totals | 899,400 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment A - Appropriations

| | | FY 2012-13 Adopted |
|---|---|---|
| **183 Grants Consolidated Fund** | | |
| Commonwealth's Attorney | | 333,680 |
| Emergency Medical Services | | 375,000 |
| Fire | | 757,260 |
| Housing and Neighborhood Preservation | | 1,281,227 |
| Human Services | | 1,677,882 |
| Police | | 75,866 |
| Public Works | | 15,000 |
| Reserve for Contingencies | | 100,000 |
| Transfer to Other Funds | | 400,000 |
| | Fund 183 Appropriation Totals | 5,015,915 |
| **241 Water and Sewer Fund** | | |
| Debt Service | | 20,050,544 |
| Public Utilities | | 75,674,801 |
| Reserve for Contingencies | | 1,072,393 |
| Transfer to Other Funds | | 18,249,158 |
| | Fund 241 Appropriation Totals | 115,046,896 |
| **253 Parking Enterprise Fund** | | |
| Debt Service | | 725,012 |
| Reserve for Contingencies | | 282,477 |
| Strategic Growth Area | | 1,631,798 |
| Transfer to Other Funds | | 433,428 |
| | Fund 253 Appropriation Totals | 3,072,715 |
| **255 Storm Water Utility Enterprise Fund** | | |
| Debt Service | | 2,359,776 |
| Public Works | | 16,183,127 |
| Reserve for Contingencies | | 220,000 |
| Transfer to Other Funds | | 15,764,934 |
| | Fund 255 Appropriation Totals | 34,527,837 |
| **310 Old Donation Creek Area Dredging SSD** | | |
| Transfer to Other Funds | | 68,652 |
| | Fund 310 Appropriation Totals | 68,652 |
| **311 Bayville Creek Neighborhood Dredging SSD Fund** | | |
| Transfer to Other Funds | | 50,508 |
| | Fund 311 Appropriation Totals | 50,508 |
| **540 General Government Capital Projects Fund** | | |
| Building Capital Projects | | 965,000 |
| Coastal Capital Projects | | 6,138,895 |
| Communications and Information Technology Projects | | 560,329 |
| Economic and Tourism Development Capital Projects | | 5,824,859 |
| Parks and Recreation Capital Projects | | 7,373,332 |
| Roadways Capital Projects | | 2,590,000 |
| | Fund 540 Appropriation Totals | 23,452,415 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment A - Appropriations

| | | FY 2012-13 Adopted |
|---|---|---|
| **541 Water and Sewer Capital Projects Fund** | | |
| Water and Sewer Capital Projects | | 8,000,000 |
| | Fund 541 Appropriation Totals | 8,000,000 |
| **555 Storm Water Capital Projects Fund** | | |
| Storm Water Capital Projects | | 14,202,870 |
| | Fund 555 Appropriation Totals | 14,202,870 |
| **606 City Garage Internal Service Fund** | | |
| Public Works | | 10,646,769 |
| | Fund 606 Appropriation Totals | 10,646,769 |
| **607 Risk Management Internal Service Fund** | | |
| Director of Finance | | 11,071,818 |
| | Fund 607 Appropriation Totals | 11,071,818 |
| **610 Capital Projects Internal Service Fund** | | |
| Communications and Information Technology | | 197,364 |
| Director of Finance | | 164,434 |
| Economic Development | | 80,671 |
| Public Works | | 283,348 |
| | Fund 610 Appropriation Totals | 725,817 |
| **613 School Landscaping Internal Service Fund** | | |
| Parks and Recreation | | 3,676,911 |
| | Fund 613 Appropriation Totals | 3,676,911 |
| **614 School Risk Management Fund** | | |
| School Risk Management | | 11,488,946 |
| | Fund 614 Appropriation Totals | 11,488,946 |
| **615 City and School Health Insurance Fund** | | |
| City and School Health Insurance | | 132,851,160 |
| | Fund 615 Appropriation Totals | 132,851,160 |
| **616 Fuels Internal Service Fund** | | |
| Public Works | | 7,009,359 |
| | Fund 616 Appropriation Totals | 7,009,359 |
| **620 Telecommunications Internal Service Fund** | | |
| Communications and Information Technology | | 2,807,772 |
| Reserve for Contingencies | | 447,320 |
| | Fund 620 Appropriation Totals | 3,255,092 |
| **621 Subscriptions Internal Service Fund** | | |
| Communications and Information Technology | | 2,606,092 |
| Reserve for Contingencies | | 998,781 |
| | Fund 621 Appropriation Totals | 3,604,873 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment A - Appropriations

| | | FY 2012-13 Adopted |
|---|---|---|
| **908 City Beautification Fund** | | |
| Parks and Recreation | | 72,500 |
| | Fund 908 Appropriation Totals | 72,500 |
| **909 Library Gift Fund** | | |
| Library | | 7,000 |
| | Fund 909 Appropriation Totals | 7,000 |
| **910 Parking Meters - Homeless Donation Fund** | | |
| Housing and Neighborhood Preservation | | 10,000 |
| | Fund 910 Appropriation Totals | 10,000 |
| **911 Parks and Recreation Gift Fund** | | |
| Parks and Recreation | | 55,000 |
| | Fund 911 Appropriation Totals | 55,000 |
| Total Budget Appropriations | | 2,451,937,659 |
| Less Internal Service Funds | | 184,330,745 |
| Less Interfund Transfers | | 499,905,552 |
| NET BUDGET APPROPRIATIONS | | 1,767,701,362 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment B - Revenue

| | FY 2012-13 Adopted |
|---|---|
| **002 General Fund** | |
| Revenue From Local Sources | |
| Automobile License | 9,627,435 |
| Business License | 42,423,932 |
| Charges for Services | 34,175,279 |
| Cigarette Tax | 11,218,625 |
| Fines and Forfeitures | 6,043,373 |
| From the Use of Money and Property | 5,095,499 |
| General Sales Tax | 54,098,252 |
| Hotel Room Tax | 5,622,146 |
| Miscellaneous Revenue | 6,062,974 |
| Other Taxes | 16,690,556 |
| Permits, Privilege Fees, and Regulatory Licenses | 4,476,243 |
| Personal Property | 132,412,895 |
| Real Estate | 438,975,636 |
| Restaurant Meal Tax | 35,146,135 |
| Utility Tax | 44,979,473 |
| Revenue from the Commonwealth | |
| Other Sources from the Commonwealth | 91,966,749 |
| Revenue from the Federal Government | 16,730,201 |
| Specific Fund Reserves | 21,087,917 |
| Transfers from Other Funds | 14,031,627 |
| Fund 002 Revenue Totals | 990,864,947 |
| **098 School Reserve Special Revenue Fund** | |
| Specific Fund Reserves | 11,000,000 |
| Fund 098 Revenue Totals | 11,000,000 |
| **106 School Technology Category Special Revenue Fund** | |
| Transfers from Other Funds | 26,338,973 |
| Fund 106 Revenue Totals | 26,338,973 |
| **107 School Equipment Replacement Special Revenue Fund** | |
| Specific Fund Reserves | 902,602 |
| Fund 107 Revenue Totals | 902,602 |
| **109 School Vending Operations Fund** | |
| Revenue From Local Sources | |
| Miscellaneous Revenue | 192,550 |
| Specific Fund Reserves | 137,011 |
| Fund 109 Revenue Totals | 329,561 |
| **112 School Communication Tower Technology Fund** | |
| Revenue From Local Sources | |
| From the Use of Money and Property | 260,000 |
| Specific Fund Reserves | 340,000 |
| Fund 112 Revenue Totals | 600,000 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment B - Revenue

| | FY 2012-13 Adopted |
|---|---|
| **114 School Cafeteria Fund** | |
| Revenue From Local Sources | |
| Charges for Services | 14,030,889 |
| From the Use of Money and Property | 8,091 |
| Miscellaneous Revenue | 130,000 |
| Revenue from the Commonwealth | |
| Other Sources from the Commonwealth | 485,000 |
| Revenue from the Federal Government | 13,361,841 |
| Specific Fund Reserves | 327,306 |
| Fund 114 Revenue Totals | 28,343,127 |
| **115 School Operating Fund** | |
| Revenue From Local Sources | |
| Charges for Services | 2,183,837 |
| From the Use of Money and Property | 465,000 |
| Miscellaneous Revenue | 657,000 |
| Revenue from the Commonwealth | |
| Other Sources from the Commonwealth | 241,055,084 |
| State Shared Sales Tax | 69,064,589 |
| Revenue from the Federal Government | 17,141,085 |
| Transfers from Other Funds | 372,106,207 |
| Fund 115 Revenue Totals | 702,672,802 |
| **116 School Grants Fund** | |
| Revenue From Local Sources | |
| Miscellaneous Revenue | 3,274,643 |
| Revenue from the Commonwealth | |
| Other Sources from the Commonwealth | 15,446,303 |
| Revenue from the Federal Government | 49,857,274 |
| Fund 116 Revenue Totals | 68,578,220 |
| **117 School Textbook Fund** | |
| Revenue From Local Sources | |
| From the Use of Money and Property | 100,000 |
| Miscellaneous Revenue | 10,000 |
| Revenue from the Commonwealth | |
| Other Sources from the Commonwealth | 3,790,074 |
| Specific Fund Reserves | 11,217,527 |
| Fund 117 Revenue Totals | 15,117,601 |
| **119 School Athletic Special Revenue Fund** | |
| Revenue From Local Sources | |
| Charges for Services | 489,000 |
| From the Use of Money and Property | 45,000 |
| Miscellaneous Revenue | 4,197,085 |
| Specific Fund Reserves | 210,000 |
| Fund 119 Revenue Totals | 4,941,085 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment B - Revenue

| | | FY 2012-13 Adopted |
|---|---|---|
| **130 Law Library Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 270,000 |
| From the Use of Money and Property | | 4,450 |
| Specific Fund Reserves | | 10,000 |
| | Fund 130 Revenue Totals | 284,450 |
| **142 DEA Seized Property Special Revenue Fund** | | |
| Specific Fund Reserves | | 200,000 |
| | Fund 142 Revenue Totals | 200,000 |
| **144 Waste Management Special Revenue Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 26,345,070 |
| From the Use of Money and Property | | 125,000 |
| Permits, Privilege Fees, and Regulatory Licenses | | 175,000 |
| Revenue from the Commonwealth | | |
| Other Sources from the Commonwealth | | 35,390 |
| Transfers from Other Funds | | 14,774,944 |
| | Fund 144 Revenue Totals | 41,455,404 |
| **147 Federal Section 8 Program Special Revenue Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 20,733 |
| Miscellaneous Revenue | | 32,000 |
| Revenue from the Federal Government | | 16,986,704 |
| Specific Fund Reserves | | 192,591 |
| Transfers from Other Funds | | 242,773 |
| | Fund 147 Revenue Totals | 17,474,801 |
| **149 Sheriff's Department Special Revenue Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 4,422,511 |
| From the Use of Money and Property | | 17,500 |
| Miscellaneous Revenue | | 10,000 |
| Revenue from the Commonwealth | | |
| Other Sources from the Commonwealth | | 17,359,747 |
| Revenue from the Federal Government | | 1,149,750 |
| Specific Fund Reserves | | 1,255,833 |
| Transfers from Other Funds | | 14,745,030 |
| | Fund 149 Revenue Totals | 38,960,371 |

## Attachment B - Revenue

| | FY 2012-13 Adopted |
|---|---|
| **151 Parks and Recreation Special Revenue Fund** | |
| Revenue From Local Sources | |
| Charges for Services | 12,938,096 |
| From the Use of Money and Property | 1,477,888 |
| Miscellaneous Revenue | 2,500 |
| Permits, Privilege Fees, and Regulatory Licenses | 700 |
| Real Estate | 16,749,009 |
| Revenue from the Commonwealth | |
| Other Sources from the Commonwealth | 26,000 |
| Specific Fund Reserves | 526,082 |
| Transfers from Other Funds | 5,476,918 |
| Fund 151 Revenue Totals | 37,197,193 |
| **152 Tourism Investment Program Fund** | |
| Revenue From Local Sources | |
| Amusement Tax | 5,800,563 |
| Cigarette Tax | 934,885 |
| Fines and Forfeitures | 776,000 |
| From the Use of Money and Property | 593,277 |
| Hotel Room Tax | 14,333,141 |
| Permits, Privilege Fees, and Regulatory Licenses | 90,000 |
| Restaurant Meal Tax | 10,604,887 |
| Specific Fund Reserves | 2,650,633 |
| Transfers from Other Funds | 250,000 |
| Fund 152 Revenue Totals | 36,033,386 |
| **157 Sandbridge Special Service District Spec Rev Fd** | |
| Revenue From Local Sources | |
| From the Use of Money and Property | 7,100 |
| Hotel Room Tax | 1,306,790 |
| Real Estate | 581,621 |
| Specific Fund Reserves | 631,522 |
| Transfers from Other Funds | 2,277,372 |
| Fund 157 Revenue Totals | 4,804,405 |
| **161 Agriculture Reserve Program Special Revenue Fund** | |
| Revenue From Local Sources | |
| Real Estate | 4,336,626 |
| Fund 161 Revenue Totals | 4,336,626 |
| **163 Tourism Advertising Program Special Revenue Fund** | |
| Revenue From Local Sources | |
| Charges for Services | 201,970 |
| From the Use of Money and Property | 42,730 |
| Hotel Room Tax | 4,846,444 |
| Miscellaneous Revenue | 48,200 |
| Restaurant Meal Tax | 5,002,305 |
| Fund 163 Revenue Totals | 10,141,649 |

## Attachment B - Revenue

| | | FY 2012-13 Adopted |
|---|---|---|
| **166 Sandbridge Tax Increment Financing Fund** | | |
| Revenue From Local Sources | | |
| From the Use of Money and Property | | 15,300 |
| Real Estate | | 7,098,316 |
| | Fund 166 Revenue Totals | 7,113,616 |
| **169 Central Business District-South TIF (Twn Cntr) Fd** | | |
| Revenue From Local Sources | | |
| From the Use of Money and Property | | 3,000 |
| Hotel Room Tax | | 500,000 |
| Real Estate | | 4,976,213 |
| Specific Fund Reserves | | 259,099 |
| | Fund 169 Revenue Totals | 5,738,312 |
| **172 Open Space Special Revenue Fund** | | |
| Revenue From Local Sources | | |
| From the Use of Money and Property | | 14,560 |
| Restaurant Meal Tax | | 4,402,029 |
| Specific Fund Reserves | | 549,316 |
| | Fund 172 Revenue Totals | 4,965,905 |
| **174 Town Center Special Service District** | | |
| Revenue From Local Sources | | |
| From the Use of Money and Property | | 2,600 |
| Real Estate | | 1,476,231 |
| Specific Fund Reserves | | 318,094 |
| Transfers from Other Funds | | 150,000 |
| | Fund 174 Revenue Totals | 1,946,925 |
| **180 Community Development Special Revenue Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 70,000 |
| Revenue from the Federal Government | | 1,405,417 |
| Transfers from Other Funds | | 712,340 |
| | Fund 180 Revenue Totals | 2,187,757 |
| **181 CD Loan and Grant Fund** | | |
| Non-Revenue Receipts | | 100,000 |
| Revenue from the Federal Government | | 370,488 |
| Transfers from Other Funds | | 125,000 |
| | Fund 181 Revenue Totals | 595,488 |
| **182 Federal Housing Assistance Grant Fund** | | |
| Non-Revenue Receipts | | 70,000 |
| Revenue from the Federal Government | | 829,400 |
| | Fund 182 Revenue Totals | 899,400 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment B - Revenue

| | | FY 2012-13 Adopted |
|---|---|---|
| **183 Grants Consolidated Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 39,735 |
| Revenue from the Commonwealth | | |
| Other Sources from the Commonwealth | | 2,953,917 |
| Revenue from the Federal Government | | 1,498,154 |
| Transfers from Other Funds | | 524,109 |
| | Fund 183 Revenue Totals | 5,015,915 |
| **241 Water and Sewer Fund** | | |
| Non-Revenue Receipts | | 2,665,095 |
| Revenue From Local Sources | | |
| Charges for Services | | 108,727,428 |
| From the Use of Money and Property | | 559,447 |
| Miscellaneous Revenue | | 330,218 |
| Revenue from the Federal Government | | 1,017,733 |
| Specific Fund Reserves | | 1,088,296 |
| Transfers from Other Funds | | 658,679 |
| | Fund 241 Revenue Totals | 115,046,896 |
| **253 Parking Enterprise Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 3,050,215 |
| From the Use of Money and Property | | 22,500 |
| | Fund 253 Revenue Totals | 3,072,715 |
| **255 Storm Water Utility Enterprise Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 32,278,283 |
| From the Use of Money and Property | | 125,000 |
| Revenue from the Federal Government | | 288,259 |
| Transfers from Other Funds | | 1,836,295 |
| | Fund 255 Revenue Totals | 34,527,837 |
| **310 Old Donation Creek Area Dredging SSD** | | |
| Revenue From Local Sources | | |
| Real Estate | | 68,652 |
| | Fund 310 Revenue Totals | 68,652 |
| **311 Bayville Creek Neighborhood Dredging SSD Fund** | | |
| Revenue From Local Sources | | |
| Real Estate | | 50,508 |
| | Fund 311 Revenue Totals | 50,508 |
| **540 General Government Capital Projects Fund** | | |
| Transfers from Other Funds | | 23,452,415 |
| | Fund 540 Revenue Totals | 23,452,415 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment B - Revenue

| | | FY 2012-13 Adopted |
|---|---|---|
| **541 Water and Sewer Capital Projects Fund** | | |
| Transfers from Other Funds | | 8,000,000 |
| | Fund 541 Revenue Totals | 8,000,000 |
| **555 Storm Water Capital Projects Fund** | | |
| Transfers from Other Funds | | 14,202,870 |
| | Fund 555 Revenue Totals | 14,202,870 |
| **606 City Garage Internal Service Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 10,616,769 |
| Miscellaneous Revenue | | 30,000 |
| | Fund 606 Revenue Totals | 10,646,769 |
| **607 Risk Management Internal Service Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 11,026,818 |
| From the Use of Money and Property | | 30,000 |
| Miscellaneous Revenue | | 15,000 |
| | Fund 607 Revenue Totals | 11,071,818 |
| **610 Capital Projects Internal Service Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 725,817 |
| | Fund 610 Revenue Totals | 725,817 |
| **613 School Landscaping Internal Service Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 3,676,911 |
| | Fund 613 Revenue Totals | 3,676,911 |
| **614 School Risk Management Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 11,465,209 |
| Miscellaneous Revenue | | 23,737 |
| | Fund 614 Revenue Totals | 11,488,946 |
| **615 City and School Health Insurance Fund** | | |
| Revenue From Local Sources | | |
| Miscellaneous Revenue | | 132,851,160 |
| | Fund 615 Revenue Totals | 132,851,160 |
| **616 Fuels Internal Service Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 6,876,428 |
| Specific Fund Reserves | | 132,931 |
| | Fund 616 Revenue Totals | 7,009,359 |

# City of Virginia Beach, Virginia
# Fiscal Year 2012-13 Budget Ordinance

## Attachment B - Revenue

| | | FY 2012-13 Adopted |
|---|---|---|
| **620 Telecommunications Internal Service Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 3,255,092 |
| | Fund 620 Revenue Totals | 3,255,092 |
| **621 Subscriptions Internal Service Fund** | | |
| Revenue From Local Sources | | |
| Charges for Services | | 2,491,901 |
| Specific Fund Reserves | | 1,112,972 |
| | Fund 621 Revenue Totals | 3,604,873 |
| **908 City Beautification Fund** | | |
| Revenue From Local Sources | | |
| Miscellaneous Revenue | | 72,500 |
| | Fund 908 Revenue Totals | 72,500 |
| **909 Library Gift Fund** | | |
| Revenue From Local Sources | | |
| Miscellaneous Revenue | | 7,000 |
| | Fund 909 Revenue Totals | 7,000 |
| **910 Parking Meters - Homeless Donation Fund** | | |
| Revenue From Local Sources | | |
| Miscellaneous Revenue | | 10,000 |
| | Fund 910 Revenue Totals | 10,000 |
| **911 Parks and Recreation Gift Fund** | | |
| Revenue From Local Sources | | |
| Miscellaneous Revenue | | 55,000 |
| | Fund 911 Revenue Totals | 55,000 |
| Total Budget Revenues | | 2,451,937,659 |
| Less Internal Service Funds | | 184,330,745 |
| Less Interfund Transfers | | 499,905,552 |
| NET BUDGET REVENUES | | 1,767,701,362 |

**AN ORDINANCE ESTABLISHING THE TAX LEVY ON REAL ESTATE FOR FISCAL YEAR 2013**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

**Sec. 1. Amount of Levy on Real Estate.**

There shall be levied and collected for fiscal year 2013 taxes for general purposes on all real estate, including all separate classifications of real estate set forth in the Code of Virginia, not exempt from taxation and not otherwise provided for in this ordinance, at the rate of ~~eighty-nine~~ ninety-five cents ~~($0.89)~~ ($0.95) on each one hundred dollars ($100) of assessed valuation thereof. The real property tax rate that has been prescribed in this section shall be applied on the basis of one hundred percentum of the fair market value of such real property, except for public service real property, which shall be on the basis as provided in Section 58.1-2604 of the Code of Virginia. It is the intention of the Council that four cents of the tax rate is dedicated, subject to annual appropriation, to provide funding for the Schools to offset the decrease in State funding through the Local Composite Index, and two cents of the tax rate is dedicated, subject to annual appropriation, to offset the State reduction in funding for urban road construction and the increased local obligations under the Line of Duty Act. The Council directs the City Manager in the production of future budgets to provide an analysis of State funding for Schools, urban road construction, and the Line of Duty Act. At such time as the State restores funding above the following benchmarks: Local Composite Index at FY 2013; urban road construction at $20M (per annum); and Line of Duty Act at $0 (per annum), the City Manager will recommend a reduction, in whole or in part, to the four cent or two cent tax rate dedication in an amount roughly equal to the increased State funding with a corresponding decrease in the real estate tax rate.

**Sec. 2. Amount of Levy on "Certified Pollution Control Equipment and Facilities" Classified as Real Estate, "Certified Storm Water Management Developments and Property," "Certified Solar Energy Recycling Equipment, Facilities or Devices" Classified as Real Estate, and "Environmental Restoration Sites," Real Estate Improved by Erosion Controls, and Certain Wetlands and Riparian Buffers.**

In accordance with Sections 58.1-3660 (A), 58.1-3660.1, 58.1-3661, 58.1-3664, 58.1-3665 and 58.1-3666 of the Code of Virginia, there shall be levied and collected for general purposes for fiscal year 2013, taxes on all real estate (a) certified by the Commonwealth of Virginia as "Certified Pollution Control Equipment and Facilities," (b) certified by the Department of Environmental Quality as "Certified Storm Water Management Developments and Property," (c) certified as provided by Code of Virginia Section 58.1-3661 as "Certified Solar Energy Equipment, Facilities or Devices," or "Certified Recycling Equipment, Facilities or Devices," (d) defined by Code of Virginia Section 58.1-3664 as an "Environmental Restoration Site," (e) improved to control erosion as defined by Code of Virginia § 58.1-3665, or (f) qualifying as wetlands and riparian buffers as described by Code of Virginia § 58.1-3666, not exempt from taxation, at a rate of ~~eighty-nine~~ ninety-five cents ~~($0.89)~~ ($0.95) on each one hundred dollars of assessed valuation thereof. The real property tax rates imposed in this section shall be applied on the basis of one hundred percentum of fair market value of such real property except for public service property, which shall be on the basis as provided in Section 58.1-2604 of the Code of Virginia.

**Sec. 3. Amount of Levy on Real Estate Within the Sandbridge Special Service District.**

There shall be levied and collected for fiscal year 2013, taxes for the special purpose of providing beach and shoreline restoration and management at Sandbridge on all real estate within the Sandbridge Special Service District, not exempt from taxation, at the rate of six cents ($0.06) on each one hundred dollars ($100) of assessed value thereof. This real estate tax rate shall be in addition to the real estate tax rate set forth in Section 1 of this ordinance. For real property that qualifies for Land Use Assessment, pursuant to Division 2 of Chapter 35 of the City Code, or Exemption, Deferral or Freeze for Elderly and Disabled Persons, pursuant to Division 3 of Chapter 35 of the City Code, this real estate tax rate shall be applied in the same manner as the real estate tax rate set forth in Section 1 of this ordinance. The real estate tax rate imposed herein shall be applied on the basis of one hundred percentum of the fair market value of such real property except for public service real property, which shall be on the basis as provided in Section 58.1-2604 of the Code of Virginia.

**Sec. 4. Amount of Levy on Real Estate Within the Town Center Special Service District.**

For the special purpose of operating and maintaining the parking garage and providing enhanced services for the plaza and public spaces within the boundaries of the service district at the Town Center, as well as other additional services authorized by Virginia Code § 15.2-2403, there shall be levied and collected for fiscal year 2013, taxes on all real estate

within the Town Center Special Service District, not exempt from taxation, at the rate of forty-five cents ($0.45) on each one hundred dollars ($100) of assessed value thereof. This real estate tax rate shall be in addition to the real estate tax set forth in Section 1 of this ordinance. For real property that qualifies for Land Use Assessment, pursuant to Division 2 of Chapter 35 of the City Code, or Exemption, Deferral or Freeze for Elderly and Disabled Persons, pursuant to Division 3 of Chapter 35 of the City Code, this real estate tax rate shall be applied in the same manner as the real estate tax rate set forth in Section 1 of this ordinance. The real estate tax rate imposed herein shall be applied on the basis of one hundred percentum of the fair market value of such real property, except for public service real property, which shall be on the basis as provided in Section 58.1-2604 of the Code of Virginia.

**Sec. 5. Amount of Levy on "Energy-Efficient Buildings".**

In accordance with Section 58.1-3221.2 of the Code of Virginia and any relevant section of the City Code, there shall be levied and collected for general purposes for the fiscal year 2013, taxes on all real estate that has been classified as an energy efficient building, not exempt from taxation, at a rate of ~~seventy-four~~ eighty cents ~~($0.74)~~ ($0.80) on each one hundred dollars of assessed valuation thereof. The real property tax rate imposed in this section shall be applied on the basis of one hundred percentum of fair market value of such real property except for public service property, which shall be on the basis as provided in Section 58.1-2604 of the Code of Virginia.

**Sec. 6. Amount of Levy on Properties Listed in the Virginia Landmarks Register.**

In accordance with Section 58.1-3221.5 of the Code of Virginia and any relevant section of the City Code, there shall be levied and collected for general purposes for the fiscal year 2013, taxes on buildings that are individually listed on the Virginia Landmarks Register, not including the real estate or land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register at a rate of fifty-one cents ($0.51) on each one hundred dollars of assessed valuation thereof. The real property tax rate imposed in this section shall be applied on the basis of one hundred percentum of fair market value of such real property except for public service property, which shall be on the basis as provided by Section 58.1-2604 of the Code of Virginia.

**Sec. 7. Amount of Levy on Real Estate Within the Old Donation Special Service District.**

There shall be levied and collected for fiscal year 2013, taxes for the special purpose of providing neighborhood channel dredging of creeks and rivers to maintain existing uses on all real estate within the Old Donation Special Service District, not exempt from taxation, at the rate of eighteen and four-tenths cents ($0.184) on each one hundred dollars ($100) of assessed value thereof. This real estate tax rate shall be in addition to the real estate tax rate set forth in Section 1 of this ordinance. This tax rate shall apply without reduction to any properties subject to ad valorem taxes including those properties enrolled in the Exemption, Deferral or Freeze for Elderly and Disabled Persons, City Code §§ 35-61, et seq. As set forth in Code of Virginia, section 15.2-2403(6), written consent is required to apply this tax rate to the full assessed value of properties subject to special use value assessment. The real estate tax rate imposed herein shall be applied on the basis of one hundred percentum (100%) of the fair market value of such real property except for public service real property, which shall be on the basis as provided in Section 58.1-2604 of the Code of Virginia.

**Sec. 8. Amount of Levy on Real Estate Within the Bayville Creek Special Service District.**

There shall be levied and collected for fiscal year 2013, taxes for the special purpose of providing neighborhood channel dredging of creeks and rivers to maintain existing uses on all real estate within the Bayville Creek Special Service District, not exempt from taxation, at the rate of thirty six and three-tenths cents ($0.363) on each one hundred dollars ($100) of assessed value thereof. This real estate tax rate shall be in addition to the real estate tax rate set forth in Section 1 of this ordinance. This tax rate shall apply without reduction to any properties subject to ad valorem taxes including those properties enrolled in the Exemption, Deferral or Freeze for Elderly and Disabled Persons, City Code §§ 35-61, et seq. As set forth in Code of Virginia, section 15.2-2403(6), written consent is required to apply this tax rate to the full assessed value of properties subject to special use value assessment. The real estate tax rate imposed herein shall be applied on the basis of one hundred percentum (100%) of the fair market value of such real property except for public service real property, which shall be on the basis as provided in Section 58.1-2604 of the Code of Virginia.

**Sec. ~~6.~~9. Severability.**

If any portion of this ordinance is for any reason declared to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

**Sec. ~~7.~~10.Effective Date.**

The effective date of this ordinance shall be July 1, 2012.

Adopted by the City Council of the City of Virginia Beach, Virginia on this 8th day of May, 2012.

*Requires an affirmative vote by a majority of all the members of City Council.*

**AN ORDINANCE ESTABLISHING THE TAX LEVY ON PERSONAL PROPERTY AND MACHINERY AND TOOLS FOR THE CALENDAR YEAR 2013**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

**Sec. 1. Amount of Levy on the General Classification of Tangible Personal Property.**

In accordance with Chapter 35 of Title 58.1 of the Code of Virginia, taxes shall be levied and collected for general purposes for the calendar year 2013 on all tangible personal property, including all separate classifications of personal property set forth in the Code of Virginia, not exempt from taxation and not otherwise provided for in this ordinance, at the rate of three dollars and seventy cents ($3.70) on each one hundred dollars ($100) assessed valuation thereof.

**Sec. 2. Personal Property Tax Relief.**

As required by § 58.1-3523 of the Code of Virginia, qualifying vehicles (as defined by § 58.1-3523), not otherwise exempted from taxation in this ordinance or by law, shall be subject to the following:

1 Any qualifying-vehicle with a total assessed value of $1,000 or less will be levied no tax.

2. Any qualifying vehicle with an assessed value of between $1,001 and $20,000 will be levied ~~34.0%~~ 41% of the computed tax based on the total assessed value of the vehicle. Reimbursement is expected from the state under the Personal Property Tax Relief Act equal to the remaining ~~66.0%~~ 59% of the computed tax on the first $20,000 of assessed value.

3. Any qualifying vehicle with an assessed value of over $20,000 will be levied ~~34.0%~~ 41% of the computed tax based on the first $20,000 of assessed value and 100% of the computed tax based on the assessed value in excess of $20,000. Reimbursement is expected from the state under the Personal Property Tax Relief Act equal to the remaining ~~66.0%~~ 59% of the computed tax on the first $20,000 of assessed value.

4. Pursuant to authority conferred in Item 503.D of the 2005 Virginia Appropriations Act, the City Treasurer is authorized to issue a supplemental personal property tax bill, in the amount of 100% of the tax due without regard to any former entitlement to state relief, plus applicable penalties and interest, to any taxpayer whose taxes with respect to a qualifying vehicle for tax year 2005 or any prior tax year remain unpaid on September 1, 2006, or such earlier date as reimbursement with respect to such bill is no longer available from the Commonwealth, whichever earlier occurs. Penalties and interest with respect to bills issued pursuant to this section shall be computed on the entire amount of tax owed. Interest shall be computed from the original due date of the tax.

**Sec. 3. Amount of Levy on Certain Classifications of Tangible Personal Property**

In accordance with Chapter 35 of Title 58.1 of the Code of Virginia, taxes shall be levied and collected for general purposes for the calendar year 2013 on the certain classifications of tangible personal property set forth below at the rate of three dollars and seventy cents ($3.70) on each one hundred dollars ($100) assessed valuation thereof.

a. heavy construction equipment as described in Code of Virginia § 58.1-3506 (A) (8);

b. computer equipment as described in Code of Virginia § 58.1-3506 (A) (11);

c. tangible personal property as described in (a) Code of Virginia § 58.1-3506 as "certified pollution control equipment and facilities" and (b) Code of Virginia § 58.1-3661 as "certified solar equipment, facilities or devices and certified recycling equipment, facilities or devices";

d. furniture, office, and maintenance equipment as described in Code of Virginia § 58.1-3506 (A) (24);

e. all tangible personal property employed in a trade or business other than described in subdivisions A 1 through A 18, except for subdivision A 17, of § 58.1-3503 as described in Code of Virginia § 58.1-3506 (A) (26);

f. programmable computer equipment and peripherals employed in a trade or business ad described in Code of Virginia § 58.1-3506 (A) (27);

g. tangible personal property used in the provision of internet service as described in Code of Virginia § 58-1-3506 (A) (31);

h. forest harvesting and silvicultural activity as described in Code of Virginia § 58-1-3506 (A) (33);

i. equipment used primarily for research, development, production or provision of biotechnology as described in Code of Virginia § 58-1-3506 (A) (34);

j. tangible personal property which is owned and operated by a service provider who is not a CMRS provider and is not licensed by the FCC used to provide, for a fee, wireless broadband internet service as described in Code of Virginia § 58-1-3506 (A) (37).

**Sec. 4. Amount of Levy on Manufactured Homes.**

There shall be levied and collected for general purposes for the calendar year 2013 taxes on all vehicles without motive power, used or designated to be used as manufactured homes, as defined by Section 36-85.3 of the Code of Virginia, at the rate of ~~eighty-nine~~ ninety-five cents ~~($0.89)~~ ($0.95) on each one hundred dollars ($100) of assessed valuation thereof. Such property declared a separate class of tangible personal property in Section 58.1-3506 (A) (10).

**Sec. 5. Amount of Levy on All Boats or Watercraft Used for Business Purposes Only.**

There shall be levied and collected for general purposes for the calendar year 2013 taxes on all boats or watercraft used for business purposes (both boats weighing less than five (5) tons and boats weighing five (5) tons or more), except as provided for in Section 8 of this ordinance, at the rate of one dollar and fifty cents ($1.50) on each one hundred dollars ($100) of assessed valuation thereof. Such property declared a separate class of tangible personal property in Sections 58.1-3506 (A) (35) and (A) (36).

**Sec. 6. Amount of Levy on All Boats or Watercraft Not Used Solely for Business Purposes.**

There shall be levied and collected for general purposes for the calendar year 2013 taxes on all boats or watercraft not used solely for business purposes weighing less than five (5) tons, and weighing five (5) tons or more, except as provided for in Section 8 of this ordinance, at the rate of one dollar and fifty cents ($1.50) on each one hundred dollars ($100) of assessed valuation thereof. Such property declared a separate class of tangible personal property in Sections 58.1-3506 (A) (1) (a) and (A) (1) (b).

**Sec. 7. Amount of Levy on Machinery and Tools.**

In accordance with Section 58.1-3507 of the Code of Virginia, there shall be levied and collected for general purposes for the calendar year 2013 taxes on machinery and tools, including machinery and tools used directly in the harvesting of forest products or semiconductor manufacturing, not exempt from taxation, at the rate of one millionth of one cent ($.000001) on each one hundred dollars ($100) of assessed valuation thereof. As provided by Code of Virginia § 58.1-3506 (B), the following personal property shall also be taxed at the rate of machinery and tools:

a. all tangible personal property used in research and development businesses, as described in Code of Virginia § 58.1-3506 (A) (7);

b. generating or cogenerating equipment, as described in Code of Virginia § 58.1-3506 (A) (9); and

c. all motor vehicles, trailers and semitrailers with a gross vehicle weight of 10,000 pounds or more used to transport property for hire by a motor carrier engaged in interstate commerce, as described in Code of Virginia § 58.1-3506 (A) (25).

**Sec. 8. Amount of Levy on Privately Owned Pleasure Boats and Watercraft Used for Recreational Purposes Only.**

There shall be levied and collected for general purposes for the calendar year 2013 taxes on all privately owned pleasure boats and watercraft used for recreational purposes only, at the rate of one millionth of one cent ($.000001) on each one hundred dollars ($100) of assessed valuation thereof. Such property declared a separate class of tangible personal property in Sections 58.1-3506 (A) (12), (A) (28), and (A) (29).

**Sec. 9. Amount of Levy on Privately Owned Camping Trailers, Privately Owned Travel Trailers, and Motor Homes Used for Recreational Purposes Only, and Privately Owned Horse Trailers.**

There shall be levied and collected for general purposes for the calendar year 2013 taxes at the rate of one dollar and fifty cents ($1.50) on each one hundred dollars ($100) of assessed valuation thereof on the following property: (a) all privately owned camping trailers and motor homes as defined in Section 46.2-100 of the Code of Virginia and privately owned travel trailers as defined in Code of Virginia § 46.2-1900, that are used for recreational purposes only; and (b) privately owned trailers as defined in § 46.2-100 of the Code of Virginia that are designed and used for the transportation of horses, except those trailers described in subdivision (A) (11) of § 58.1-3505 of the Code of Virginia. Such property declared a separate class of tangible personal property in Sections 58.1-3506 (A) (18) and (A) (30).

**Sec. 10. Amount of Levy on One Motor Vehicle Owned and Regularly Used by a Disabled Veteran.**

There shall be a reduced tax, levied and collected for general purposes for the calendar year 2013 at the rate of one dollar and fifty cents ($1.50) on each one hundred dollars ($100) of assessed valuation, on one (1) motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind, or who is permanently and totally disabled as certified by the Department of Veterans' Affairs. Any motor vehicles in addition to the one (1) so taxed shall not qualify for the taxation at the rate established herein, and shall be taxed at the rate or rates applicable to that class of property. To qualify, the veteran shall provide a written statement to the Commissioner of the Revenue from the Department of Veterans' Affairs that the veteran has been so designated or classified by the Department of Veterans' Affairs as to meet the requirements of Section 58.1-3506 (A) (19), and that his or her disability is service connected. Such property declared a separate class of tangible personal property in Section 58.1-3506 (A) (19).

**Sec.11. Amount of Levy on a Motor Vehicle Owned and Used Primarily by or for Someone at Least Sixty-Five Years of Age or Anyone Found to be Permanently and Totally Disabled.**

a. In accordance with Sections 58.1-3506.1 et seq. of the Code of Virginia, there shall be a reduced tax, levied and collected for general purposes for calendar year 2013, at the rate of three dollars ($3.00) on each one hundred dollars ($100.00) of assessed valuation, on one (1) automobile or pickup truck owned and used primarily by or for anyone at least sixty-five years of age or anyone found to be permanently and totally disabled, as defined in Section 58.1-3506.3 of the Code of Virginia, subject to the following conditions:

1. The total combined income received, excluding the first $7,500 of income, from all sources during calendar year 2012 by the owner of the motor vehicle shall not exceed twenty-two thousand dollars ($22,000).
2. The owner's net financial worth, including the present value of all equitable interests, as of December 31 of calendar year 2012, excluding the value of the principal residence and the land, not exceeding one (1) acre, upon which it is situated, shall not exceed seventy thousand dollars ($70,000).
3. All income and net worth limitations shall be computed by aggregating the income and assets, as the case may be, of a husband and wife who reside in the same dwelling and shall be applied to any owner of the motor vehicle who seeks the benefit of the preferential tax rate permitted under this ordinance, irrespective of how such motor vehicle may be titled.

b. Any such motor vehicle owned by a husband and wife may qualify if either spouse is sixty-five or over or if either spouse is permanently and totally disabled, and the conditions set forth in subsection (a) have been satisfied.

**Sec. 12. Assessed Value Determination.**

In accordance with Section 58.1-3103 of the Code of Virginia, personal property mentioned in the above sections shall be assessed at actual fair market value, to be determined by the Commissioner of the Revenue for the City of Virginia Beach.

**Sec. 13. Severability.**

If any portion of this ordinance is for any reason declared to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

**Sec. 14. Effective Date.**

This ordinance shall be effective January 1, 2013.

Adopted by the Council of the City of Virginia Beach, Virginia, on this 8th day of May, 2012.

*Requires an affirmative vote by a majority of all of the members of City Council.*

**AN ORDINANCE TO AUTHORIZE THE CITY MANAGER TO SUBMIT AN ANNUAL FUNDING PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

WHEREAS, the United States Congress has established legislation designated as the Housing and Community Development Act of 1974 that sets forth the development of viable urban communities as a national goal;

WHEREAS, there is federal assistance available for the support of Community Development and Housing activities directed toward specific objectives, such as eliminating deteriorated conditions in low and moderate income neighborhoods that are detrimental to the public health, safety, and welfare, as well as improving the City's housing stock and community services, along with other related activities; and

WHEREAS, as a prerequisite to receiving the above-referenced federal assistance, the City of Virginia Beach has developed an Annual Funding Plan for submission to the Department of Housing and Urban Development and has created the necessary mechanisms for its implementation in compliance with federal and local directives.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

That the City Manager is hereby authorized and directed, as the executive and administrative head of the City, to submit the City's FY 2012-13 Annual Funding Plan (the "Plan") and amendments thereto, along with understandings and assurances contained therein and such additional information as may be required, to the Department of Housing and Urban Development to permit the review, approval, and funding of the Plan.

Adopted by the Council of the City of Virginia Beach, Virginia, on this 8th day of May, 2012.

**AN ORDINANCE TO DECLARE $7,000,000 OF FUNDING WITHIN THE SANDBRIDGE TAX INCREMENT FINANCING DISTRICT AS SURPLUS FUNDS IN THE FY 2011-12 OPERATING BUDGET**

WHEREAS, the Sandbridge Tax Increment Financing District (Sandbridge TIF) and the Sandbridge Special Service District (Sandbridge SSD), were established to provide a funding source for beach and shoreline restoration and management at Sandbridge;

WHEREAS, an analysis of the Sandbridge TIF and the Sandbridge SSD occurs annually to ensure that funding is adequate for long-term beach and shoreline restoration and management along Sandbridge;

WHEREAS, current projections indicate that the Sandbridge TIF and Sandbridge SSD have sufficient funding to meet long-term obligations for beach and shoreline restoration and management;

WHEREAS, projections also indicate that the funding available exceeds the long-term obligations of the project; and

WHEREAS, $ 7,000,000 is available as an unencumbered appropriation in the FY 2011-12 Sandbridge TIF Reserve for Future Commitments.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

(1) That $ 7,000,000 of funding within the Sandbridge TIF is hereby declared to be in excess of the long-term obligations for beach and shoreline restoration and management and is hereby declared surplus.

(2) That $ 7,000,000 is hereby transferred within the FY 2011-12 Operating Budget from the Sandbridge TIF to the General Fund – Unappropriated Real Estate Tax Revenues.

BE IT FURTHER ORDAINED: That this ordinance shall be effective on June 30, 2012.

Adopted by the City Council of the City of Virginia Beach, Virginia, on this 8th day of May, 2012.

**AN ORDINANCE TO COMPLETE THE CITY'S FINANCIAL OBLIGATIONS ASSOCIATED WITH THE LYNNHAVEN MALL DEVELOPMENT AGREEMENT AND DISSOLVE THE LYNNHAVEN MALL TAX INCREMENT FINANCING FUND**

WHEREAS, the City Council established the Lynnhaven Mall Tax Increment Financing Fund on June 9, 1998;

WHEREAS, the City entered into the Lynnhaven Mall Development Agreement ("Agreement") on June 29, 2000 with Knickerbocker Properties, Inc. III to enhance the retail and theater amenities for the City's residents and visitors, while also addressing public parking, transit opportunities, and storm water management needs within a Tax Increment Financing District;

WHEREAS, the parking lease component of the Development Agreement has a twenty year term, which will continue after the City's financial obligations have been satisfied;

WHEREAS, the Agreement specifies the City's financial obligations and provides for a one percent (1%) reduction for each fiscal year prior to FY 2013-14 the City meets its financial obligations; and

WHEREAS, sufficient fund balance is available in the Fund in addition to FY 2011-12 appropriations to fulfill the City's obligations.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

1. That $1,133,984 is hereby appropriated from the fund balance of the Fund to fulfill the City's financial obligations under the Agreement.
2. That any remaining funds after the City fulfills its financial obligations under the Agreement shall be declared to be surplus.
3. That any surplus funds in the Fund shall be transferred to the General Fund, wherein such funds will lapse to the General Fund's fund balance at the end of the fiscal year.
4. That the Lynnhaven Mall Tax Increment Financing Fund shall be dissolved on June 30, 2012.
5. That this ordinance shall be effective on the date of its adoption.

Adopted by the Council of the City of Virginia Beach, Virginia on the 8th day of May, 2012.

**AN ORDINANCE TO AMEND THE CITY CODE PERTAINING TO THE SANITARY SEWER SERVICE WATER TAP SIZES**

SECTION ADDED: § 28-26.1

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

**That the Code of the City of Virginia Beach, Virginia, is hereby amended and reordained by adding thereto a new section 23-26.1 to read as follows:**

**Sec. 28-26.1. Nonresidential Tap Sizing.**

For nonresidential uses wherein an Omni-type meter combines domestic and fire flow through a single meter, the sewer charge provided by section 28-26 shall be based on a meter size equal to the calculated domestic flow.

BE IT FURTHER ORDAINED: That the effective date of this ordinance shall be July 1, 2012.

Adopted by the Council of the City of Virginia Beach, Virginia, on this 8th day of May, 2012.

**AN ORDINANCE TO AMEND CHAPTERS 8 AND 33 OF THE CITY CODE BY ADDING NEW SECTIONS 8-37 AND 33-72, ESTABLISHING A TECHNOLOGY FEE IN THE AMOUNT OF FIVE DOLLARS FOR BUILDING, ELECTRICAL, PLUMBING, MECHANICAL, FENCE, SIGN, RIGHT-OF-WAY AND CERTAIN OTHER PERMITS**

Sections Added: City Code Sections 8-37 and 33-72

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

That Chapter 8 of the City Code is hereby amended by the addition of a new City Code Section 8-37, establishing a technology fee in the amount of $5.00 for building and certain other permits required by Sections 8-31, 8-31.1, 8-32, 8-33, 8-34, and Chapter 33 is hereby amended by the addition of a new City Code Section 33-72, establishing a technology fee in the amount of $5.00 for right-of-way permits required by City Code Section 33-51, to read as follows:

**CHAPTER 8. BUILDINGS AND BUILDING REGULATIONS**

. . . .

**ARTICLE II. VIRGINIA UNIFORM STATEWIDE BUILDING CODE.**

**DIVISION 1. GENERALLY**

. . . .

**Sec. 8-31. - Permit fees—Building permits.**

(a) It shall be unlawful for any person to construct, enlarge, alter, repair or demolish any building or structure as defined in the Virginia Uniform Statewide Building Code without first obtaining a building permit therefor and paying the permit fees set forth in this section.

(b) The minimum fee for any building permit shall be thirty dollars ($30.00).

(c) For the construction of any building or addition thereto where the floor area is increased and for the installation or erection of any industrialized building unit, the fee shall be based on the floor area to be constructed, as computed from exterior building dimensions at each floor, as follows:

(1) Residential—living area—Thirty dollars ($30.00) plus seven dollars ($7.00) for each one hundred (100) square feet or fraction thereof.

(2) Residential—nonheated building area (residential accessory buildings and structures)—Thirty dollars ($30.00) plus four dollars ($4.00) for each one hundred (100) square feet or fraction thereof.

(3) Businesses/mercantile—building area—Thirty dollars ($30.00) plus eight dollars ($8.00) for each one hundred (100) square feet or fraction thereof.

(4) Institutional—building area—Thirty dollars ($30.00) plus eight dollars ($8.00) for each one hundred (100) square feet or fraction thereof.

(5) Assembly, churches, and government buildings—building area—Thirty dollars ($30.00) plus eight dollars ($8.00) for each one hundred (100) square feet or fraction thereof.

(6) Storage—building area—Thirty dollars ($30.00) plus four dollars ($4.00) for each one hundred (100) square feet or fraction thereof.

(7) Hazardous storage or occupancy—building area—Thirty dollars ($30.00) plus eight dollars ($8.00) for each one hundred (100) square feet or fraction thereof.

(8) Industrial—building area—Thirty dollars ($30.00) plus eight dollars ($8.00) for each one hundred (100) square feet or fraction thereof.

(9) Farm buildings—building area—Thirty dollars ($30.00) plus three dollars ($3.00) for each one hundred (100) square feet or fraction thereof. Farm buildings and structures shall be subject to the requirements of this section; provided, however, that farm buildings and structures not used for residential purposes shall not be subject to the technical requirements of the Virginia Uniform Statewide Building Code.

(10) Alterations, repairs, private piers, bulkheads, pools, elevators, commercial interior finish, miscellaneous structures and structures located in a Chesapeake Bay Preservation Area or a Southern Watersheds Area for which a permit fee is not otherwise prescribed by this section, including, but not limited to, patios and driveways—value of construction—Thirty dollars ($30.00) plus five dollars ($5.00) for each one thousand dollars ($1,000.00) of value of construction or fraction thereof.

(11) Moving of buildings or structures: For the moving of any building or structure into, out of, through or within the city, the fee shall be calculated in accordance with subsection (c)(1).

(12) Demolitions: For the demolition of any building or structure, the fee shall be fifty dollars ($50.00).

(13) Signs:

a. Fees for the erection, painting, placing, replacing, repairing, hanging or rehanging of signs shall be based on the total surface area of all sign faces, and shall be as follows:

1. Single-face signs:

4—32 square feet .....$46.00
33—75 square feet .....69.00
76—150 square feet .....115.00

2. Double-face signs:

4—32 square feet .....$92.00
33—75 square feet .....115.00
76—150 square feet .....138.00

b. The fee for a permit for the repair of a billboard shall be in accordance with subsection (c)(10).

c. Fees for the erection, painting, placing, replacing, repairing, hanging or rehanging of temporary signs shall be in an amount equal to one-half of the fee chargeable for permanent signs of like size.

(14) Administrative fee: If any construction, alteration, repair, or other work requiring a permit under this article is commenced before a permit is secured and fee paid for same, an administrative fee of one hundred fifty dollars ($150.00) shall be added to the fee due. Payment of such administrative fee shall not in any way relieve the violator of any criminal prosecution.

(15) Tents: Tents and other temporary structures permit fee shall be Thirty dollars ($30.00).

(16) Reinspection fee: There shall be a minimum of fifty dollars ($50.00) additional fee charged for each reinspection.

(16.1) DFU pre-inspection fee: There shall be a fifty dollar ($50.00) fee for pre-inspections for DFU disconnections.

(17) Appeal: The fee for submitting an appeal to the board of building code appeals shall be one hundred dollars ($100.00). Such fee shall be paid by the appellant.

(18) Change of use/certificate of occupancy for existing structure(s):

a. The minimum fee for the inspection of any new construction or existing structure requested by the permit holder shall be fifty dollars ($50.00) for each inspection.

b. The minimum fee associated with a change of use or request for a certificate of occupancy for an existing structure or structures on the same property shall be seventy-five dollars ($75.00).

(19) Application for septic tank soil evaluation: The fee shall be fifty dollars ($50.00) paid at the time of application. If the application is approved, the septic tank permit shall be issued with no additional fee.

(20) There shall also be a review fee in the amount of one hundred dollars ($100.00) for review of commercial plans.

**COMMENT**

**This section is shown for references purposes only; no substantive changes are made.**

**Sec. 8-31.1. - Fences and walls.**

(a) A permit shall be required for the construction, reconstruction, replacement or relocation of any fence or wall located within thirty (30) feet of a public right-of-way, except fences or walls used principally for agricultural or horticultural purposes in an AG Agricultural Zoning District. Any such fence or wall located upon more than one (1) lot shall require a separate permit for each such lot, except lots under common ownership.

(b) The fee for permits required by this section shall be thirty dollars ($30.00).

**COMMENT**

**This section is shown for references purposes only; no substantive changes are made.**

**Sec. 8-32. - Same—Plumbing permits.**

(a) The fee for a permit for plumbing work, as required by the building code, shall be thirty dollars ($30.00) and, in addition thereto, the following:

(1) Each plumbing fixture, floor drain or tap: Six dollars ($6.00).

(2) Each house sewer connection: Thirty dollars ($30.00).

(3) Each house water connection: Thirty dollars ($30.00).

(4) On-site sanitary sewer collector lines: one building—thirty dollars ($30.00), two (2) or more buildings—fifty dollars ($50.00) for each building.

(5) On-site potable water distribution lines: one building—thirty dollars ($30.00), two (2) or more buildings—fifty dollars ($50.00) for each building.

(6) Public utilities ultra low flush toilet program: thirty dollars ($30.00) for the first three (3) toilets plus five dollars ($5.00) for each toilet over three (3).

(b) The fees prescribed in this section shall be in addition to the sewer and water connection fees and charges provided for in chapters 28 and 37 of this Code.

(c) On any plumbing work commenced before a plumbing permit has been issued and the requisite fee paid therefore, an administrative fee of one hundred fifty dollars ($150.00) per unit shall be added to the fee due. Payment of such administrative fee shall not in any way relieve the violator from such penalties as may be imposed by the courts.

**COMMENT**

**This section is shown for references purposes only; no substantive changes are made.**

**Sec. 8-33. - Same—Mechanical, life safety, elevator and gas permits.**

(a) The minimum fee for the installation or replacement of mechanical/life safety systems or equipment shall be thirty dollars ($30.00) plus five dollars ($5.00) for each one thousand dollars ($1,000.00) of value or fraction thereof.

(b) The minimum fee for the installation of gas outlets for a gas piping system shall be thirty dollars ($30.00) plus four dollars ($4.00) for each outlet.

(c) The minimum fee for the relocation of a gas meter shall be thirty dollars ($30.00).

(d) For annual inspections of elevators and escalators, the fees shall be as follows:

(1) Annual safety test and inspection:

a. Tractor/cable elevator—$100.00.

b. Hydraulic elevator—$100.00.

c. Freight elevators—$100.00.

d. Escalator—$100.00.

(2) Five-year full rate load safety test and inspection:

a. Tractor/cable elevators—$100.00.

(e) On any mechanical, life safety, elevator or gas work commenced before a mechanical permit has been issued and the requisite fee paid therefore, and administrative fee of one hundred fifty dollars ($150.00) per unit shall be added to the fee due. Payment of such administrative fee shall not in any way relieve the violator from such penalties as may be imposed by the courts.

**COMMENT**

**This section is shown for references purposes only; no substantive changes are made.**

**Sec. 8-34. - Same—Electrical permits.**

(a) The fee for a permit for electrical work, as required by the building code, shall be as specified in this section.

(b) There shall be charged a minimum fee of thirty dollars ($30.00) for each permit issued.

(c) For a permit issued for a temporary service, such as a trailer, house meter or meter loop added to an existing service, the fee shall be thirty dollars ($30.00).

(d) For a permit for any special condition, such as and including temporary electrical release for construction purposes, buildings moved, swimming pools, carnivals, services relocated but not increased and the like, the fee shall be a minimum of fifty dollars ($50.00). The fee for a permit for prefabricated buildings for out-of-city use shall be thirty dollars ($30.00).

(e) For a permit issued for original construction, the following fees include all equipment outlets only if specifically listed on the application and installed by the permit holder before the final inspection, such fees being based on the maximum current carrying capacity of each set or subset of service conductors installed, to the nearest fifty (50) amperes:

(1) Single-phase: Thirty dollars ($30.00) plus twenty dollars ($20.00) for each fifty (50) amperes.

(2) Three-phase: Eighty dollars ($80.00) for the first fifty (50) amperes plus twenty dollars ($20.00) for each additional fifty (50) amperes.

When services are increased or phases added, the fee shall be one-half the rate above, plus the added equipment fee. For fee purposes, the service-panel nameplate amperage rating shall be used.

(f) For each piece of equipment connected and for each circuit or feeder installed, extended, relocated or repaired, the fee shall be thirty dollars ($30.00) plus five dollars ($5.00) per circuit.

(g) On any electrical work commenced before an electrical permit has been issued and the requisite fee paid therefore, an administrative fee of one hundred fifty dollars ($150.00) per unit shall be added to the fee due. Payment of such administrative fee shall not in any way relieve the violator from such penalties as may be imposed by the courts.

**COMMENT**

**This section is shown for references purposes only; no substantive changes are made.**

**Sec. 8-37. Technology fee.**

In addition to any fees otherwise required by this chapter, there shall be a fee in the amount of Five Dollars ($5.00) for permits issued pursuant to Sections 8-31, 8-31.1, 8-32, 8-33, 8-34. Such fee shall be for the following purposes:

(a) To improve community access to general information about cases, applications, permits and inspections by providing online, user-friendly search and viewing tools;

(b) To facilitate communications with property owners, consultants and contractors through use of on-line checklist and activity tracking that automatically emails notifications and updates regarding permit status and other information not previously available on-line;

(c) To increase transparency and accountability in business operations by providing users the ability to track all transactions online;

(d) To enhance performance and revenue reporting by providing the ability to produce *ad hoc* reports on demand; and

(e) To improve and expand electronic document storage, management and retrieval by including scanned images as part of the on-line permit record.

**COMMENT**

**The section establishes a new "technology fee" in the amount of $5.00 for permits issued under the City Code sections listed in the ordinance and sets forth the purposes of the fee. The use of the technology for which the fee is established will significantly upgrade the permitting process, thereby facilitating its use by property owners and other users of the system and allowing for greater efficiency in keeping permit records.**

**CHAPTER 33. STREETS AND SIDEWALKS**

. . . .

**ARTICLE II. WORK ON, OVER, UNDER OR AFFECTING STREETS**

. . . .

**Division 2. Permit Generally**

**Sec. 33-51. General requirement.**

Except as otherwise provided in this article, it shall be unlawful for any person to perform any work in connection with the erection, construction, removal, relocation or maintenance of any structure, drainage system, surface, overhead or underground installation or to cut, trim or spray trees or to place signs, if such work, cutting, trimming, spraying or placing is on, under or over a street or affects a street, until such person has obtained a permit therefor in accordance with the provisions of this division.

**COMMENT**

**This section is shown for references purposes only; no substantive changes are made.**

. . . .

**Division 3. Permit, Inspection and guarantee fees.**

**Sec. 33-71. - Schedule.**

(a) Permit, inspection and guarantee fees for work for which a permit is required by this article shall be required or not required in accordance with the following schedule:

| | Type of Project | Permit Fee | Inspection Fee | Minimum Guarantee Fee |
|---|---|---|---|---|
| (1) | One (1) permit for work of a continuing nature | $100.00 | Based on 1.5% the total cost of construction as provided in the engineer's cost estimate, excluding water, sewer and street light costs, with a $50.00 minimum. | Deposit in accordance with estimated cost |
| (2) | Logging road, tram road and other temporary entrances | $100.00 | $50.00 | Deposit in accordance with estimated cost |
| (3) | Cutting, trimming or spraying trees or shrubs | $100.00 | $50.00 | $25.00 |
| (4) | Blanket permit | $500.00 | $0.00 | $0.00 |
| (5) | Single- or two-family driveway aprons | $35.00 | $0.00 | $0.00 |
| (6) | Single permit | $100.00 | $0.00 | $0.00 |
| (7) | All other work | $100.00 | Based on 1.5% of the total cost of construction as provided in the engineer's cost estimate, excluding street light costs, with a $50.00 minimum; provided, however, that water and sewer fees shall be based on 10% of the construction cost up to $7,500.00 plus 1.5% of the construction cost in excess of $7,500.00, with a $50.00 minimum. | Deposit in accordance with estimated cost. |

(b) At the time easement or dedication plats are submitted a review fee in the amount of eighty-four dollars ($84.00) shall be required.

**COMMENT**

**This section is shown for references purposes only; no substantive changes are made.**

**Sec. 8-72. Technology fee.**

In addition to any fees otherwise required by this chapter, there shall be a fee in the amount of Five Dollars ($5.00) for permits issued pursuant to Section 33-51. Such fee shall be for the following purposes:

(a) To improve community access to general information about cases, applications, permits and inspections by providing online, user-friendly search and viewing tools;

(b) To facilitate communications with property owners, consultants and contractors through use of on-line checklist and activity tracking that automatically emails notifications and updates regarding permit status and other information not previously available on-line;

(c) To increase transparency and accountability in business operations by providing users the ability to track all transactions online;

(d) To enhance performance and revenue reporting by providing the ability to produce *ad hoc* reports on demand; and

(e) To improve and expand electronic document storage, management and retrieval by including scanned images as part of the on-line permit record.

BE IT FURTHER ORDAINED BY THE CITY COUNCIL OF THE CITY OF VIRGINIA BEACH:

That this ordinance shall take effect on July 1, 2012.

**COMMENT**

**The section establishes a new "technology fee" in the amount of $5.00 for permits issued under City Code Section 33-51 (pertaining to permits for work on, under, over or affecting public rights-of-way) and sets forth the purposes of the fee. The use of the technology for which the fee is established will significantly upgrade the permitting process, thereby facilitating its use by property owners and other users of the system and allowing for greater efficiency in keeping permit records.**

Adopted by the City Council of the City of Virginia Beach, Virginia on the 8th day of May, 2012.

**AN ORDINANCE TO AMEND THE FY 2013 ANNUAL APPROPRIATION ORDINANCE TO ALIGN FUNDING WITH THE SCHOOL BOARD'S AMENDED BUDGET REQUEST**

WHEREAS, the City Council adopted the FY 2013 Annual Appropriation Ordinance on May 8, 2012 with a total amount appropriated to Schools of $847,823,971; and

WHEREAS, the School Board adopted a resolution on May 15, 2012 (the "Resolution") in order to reconcile its March 6th budget request and the City's Annual Appropriation Ordinance; and

WHEREAS, the Resolution redistributes the personnel funding between the Schools Operating Fund's Major Classifications and the Technology Fund, which results in a decrease of $542,055 to the School Operating Fund (115) and an increase of $542,055 to the School Technology Fund (106); and

WHEREAS, a decline in estimated revenue of $307,351 is comprised of $176,908 in the School Grants Fund (116) and $130,443 in the School Athletic Fund (119) as provided by the Resolution; and

WHEREAS, the amended School Board budget request total is $847,516,620.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

1. That the total appropriation for operations for FY 2013 is hereby reduced by $307,351, with a corresponding reduction in estimated revenues as provided herein.

2. That the Schools Funds and Major Classifications within the Operating Fund are hereby amended as follows:

    a. The Major Classifications of the Operating Fund and the Technology Fund shall be adjusted as follows:

        i. the School Technology Fund (106) is increased from $26,338,973 to $26,881,028;

        ii. the Instruction Classification of the School Operating Fund (115) is decreased from $522,820,730 to $519,982,919;

        iii. the Administration, Attendance, and Health Classification of the School Operating Fund (115) is decreased from $21,434,692 to $21,325,235;

        iv. the Transportation Classification of the School Operating Fund (115) is decreased from $30,154,558 to $29,800,231;

        v. the Operations and Maintenance Classification of the School Operating Fund (115) is decreased from $87,242,879 to $86,274,376;

        vi. the City Manager Adjustment of -$3,728,043 is hereby eliminated;

3. The total appropriations to the School Grants Fund (116) are decreased from $68,578,220 to $68,401,312 to reflect a decrease in estimated grant revenue;

4. The total appropriations to the School Athletic Fund (119) are decreased from 4,941,085 to $4,810,642 to reflect a decrease in estimated revenues.

Adopted by the Council of the City of Virginia Beach, Virginia, on the 12th day of June, 2012.

*Requires an affirmative vote by a majority of all of the members of City Council.*

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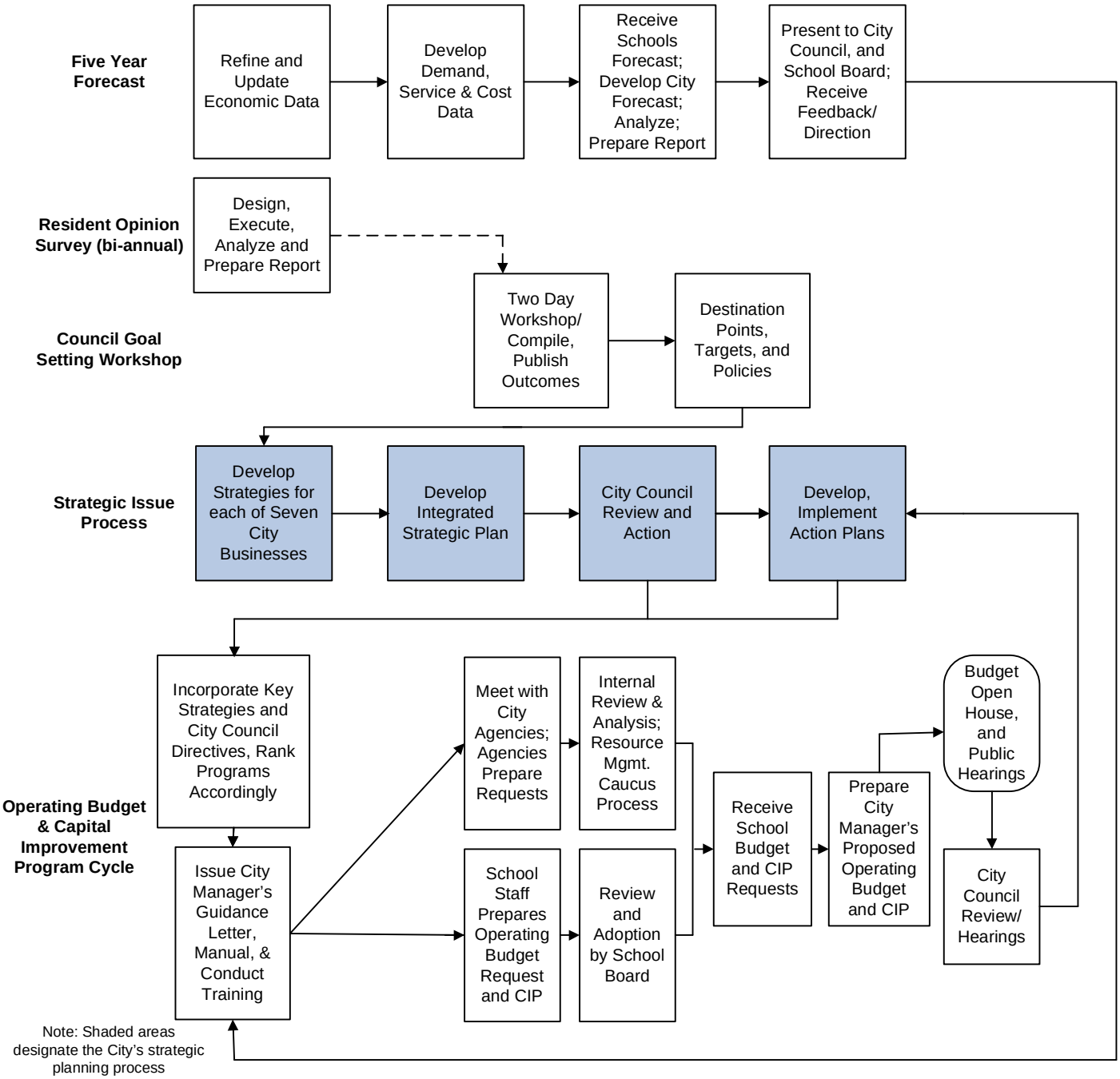
## Resource Management Process Overview

The chart below provides a graphic view of the City's strategic planning and resource allocation process:




## Legal Framework

**Submission of the Budget** - The City Manager shall submit to the City Council a budget and a budget message at least 90 days prior to the beginning of each fiscal year.

**Balancing of the Budget** - As required by Section 5.04 of the Virginia Beach Charter, the budget recommendation by the City Manager must be balanced with revenues equal to expenditures. If expenditures exceed the receipts estimated, the City Manager shall either recommend an increase in the tax rates on real estate, tangible property, or other new or existing items, or recommend a reduction in expenditures. If estimated receipts exceed estimated expenditures, the City Manager may recommend revisions in the tax and license ordinances to bring the budget into balance.

**School Budget** - The City's operating budget incorporates the School budget. The School Board submits a School Board approved budget to the City Council and the City Manager. The City Manager may recommend a revised School budget. City Council considers the School budget as part of the total operating budget and may appropriate funds based on categories established by State law, or by lump sum. The City Council appropriates funds based on categories.

**Base Level Budget Ordinance** - The City Council adopts the operating budget ordinance, which requires the operating budget to be presented with real estate tax revenue grown only by new construction. All other revenues of the government are allowed to reflect their normal growth. The anticipated growth in real estate tax revenue, which results from the growth in assessments, is held off at the base level of the budget. Then, in priority order, programs which would require the use of the growth are added back. This won't apply in the FY 2012-13 operating budget, because real estate assessments are not growing.

**Public Hearings on the Budget** - Section 5.07 of the Virginia Beach Charter requires City Council to hold a public hearing on the budget as submitted. Notice of the public hearing is published not less than seven days prior to the date of the hearing. As a practice, the City Council holds two such hearings each year. The City Council also holds several workshops to discuss the budget and to seek answers to questions concerning the proposed budget. The FY 2012-13 budget process includes a Budget Open House meeting to allow citizens to meet department officials about issues impacting their budgets.

**Adoption of the Budget** - After the public hearing, City Council may make changes in the budget as it may determine. Following its revisions, the City Council then adopts the budget at one reading. To meet State requirements, the City must adopt a budget by May 15. If the City Council does not adopt a budget by 30 days prior to the start of the fiscal year, the City Charter requires that the City Manager's proposed budget take effect on July 1.

**Amending the Adopted Budget** - The City Council may amend the budget from time to time during the fiscal year. The City Manager may transfer funding in amounts in accordance with the operating budget ordinance. Section 2-187.1 of the Virginia Beach City Code states that supplemental appropriations which exceed 1% of the total revenue shown in the currently adopted budget must be accomplished by publishing a notice of a meeting and public hearing seven days prior to the meeting date.

**Amending the Adopted Capital Improvement Program** - The Capital Improvement Program and the Capital Budget are governed by City Code Section 2-195 which parallels the requirements of the City's operating budget.

**Budget Administration** - The legally appropriated funding level determines the spending limits for municipal operations. The City Manager establishes additional controls to assist in managing departmental operations within the amounts and intent approved by City Council. Departments/Agencies are allowed, during the fiscal year, to make adjustments within their appropriation limits through the transfer process; the City Manager may transfer up to $100,000 on his signature; and the City Council must approve transfers over $100,000.

**Resident Opinion Survey** - A bi-annual citizen's survey is conducted to assist in evaluating City services and identifying areas in need of attention. One purpose of the survey is to provide City Council and departments with statistically valid citizen usage rates and perceptions regarding City services.

**Council Goal Setting Workshop** - An annual two-day City Council workshop is held to review the City's progress, assess its direction, and identify and discuss issues and priorities. The results of this workshop include a Policy Agenda which identifies 1) long-term priorities for a five-year period and 2) shorter-term targets for action. These goals and targets then become a part of management's planning, action, and monitoring process. They are incorporated in the Operating Budget and CIP preparation guidelines and review.

**Strategic Issues Process** - In order to develop implementation plans for attaining the City Council goal areas, the City Manager and Management Leadership Team (MLT) established a series of Director level teams. Each Strategic Issue Team (SIT), comprised of members from other departments, was charged with a specific goal area or sub-goal area (see discussion of each team's mission included in the City Council Goal Section of this document). The teams examine the root causes, key factors, and driving forces of the issue defined. They work to examine viable alternatives and define potential strategic actions. This process does not automatically assume the need for additional funds, but often the need to redirect existing funds to higher priority areas.

**Five-Year Forecast** - Each year an updated five-year forecast of revenues and expenditures for school and city programs is prepared and presented to City Council and the School Board. The forecast is designed to provide long-range financial and program information to the City Council and the School Board and to serve as a forum policy review.

**Operating Budget Process** - The traditional process includes the following : departments requesting funds for their existing and proposed programs; the budget office reviewing those requests and making a recommendation to the departments on resource levels; the departments then appealing their concerns over those recommendations to the City Manager, who referees between the competing needs; and then the City Council reviewing and ultimately approving a package of resources, programs and services for the upcoming fiscal year.

A more collaborative process replaced the traditional process years ago and pulled the participants of the budget process together to jointly make decisions. Department Directors along with, the Management Leadership Team, and the Department of Management Services staff, set priorities and provide advice on the package of services and programs to be recommended to the City Manager. The following describes the process used to develop the operating budget.

- The departments prepare their resource requests in accordance with the program needs and issues and in response to the Council's goals and the Strategic Plan.

- A description of the department, its mission, objectives, and performance indicators.

- Funding requests necessary to maintain the same levels of effort/service delivery as provided during the current fiscal year.

- Funding requests necessary to meet known increases in demand for existing services.

- Requests for expansion of services or new programs are submitted through the use of budget issues in order to present a systems view of the programs being proposed.

The requests are submitted to the Department of Management Services where they are analyzed for accuracy, completeness, and policy consistency.

- The Department of Management Services is responsible for all the revenue estimates.

- The Department of Management Services coordinates budget hearings between the departments and the Management Leadership Team, and summarizes the funding issues that will receive further consideration.

- Summaries of each department's unfunded requests and information on revenues are provided to the Management Leadership Team and City Manager for information and review. These summaries illustrate any gap between service needs and revenues.

- The Management Leadership Team, through a series of meetings with the leadership of the Department of Management Services works through the issues and develops funding priorities based on strategic considerations. The City Manager finalizes funding decisions to be included in the upcoming operating budget.

- The City Council receives the Operating Budget and Capital Improvement Program, no later than April 1, for their consideration. As part of their review process, the City Council holds workshops with the department directors to discuss issues and concerns. A public open house is held in which citizens may obtain more information from the departments about their proposed operating budgets. In addition, City Council holds two public hearings to receive public input for the proposed plan. Final action on the operating budget must occur no later than May 15.

**Performance Measurement Process** - The operating budget emphasizes selected indicators of departmental program performance in terms of impact on the community; internal processes; learning and growth; and, financial management. City-wide indicators assess outcomes at the city-wide and/or community levels within each of the major business areas of the city. In addition, the city regularly benchmarks programs against regional cities and best practices.

**Capital Improvement Process** - The development of the six-year Capital Improvement Program (CIP), from the distribution of forms to adoption by the City Council, requires approximately 160 days. The process begins with the allocation of target funding levels based on prior years' CIPs and expected availability of financing. The development of the program requires coordination and cooperation from many departments. The following have major responsibilities in producing the CIP:

- Department of Planning and Community Development participates in transportation project planning and prepares the Comprehensive Plan regarding land use development.

- Department of Management Services coordinates the overall process, determines funding and budget plans, provides technical assistance to departments, and makes recommendations. The CIP Focus Group consists of members from each department that manages/administers the CIP and submits project requests and financing. The purpose of this group is to foster communication and coordination regarding the City's capital projects.

- Departments responsible for submission of Capital Improvement project requests are:

  - Schools Division: schools and educational facilities;

  - Public Works: buildings (new City buildings, renovation, site work, or expansion), coastal, roadways (in cooperation with Public Utilities), and storm water projects;

  - Strategic Growth Area Office: economic and tourism development projects (in cooperation with Public Works);

  - Communications and Information Technology: communication and information technology projects;

  - Parks and Recreation: parks and recreational facilities; and

  - Public Utilities: water and sewer lines, mains, pumps, and related facilities.

The Department of Management Services analyzes departmental submissions for cost and benefit and to ensure that the CIP meets City Council priorities and overall debt limits.

There is a CIP Caucus comprised of department directors from the City agencies that manage/administer the CIP, Strategic Issue Team leaders, and the Management Leadership Team. The CIP Caucus reviews non-school project requests that are above the basic/target level of funding to determine priorities. Thereafter, the Management Leadership Team meets with the leadership of Management Services to work through project and funding issues and makes funding decisions.

The CIP is submitted to City Council along with the Operating Budget and they are reviewed together.

**Public Information** - Citizens have the opportunity to attend an open house to obtain more information about the Operating Budget, and attend two public hearings held to allow the public to make comments before City Council formally votes to adopt the Resource Management Plan for the next fiscal year. The Proposed Resource Management Plan is

available to citizens in the public libraries, City Hall, and on the City's website at www.vbgov.com. Public notices, which present highlights of the Plan, are published in the local newspaper.

## Resource Management Plan Calendar

**August/September**

*08/01/11 - 09/30/11* - Management Services staff members start planning for the upcoming Operating Budget and CIP. They develop the initial revenue forecast, and funding targets.

**09/30/11** - CIP Focus Group meeting to distribute targets and review the CIP process and any changes.

**October**

*10/07/11* - Operating Budget Caucus is held to disseminate information to departments on revenue estimates, state budget outlook, the economy, budget process overview and changes, and funding targets.

*10/10/11 - 12/02/11* - Departments, with assistance as needed from their assigned analysts from Management Services, spend the next two months developing individual program resource requests, program priority rankings, and entering the data into the Budget and CIP database. Departments develop their capital project requests for the CIP through 11/18/11.

**November**

*11/15/11* - Five-Year Forecast is presented to City Council, detailing the city's financial position over the next five years and other economic trends affecting the city.

*11/18/11* - CIP requests are due to the Department of Management Services.

**December**

*12/02/11* - Departmental budget requests are due to the Department of Management Services.

**January**

*01/09/12 - 02/02/12* - Departmental budget hearings are held in which Departments, Management Services, and the Management Leadership Team discuss the departments' budget requests and reach consensus on which items will receive further consideration for funding.

*01/13/12* - The CIP Caucus members meet to listen to presentations by the managing agencies of the CIP outlining the highlights and funding needs for the various sections of the CIP including: roadways, buildings, communication and information technology projects, parks and recreation, storm water, coastal, and economic and tourism development projects.

*01/23/12* - CIP Caucus meets to prioritize funding requests and listen to a presentation by Public Utilities of the water and sewer capital project needs.

**February**

*02/07/12* - School Superintendent submits Estimate of Needs for FY 2012-13 to the School Board.

**March**

*03/06/12* - Adoption of Schools Operating Budget and Capital Improvement Program by the School Board.

*03/27/12* - Proposed Resource Management Plan is presented to the City Council.

**April**

*04/03/12* - City Council Workshop on the Proposed Resource Management Plan.

*04/05/12* - Budget Open House

*04/10/12* - City Council Workshop on the Proposed Resource Management Plan.

*04/17/12* - City Council Workshop on the Proposed Resource Management Plan.

*04/18/12* - Public Hearing to allow citizens to make comments regarding the Proposed Resource Management Plan.

*04/24/12* - Public Hearing to allow citizens to make comments regarding the Proposed Resource Management Plan.

*04/24/12* - City Council Workshop on the Proposed Resource Management Plan.

**May**
*05/01/12* - City Council Reconciliation Workshop on the Proposed Resource Management Plan.

*05/08/12* - Vote on the Resource Management Plan.

## Accounting and Budgeting Basis

The accounting, budgeting and financial reporting treatment applied to a fund is determined by its measurement focus and the modified accrual basis of accounting. All governmental funds are budgeted and accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The term "available" is limited to collection within forty-five days of the fiscal year end. The City considers property taxes as available if they are collected within 45 days after year end. Expenditures are recorded when the related fund liability is incurred, if measurable (except for un-matured interest on general long-term debt which is recognized when due and paid). Interest on general long-term debt is recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The following is a list of the major revenue sources, which meet the "susceptible to accrual" criteria:

- General Property Taxes
- Interest on Deposits
- General Sales Taxes
- Revenue from the Commonwealth
- Revenue from the Federal Government
- Utility Taxes
- Amusement Taxes
- Hotel Taxes
- Restaurant Taxes

All Proprietary Funds are budgeted and accounted for on a flow of economic resources measurement and the accrual basis of accounting. With this measurement, revenues are recognized when earned and expenses are recorded when a liability is incurred. All assets and liabilities associated with the operation of these funds are included on the statement of net assets.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting" (Statement No. 20, Proprietary Fund types follow all applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements and predecessor Accounting Principles Board Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989). Under paragraph 7 of Statement No. 20, the City has elected not to apply FASB pronouncements issued after November 30, 1989.

The City reports deferred revenue in the fund financial statements. Deferred revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the fund balance sheet and revenue is recognized.

Unbilled Water and Sewer and Storm Water Enterprise Funds accounts receivable for services provide through June 30 are included in the financial statements.

# City Council Policy

| Title: Maintenance and Repair of Aging City Infrastructure | | Index Number: 45416 |
|---|---|---|
| Date of Adoption: 9/7/99 | Date of Revision: | Page: 1 of 2 |

**1.0 Purpose**

1.1 Aging infrastructure is a growing nationwide problem which demands increased attention. Currently, the estimated cost to maintain and repair the nation's infrastructure is at least $853 billion.

1.2 Virginia Beach is a relatively young city, established in 1963, which has now become a mature urban area with a population of approximately 430,000. Over the years, a large public investment has been made in building the City's infrastructure. The estimated replacement value of the City's investment is currently $5.38 billion. A large portion of that infrastructure, such as public buildings, roads, water and sewer lines, and schools, was constructed during the 1970s and earlier, and these facilities are now reaching ages where major maintenance and repair, if not full replacement, should be planned.

1.3 For the last several years, City Council, the School Board, and the City and Schools staffs have recognized the need for this increased commitment to repair, renovate and replace the City's older infrastructure. Council has addressed this issue by including additional funds in the Capital Improvement Program (CIP) for maintenance and repair projects.

1.4 Competition for City resources is keen while the City's infrastructure maintenance and repair needs are growing. Since it is in the public interest to plan now for the future maintenance and repair of this substantial public investment, City Council desires to establish a policy on infrastructure maintenance and repair to focus attention on the unseen but growing infrastructure issue and to prevent large and costly replacements in the future.

**2.0 Council Policy**

2.1 It is the policy of City Council to support the planned maintenance and repair of the City's infrastructure in a manner which provides the best facilities at the least cost and maintains the value of the City's investment.

2.2 It is the policy of City Council to treat infrastructure maintenance and repair costs as fixed costs for new projects.

2.3 It is the long-term goal of City Council to achieve maintenance and repair levels which insure that the City's infrastructure is functional and maintained in good condition by allocating the resources required by condition assessment surveys or generally accepted industry funding standards.

2.4 It is the policy of City Council to seek the expansion of resource capacity of these purposes.

**3.0 Procedure(s) to Accomplish Policy**

3.1 Staff will continue its planned infrastructure inventory and assessment until a complete and accurate inventory and assessment of the City's infrastructure is complete. The inventory and assessment will be maintained thereafter so funding requirements can be identified.

3.2 The City Manager shall, in the annual budget document, report the amount of the City's resources being applied to infrastructure maintenance and repair, and its relationship to replacement plant valve.

3.3 The City Manager shall, in concert with regional efforts, pursue increased resources for infrastructure maintenance and repair with emphasis on increases in State allocations for the maintenance and repair of roads, schools, and other infrastructure.

**4.0 Responsibility and Authority**

4.1 The City Manager shall, be responsible for submitting a budget which adequately funds the maintenance and repair of City infrastructure, and for reporting progress toward achieving Council's goals.

**5.0 Definitions**

5.1 "Maintenance" is defined as the recurrent, day-to-day, periodic, or scheduled work required to preserve real property in such condition that it may be used for its designated purpose.

5.2 "Repair" is defined as the restoration or in-kind replacement of real property to such condition that it may be used for its designated purpose. This would include projects like the replacement of Cooke Elementary School or the Social Services building.

5.3 "Expansion" or "new construction" is defined as the installation or assembly of a new facility, or the addition, extension, alteration, or conversion of an existing facility for a new or expanded use.

| | | |
|---|---|---|
| Approved as to Content: | Clarence Warnstaff | 08/17/99 |
| | Director/Administrator | Date |
| Approved as to Legal Sufficiency: | Leslie L. Lilley | 08/27/99 |
| | City Attorney | Date |
| Reviewed by: | James K. Spore | 09/01/99 |
| | City Manager | Date |
| Item Number: #45416 | Ruth Hodges-Smith | 09/07/99 |
| | City Clerk | Date |

# City Council Policy

| Title: Not Supplanting State, Federal, and Private Funds with Local Funds | | Index Number: 47714 |
|---|---|---|
| Date of Adoption: 2/06/01 | Date of Revision: | Page: 1 of 2 |

**1.0 Purpose and Need**

The citizens of Virginia Beach receive important, beneficial services from a wide variety of State, Federal, and private agencies, as well as from City programs which rely on funding from these agencies. These agencies are critical partners with the City and the School system in the provision of programs to our community. When these agencies terminate programming, reduce services, or curtail funding, it cannot be assumed that the City of Virginia Beach will maintain these programs. The City's ability to assume the financial responsibility for these services without significantly impacting other service areas which are solely the responsibility of the City, or without having to raise taxes, is limited.

The purpose of this policy is to formally adopt the City's long-standing practice of not automatically supplanting funds from State, Federal, or private agencies with local funds when those agencies reduce or eliminate funding to City or School programs.

**2.0 Policy**

It is the policy of City Council to prevent, to the extent possible, the shifting of financial responsibility for State, Federal, or privately funded programs to the citizens of Virginia Beach by not supplanting those funds with local funds when those agencies reduce funding to the various community programs that rely on that funding.

**3.0 Procedure to Accomplish Administrative Directive**

3.1 The Department of Management Services will provide information to the City Manager on a periodic basis that reports any reductions in funding from State, Federal, or private sources that are expected to adversely affect services to the citizens of Virginia Beach. When services are severely affected by such reductions, the City Manager and the Department of Management Services will determine what actions, if any, may be necessary to mitigate the impact on local services.

3.2 The City Manager will report to City Council any instances where reductions in State, Federal, or private funding will have a severe enough effect on services that Council action is necessary.

**4.0 Responsibility and Authority**

The Department of Management Services is responsible for reporting to the City Manager any reductions in State, Federal, or private funding that could have an effect on services provided to the citizens of Virginia Beach.

**5.0 Definitions**

*Supplanting:* For purposes of this policy, the substituting of local funds for reductions in State, Federal, or private funding.

*State, Federal, and private agencies:* Agencies of either the State or Federal governments, or non-governmental agencies, that either provide funds to the City of Virginia Beach for the provision of local services or offer those services themselves directly to the citizens.

| | | |
|---|---|---|
| Approved as to Content: | Catheryn R. Whitesell | 02/05/01 |
| | Director/Administrator | Date |
| Approved as to Legal Sufficiency: | R.M. Blow | 02/21/01 |
| | City Attorney | Date |
| Approved: | Steven T. Thompson | 02/26/01 |
| | Chief Financial Officer | Date |
| Approved: | James K. Spore | 02/26/01 |
| | City Manager | Date |
| Approved: | Meyera E. Oberndorf | 02/26/01 |
| | Mayor | Date |

**ALTERNATE VERSION**

**REQUESTED BY COUNCILMEMBERS DIEZEL AND WOOD**

**A RESOLUTION TO ADDRESS PUBLIC SAFETY PAY COMPRESSION DISPARITIES**

WHEREAS, the safety of Virginia Beach's citizens is greatly enhanced by the City retaining its experienced public safety employees; and

WHEREAS, pay compression has led many experienced public safety employees to leave the City workforce to pursue positions with other employers, including the federal government and the private sector.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA:

That the City Manager is hereby directed to incorporate into the budget process the following considerations, across the public safety pay and classification ranges, utilizing the current City pay plans:

(1) To prevent future pay compression in the public safety pay and classification plans, pay adjustments shall be applied to all employees and ranges;

(2) For both fiscal year 06-07 and fiscal year 07-08, adjustments based on years of service and years in grade shall be made to the current public safety pay and classification plans, at a maximum cost of $4.5 million per fiscal year;

(3) Prior to December 1, 2007, a revised step plan shall be submitted to Council for review and discussion so it may be considered as part of the fiscal year 08-09 budget;

(4) Even if the above steps fail to alleviate supervisory pay compression, such compression shall be alleviated within three years of identification;

(5) Future market salary surveys shall be restricted initially to Hampton Roads communities; and

(6) Proposed budgets shall include an annual summary of entry-level public safety salaries in surrounding Hampton Roads communities.

Adopted by the Council of the City of Virginia Beach, Virginia, on the 7th day of February, 2006.

APPROVED AS TO LEGAL SUFFICIENCY

Roderick Ingram
City Attorney's Office

CA-9909
H/P&A/OrdRes/Public Safety Compensation RES.doc
February 7, 2006
R-4

**Entry Level Police, Fire and Sheriff Salary Survey**
**As of February 2012**

| | Police Officer Recruit | | | | Police Officer | | | |
|---|---|---|---|---|---|---|---|---|
| **Locality** | **Min** | **Mid** | **Max** | **Title** | **Min** | **Mid** | **Max** | **Title** |
| **Virginia Beach** | 37,920 | 46,452 | 54,984 | Police Officer Recruit | 39,840 | 48,804 | 57,768 | Police Officer |
| **Chesapeake** | 37,494 | 46,278 | 55,061 | Police Officer Trainee | 39,182 | 48,361 | 57,540 | Police Officer |
| **Hampton** | 36,500 | 39,238 | 41,975 | Police Public Safety Recruit | 38,550 | 50,738 | 62,925 | Police Patrol Officer |
| **Newport News** | 36,000 | 37,175 | 38,350 | Police Officer Recruit | 38,000 | 40,150 | 42,300 | Police Officer |
| **Norfolk** | 36,500 | 36,500 | 36,500 | Police Officer Recruit | 39,390 | 48,928 | 58,466 | Police Officer |
| **Portsmouth** | 36,347 | | | Police Officer Trainee | 38,260 | 46,182 | 59,092 | Police Officer |
| **Suffolk** | 35,083 | 43,854 | 52,625 | Police Officer I | 36,722 | 45,903 | 55,083 | Police Officer II |

**Note: Hampton and Norfolk have only one non-supervisory level of Police Officer. Virginia Beach has a Master Police Officer level.**

| | Firefighter Recruit | | | | Firefighter | | | |
|---|---|---|---|---|---|---|---|---|
| **Locality** | **Min** | **Mid** | **Max** | **Title** | **Min** | **Mid** | **Max** | **Title** |
| **Virginia Beach** | 37,920 | 46,452 | 54,984 | Firefighter Recruit | 39,840 | 48,804 | 57,768 | Firefighter |
| **Chesapeake** | 37,494 | 46,278 | 55,061 | Firefighter Trainee | 39,182 | 48,361 | 57,540 | Firefighter/EMT |
| **Hampton** | 36,500 | 39,238 | 41,975 | Fire and Rescue Recruit | 38,550 | 50,738 | 62,925 | Firefighter |
| **Newport News** | 36,000 | 37,175 | 38,350 | Firefighter/Medic Recruit | | 0 | | No Match |
| **Norfolk** | 35,195 | 35,195 | 35,195 | Firefighter Recruit | 36,743 | 46,327 | 55,911 | Firefighter/EMT - Enhanced |
| **Portsmouth** | 36,347 | | | Firefighter Trainee | 38,260 | 46,182 | 59,092 | Firefighter |
| **Suffolk** | 35,083 | 43,854 | 52,625 | Firefighter I | 36,722 | 45,903 | 55,083 | Firefighter II |

**Note: Hampton has only one non-supervisory level of firefighter. Virginia Beach has a Master Firefighter level. Newport News Fire Academy graduates are required to attain EMT-Intermediate certification, which is a higher level than required in the remaining cities.**

| | Deputy Sheriff Recruit | | | | First Level Deputy Sheriff | | | |
|---|---|---|---|---|---|---|---|---|
| **Locality** | **Min** | **Mid** | **Max** | **Title** | **Min** | **Mid** | **Max** | **Title** |
| **Virginia Beach** | 36,996 | | | Deputy Sheriff | 36,996 | 44,666 | 52,336 | Deputy Sheriff |
| **Chesapeake** | 37,494 | 46,278 | 55,061 | Deputy Sheriff Trainee | 39,182 | 48,361 | 57,540 | Deputy Sheriff |
| **Hampton** | 31,434 | | | Deputy Sheriff | 34,063 | | | Deputy Sheriff (minimum reflects 9% increase to base salary after 13 months) |
| **Newport News** | 30,970 | | | Deputy I | 32,210 | 41,248 | 50,285 | Deputy II |
| **Norfolk** | | | | No Recruit Level | 30,791 | 39,575 | 48,358 | Deputy Sheriff |
| **Portsmouth** | 28,234 | | | Deputy Sheriff | 33,034 | 40,603 | 52,973 | Deputy Sheriff (minimum reflects 9.3% regrade and $2,171 supplement at the end of first year and completion of the academy) |
| **Suffolk** | | | | No Recruit Level | 35,083 | 43,854 | 52,625 | Deputy Sheriff |

**Note: Chesapeake and Newport News are the only jurisdictions that reported a separate trainee or recruit title for deputies while in training. Chesapeake's trainee is assigned to a pay range, though they are promoted to Deputy Sheriff before they reach the pay range maximum (similar to our Police Officer Recruit). Newport News has a flat salary for the Deputy I that is used for deputies in training.**

**Virginia Beach, Hampton, and Portsmouth do not actually have a separate trainee (Recruit) title. However, these cities provide a specific percentage pay increase to Recruits upon completion of training. The salary resulting from the percentage increase is reported here as the minimum for the First Level Deputy Sheriff. The midpoint shown for the First Level Deputy is based on the minimum of Recruit and maximum of First Level Deputy.**

# Administrative Directive

| Title: Grant Management | | Index Number: AD 1.05 |
|---|---|---|
| Date of Adoption: 09/06/94 | Date of Revision: 06/30/2006 | Page: 1 of 8 |

**1.0 Purpose and Need**

Grant funds from state, federal, or other agencies and organizations are an important revenue source that can aid the City in providing quality services to citizens and customers while keeping our taxes as low as possible. The growing increase in the number of grants awarded to the City has necessitated a higher level of coordination to ensure that grant funds are being used to achieve the City's Strategic Plan and derive the greatest benefit.

Departments are urged to solicit grants - especially where a grant will help achieve the City's Strategic Plan, enhance or support the City's basic services, or address any other City priority - while trying not to incur a high level of overhead on small grants that do not greatly influence the City's strategy.

Prior to seeking grant funding, a department should consider the following:

- Will the grant be used to address a City strategy or other priority?
- Would the grant funding be used for a previously identified need of the City for which no other source of funding is available?
- If the program being funded by the grant is needed to accomplish a City priority or achieve the department's mission, should it be supported instead by City funds to ensure that adequate resources are made available?
- Will the grant provide only short-term financing for a long-term commitment on the part of the City?

This Directive provides guidance on the process to be used by City departments in pursuing grants, and establishes a centralized means of identifying which grants are being sought, thereby promoting a systems approach to the use of grant funds.

**2.0 Administrative Directive**

No part of this Directive should be construed as superceding any portion of the adopted annual operating budget ordinance or Capital Improvement Program ordinance. In the event of a conflict between this Directive and either ordinance, the ordinance shall control.

All grant applications must be signed by the City Manager or appropriate designee prior to submission to the granting agency. All grants must be appropriated through the budgetary process, through the Council Agenda Process, or where applicable, through the use of the grant reserve (which is appropriated annually as part of the budget).

All grants must comply with all City policies and procedures, including the purchasing and technology improvement policies, and the City Attorney's Contract Preparation/Review Guidelines. Any grant that includes personnel costs must comply with all City personnel policies. The agenda request and ordinance shall include language indicating that the position is authorized only for the duration of the grant period, unless continued employment is required

by the grantor and approved by the City Manager prior to accepting the grant funding. The employee will be notified in writing upon hire that the position is subject to the continuation of grant funding and expiration of the grant will result in elimination of the position.

## 3.0 Procedure to Accomplish Administrative Directive

### A. Grant Application Phase

The procedure for completing and submitting grant applications is bulleted below. Specific details are included in subsequent paragraphs.

- **Step 1**: Department identifies a need for services, equipment or programs.
- **Step 2**: Department seeks grant programs that support services related to the identified need.
- **Step 3**: Department informs Management Services staff (assigned budget analyst) of intent to apply for grant funding.
- **Step 4**: Management Services notifies department to proceed with application development; if there is a concern regarding the request, Management Services forwards the request to the responsible Chief who will make the determination whether to proceed with the application phase.
- **Step 5**: Department prepares grant application (with the Director's endorsement), routes it to other affected departments (including ComIT for those with technology components), and forwards it to Management Services, accompanied by the required grant forms (available on the Management Services BEACHnet site).
- **Step 6**: Management Services evaluates grant and forwards the application and recommendation to responsible Chief. In some instances, the City Manager's signature may be required.
- **Step 7**: Once application is approved and signed, department submits grant to grantor agency.

### B. Grant Management Phase

The procedure for appropriating and managing grants is bulleted below. Specific details are included in subsequent paragraphs.

- **Step 1**: Department notifies Management Services that grant was approved and drafts an agenda request to accept the grant and appropriate funding. If additional paperwork, such as a formal acceptance is required, the department will forward this to Management Services to obtain signature from the responsible Chief and/or City Manager. Department notifies City Manager's Office to place grant on Council agenda.
- **Step 2**: Management Services drafts the ordinance and forwards it to the City Attorney.
- **Step 3**: Department representative attends the agenda meeting (Wednesday prior to Council date).
- **Step 4**: Once Council appropriates the grant, Management Services assigns a grant number and enters the related budget journal in ViBES. In the event that City Council declines the grant, the submitting department is responsible for notifying the grantor in writing that the City will not be accepting the grant.

- **Step 5**: Department begins managing the grant in accordance with the grant application and guidelines. Department must coordinate with Finance to determine responsibility for financial reporting. If the department submits financial reports, copies of each must be forwarded to the Comptroller's Office of the Finance Department. The department managing the grant is responsible for maintaining all grant-related records and ensuring reporting requirements are met.

- **Step 6**: When the grant period is completed, the department shall contact Finance to coordinate closing the grant in ViBES.

**Grant Review and Authorization:**

- The specific process required for grant review is outlined on the Management Services intranet site (on BEACHnet) under the "Grant Management" link. This link includes the "City of Virginia Beach Grant Management Process" flow chart and written procedures. These documents outline the specific process that should be followed, list all forms that are required to be completed, and provide a list of resources for departments applying for grants. All applicable forms are also available from this link.
- No grant application shall be submitted to a granting agency without prior review by the Department of Management Services and signature of approval by a member of the Management Leadership Team.
- Any City department or agency that intends to apply for a grant shall provide a copy of the full grant application and all required forms to the Department of Management Services at least ten (10) business days prior to the date the grant application is due to the granting agency.
  - It is necessary to allow Management Services ten (10) business days for review to ensure that it is adequately reviewed by Management Services staff and allow routing and review by the appropriate member(s) of the Management Leadership Team.
  - Management Services staff will work with departments on a case-by-case basis, where the granting agency has not provided ample notice to provide the required ten (10) business days for review; however, this does not exempt any grant from review by Management Services.

**Requirements for Completing and Submitting Online Grants:**

- If a grant is completed in an online database, a hard copy should be provided to Management Services to complete the required review and to maintain for central filing.
- The signature can be obtained on the grant routing form or on the cover letter from Management Services.
- A "Designee Authorization Form" should be completed and signed as well (available on the Management Services BEACHnet website).
- Please note that many online databases require authorization of the applicant prior to submission that may require several days to complete. Departments should plan their grant development accordingly.

**Requirements for Legislative Approval:**

- While all grants are subject to review by Management Services and require authorization by the City Manager, some grants may not require independent Council action. Certain grants can be appropriated through the use of grant reserve accounts, which are appropriated annually as part of the budget.
- Grants meeting the following criteria do not require City Council action, provided there is ample funding in the grant reserve accounts to accommodate the appropriation.

  - The grant does not establish new and/or ongoing services to the community.
  - The grant in total is $10,000 or less (amount from grantor, plus any associated match).
  - The grant does not authorize additional full-time or part-time FTEs.
  - Grantor requirements do not mandate acceptance by legislative body (i.e., City Council).
- Management Services will work with departments when there are special circumstances for other small grant programs, such as compressed timelines, that do not easily facilitate Council approval.

**Requirements for Grants with Technology Components:**

- The submitting department is responsible for routing grants that have technology components associated with them to ComIT during the application phase. The department is responsible for coordinating all technology equipment and infrastructure needs with ComIT staff after submission of the grant.

**Inclusion of Grants in the Operating or Capital Budget:**

- Guidelines for including grants in the annual operating budget include: the grant is on-going, non-competitive and/or allocated on a formula basis such that the revenue can be reasonably estimated based on the historical amount received.
- A department can include a grant in the operating budget request; however, the grant should be included in the appropriate grant fund and necessitates assignment of a grant number by Management Services.
- The CIP may also include grant funding that is of a one-time or ongoing nature.
- Grants that are appropriated as part of the annual operating or capital budgets will be reviewed in conjunction with departmental budget requests; however, Management Services will still review applicable paperwork for grants that are budgeted. The grant application and/or acceptance paperwork must still be approved and signed by the City Manager or appropriate Chief prior to submission to the granting agency for budgeted grants.
- It is still necessary for the requesting department to forward any documentation to Management Services for signature by an appropriate member of the MLT and inclusion in central filing.
- The department must notify Management Services of differences between the estimated and actual amount of all grants so that adjustments to appropriations may be made.
- An award letter is required for any new grant before it can be included in either the operating budget or CIP.

**Financial Controls Applied to Grants** (Source: June 20, 2005 memo to departments from Finance and Management Services)**:**

- The ViBES controls that are applied to operating budget appropriation units also apply to grants. However, grants are also controlled at the budget unit level. In general (exceptions are outlined below), the grant controls apply first to the grant number, then the budget unit number and then the object code. A grant number designates the overall appropriation unit; appropriations in one grant within a fund cannot offset appropriations within another grant in that same fund. Grants are also controlled at the budget unit level, which affects multi-departmental grants that have multiple budget units under the same grant number. Every single budget unit must balance within that grant.
- Grants also have the same controlled accounts applied, except at the budget unit level: Reserve for Contingencies (600s), Personal Services (601s and 602s combined), Operating Expenses (603s to 606s combined), Leases and Rentals (608s), Land Structures and Improvements (609s), and Debt Service (610s). These categories cannot exceed appropriations for those accounts. Part-time salaries and capital outlay are controlled at the line item level in ViBES; however, for budgetary and purchasing

- purposes, it is necessary to have adequate appropriations for each capital item (not the line item in total).
- Grants involving FEMA-Team deployments and certain housing grants that are subject to special circumstances are the exceptions to the application of the above ViBES controls. The requirements of these grants would render the application of these financial controls impractical.

**Supplanting:**

- Special focus is needed in the evaluation of grants regarding supplanting. Supplanting involves replacing one source of funding for another.
- The City Council adopted a policy in 2001 which states, "It is the policy of the City Council to prevent, to the extent possible, the shifting of financial responsibility for state, federal, or privately funded programs to the citizens of Virginia Beach by not supplanting those funds with local funds when those agencies reduce funding to various community programs that rely on that funding."
- In addition, many grants are requiring that the City certify that the funding will not supplant any funding already being used for the same purpose. For example, a Police Department grant may require that the grant funding not supplant any funding allocated for law enforcement uses, thus using vacancy funding from police officers to match the grant would not be allowable under the grant. In meeting non-supplanting requirements, the City considers the redirection of appropriated funding supplanting. This would not apply to funding that is programmed or planned in future years.

## 4.0 Responsibility and Authority

Department Directors shall be responsible for reviewing and providing a written endorsement of all grant applications submitted by their department, either in paper form or electronically. All grant applications shall be reviewed by Management Services and approved with signature by the responsible Chief and/or the City Manager prior to submission to the granting agencies. Before a grant can be submitted electronically, the individual that is preparing the application must be authorized by the City Manager to submit the grant. A "Designee Authorization Form" is located on the Management Services BEACHnet site under "Grant Management."

A. City departments are responsible for the following:

1. Seeking grant funding for identified needs that are not otherwise funded.
2. Obtaining all required signatures pertaining to the grant application and grant acceptance (recommended to be coordinated through Management Services after grant review).
3. Completing applications for identified grants in accordance with guidelines prescribed by the granting agency.
4. Collaborating with other departments as needed to ensure that grant funding provides the greatest possible benefit.
5. Submitting the full grant application package and completed grant forms to the Department of Management Services, ten (10) business days prior to the grantor's due date.
6. Initiating the agenda request process to acquire City Council acceptance of the grant and appropriation of grant funds once written approval notice is received from the grantor agency, if applicable.
7. Developing agenda requests for resolutions as required by granting agencies.
8. Administering the grant-funded program and ensuring that all City policies are followed and all grant requirements are met.
9. Ensuring that grant expenditures are within the awarded grant funding.

10. Coordinating with the City's Finance Department to ensure that grant funding is requested and received in a timely manner, and providing the Finance Department with a copy of the grant agreement and fiscal procedures.
11. Submitting all reports as required by the granting agency, including coordinating financial reporting with the City's Finance Department.
12. Notifying Human Resources at least one (1) pay period prior to any grant position no longer being funded.
13. Maintaining all documentation for grants for a minimum of three (3) years, unless the grantor specifies a longer duration.
14. Notifying Audit Services of any contact from the granting agency or other external agency concerning an audit or review.
15. Notifying Audit Services of concerns about violations of federal, state and/or local laws and regulations or suspected improprieties related to the grant program.

B. The Department of Management Services is responsible for the following:

1. Functioning as process owner of the grant management process and a resource for agencies, with regard to the grant process and grant development.
2. Assisting departments in identifying sources of grant funding and reviewing grant proposals.
3. Providing a timely review of grant applications prepared by departments.
4. Assisting departments in the preparation of agenda items seeking City Council acceptance of a grant and appropriation of grant funding.
5. Maintaining the following information on file as part of the department's role in resource management:

    a. A copy of the grant application.
    b. The department's grant analysis review.
    c. A copy of the agenda package, including the signed appropriation ordinance, and the associated journal voucher.
    d. A copy of the signed grant acceptance form, where applicable.
    e. A copy of the award letter.

6. Communicating with other City agencies and departments after acceptance and appropriation of the grant.
7. Providing copies of all grant-related budget information to the Comptroller's Office of the Finance Department, and to the Payroll Division of the Finance Department and Human Resources when a grant involves changes to part-time or full-time personnel.
8. Ensuring that City departments are familiar with the grant management process and providing grant training about the City's process on an annual basis.
9. Ensuring that Council ordinances include wording that indicates that grant-funded positions will be terminated when grant funding is no longer available.
10. Assigning revenue codes and grant numbers to awarded grants, and notifying Finance of awarded grants through a copy of the completed budget journal.
11. Coordinating multi-departmental grants to ensure a Citywide focus.

C. The Department of Finance is responsible for the following:

1. Functioning as process owner of grant reporting and accounting.
2. Serving as fiscal agent, when required by the grant.

3. Reviewing each grant periodically to ensure that grant funding is requested and received in a timely manner, including tracking all revenues received and expenditures made.
4. Ensuring that ended grants are properly closed out.
5. When necessary, submitting required financial reports to the granting agency.
6. Ensuring that grant controls are set in ViBES.
7. Providing grant training on grant reporting and accounting on an annual basis.
8. Obtaining copies of all funding requests and financial reports that are not completed by the Finance Department.

D. The Department of Human Resources is responsible for the following:

1. Indicating on the Personnel Transaction Form (P-3) of any employee hired with grant funding that the position is funded under a grant.
2. Ensuring that grant-funded personnel are aware upon hire that their positions are authorized for a set time frame or certain amount of grant funding and ensuring that grant-funded personnel sign paperwork to that effect.
3. Processing a grant-funded position out of the system after receiving notification that the grant has been discontinued.
4. Assigning position control numbers to full-time grant positions.

E. The Department of Audit Services is responsible for the following:

1. Providing technical and/or advisory services to the department or program managers regarding program operations and compliance.
2. Providing advice and guidance on audit related matters.

## 5.0 Definitions

***Grant***: Funding awarded to the City by another level of government or by an outside agency or organization, and which generally meets the following requirements:

- The funding supports a public purpose.
- The funding is for a specified period of time.
- An application process is required to obtain the funds.
- Acquiring the funds is generally the result of a competitive process or funds are distributed on a formulary basis.
- Periodic reports are required to be submitted to the granting agency.
- The grant is subject to audit by the granting agency.

***Annual Grant***: A grant that is awarded annually, regardless of the specific grant period (e.g., City fiscal year, federal fiscal year, or calendar year).

***Multi-Year Grant***: A grant that affects the appropriation of funding beyond one (1) fiscal year.

***Appropriation***: Legal authorization from City Council to make expenditures and incur financial obligations on behalf of the City. Appropriations for grant programs can be included in and approved by City Council in the Adopted Operating Budget and Adopted Capital Improvement Program or may require subsequent action by City Council outside of the budgetary process.

***Legislative Approval***: Refers to (1) the need for City Council to accept and appropriate a grant to provide departments the authority to spend grant funding; or (2) the requirement by the grantor that City Council formally endorse or accept a grant, whether before the application is submitted or after the grant is awarded. Guidance for when legislative approval is not required to provide spending authority is provided on page 3 of this Directive.

***Agenda Request****:* A formal request to be placed on the City Council agenda. The agenda request is required to allow the Council to vote to appropriate the grant funding. Grant funding that has not been appropriated may not be spent.

***Ordinance****:* An ordinance, or an amendment to an ordinance, is a formal and binding type of Council legislation. A roll call of the Council records the Council's action on all ordinances. Before grant funding can be spent it must be appropriated. Because the budget is a legal document, any expenditures that are not included in the budget document must be ratified by Council as a separate ordinance. The ordinance appropriates grant funds for the department to spend.

***Resolution***: A resolution is a formal type of Council legislation. Passage of a resolution indicates the Council's policy on a certain matter, or it may direct a certain type of action to occur. It requires only one reading. This is a statement of intent by the City Council to participate in the grant program. Resolutions may be required for grants prior to award or after the grant has been awarded. This does not constitute an appropriation or a formal acceptance of grant funding, but only an agreement in principle.

***Supplanting*****:** Substituting one source of funding to augment reductions in funding by another agency. The City's policy of not supplanting federal, state or private funding reductions with local funding applies to grants. Match requirements for grants are not considered supplanting. Grants are increasingly requiring that the City certify that federal, state or private funding are not supplanting local funds intended for the same purpose as well.

## 6.0 Specific Requirements

Subject to any other provision of the law, all agencies and departments shall administer all grants in accordance with this Directive and related supporting documents.

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| Approved as to Content: | Catheryn R. Whitesell<br>Director of Management Services | 08/25/06<br>Date |
| Approved as to Legal Sufficiency: | Leslie L. Lilley<br>City Attorney | 08/30/06<br>Date |
| Approved: | David L. Hansen<br>Chief Financial and Technology Officer | 08/31/06<br>Date |
| Approved: | James K. Spore<br>City Manager | 08/31/06<br>Date |

# Administrative Directive

| Title: Resource Administration Directive | | Index Number: AD 7.01 |
|---|---|---|
| Date of Adoption: 07/01/92 | Date of Revision: 01/31/03 | Page: 1 of 8 |

1.0 **Purpose and Need**

The Annual Operating Budget Appropriation Ordinance authorizes the City Manager or the Director of Management Services to establish and administer budgeting within appropriation units, consistent with best management practices, reporting requirements, and programs and services adopted by the City Council.

The Resource Administration Directive has been established to:

1. Maintain the requirements of the City Charter, the City Code, the Annual Operating Budget Appropriation Ordinance and the Capital Improvement Program Appropriation Ordinance.

2. Ensure the financial integrity of the City through the establishment of policies which provide that the appropriation authority granted by the Annual Operating Budget and the Capital Improvement Program Appropriation Ordinances is not exceeded, without prior approval of Council.

3. Provide a framework for responsible expenditure decisions.

4. Maximize the flexibility and accountability of Department Directors in responding to the demands of their departments' missions and in fulfilling their program objectives, while adhering to legal and administrative policies.

2.0 **Administrative Directive**

Subject to any other provision of the law, all agencies and departments shall administer their operating budgets in accordance with this directive.

3.0 **Procedure to Accomplish Administrative Directive**

The Department of Management Services is responsible for coordinating the City's Resource Management Plan and making recommendations to the City Manager. Management Services shall act as the City Manager's designee in the approval of appropriation transfer requests. Management Services will coordinate annual fiscal management training with Finance, Human Resources, Audit Services, and other interested departments. Budget unit managers are strongly encouraged to attend.

All related forms are available on the Department of Management Services intranet page. Detailed instructions and overviews of procedures are also described on the site. Forms can be submitted electronically; however, a signed hard copy must also be submitted to Management Services. Only employees whose signatures are on file with Management Services are authorized to sign transfers.

Any modifications to appropriations within controlled accounts will require submission of a Transfer of Appropriations form or Redefinition of Funds Letter to be approved by Management Services. The departments

3.0 **Procedure to Accomplish Administrative Directive** (continued)

should send these requests directly to Management Services. Management Services will notify Council of approved transfers between $25,000 to $100,000 on a monthly basis.

City Council approval is required for any transfer that 1) exceeds $100,000, 2) significantly expands an existing program, 3) initiates a program that has not previously been requested in the budget, 4) increases permanent positions, or 5) appropriates new funds. Departments must follow the Agenda Process for these requests.

All requests for new programs, program enhancements, or expansions of programs will be reviewed by Management Services, with recommendations made to the City Manager or his designee as to the appropriateness of the request. Management Services will evaluate all requests for changing the scope of use for funds appropriated in the budget document. In general, only program additions or enhancements that were requested but not funded during the budget process are eligible for consideration. Exceptions may be made in cases where the department could not reasonably foresee the need for the request (example: new mandate, change in technology, etc). Programs that involve redirection of existing funds that are available within the requesting department's fiscal year appropriation and do not require additional funding in future years or involve additional permanent FTEs may not necessitate Council action.

Internal Service Funds will also be required to submit requests for new programs, program enhancements, or expansions of programs, which will be reviewed by Management Services. Recommendations will be made to the City Manager or his designee as to the appropriateness of the request. Management Services will evaluate all requests for changing the scope of use for funds appropriated in the budget document. The same evaluation criteria apply to requests from Internal Service Funds. Additionally, the only use of retained earnings by Internal Service Funds that does not require Council action is increasing the cost of goods sold.

Department Directors may appeal the disapproval of funding requests by Management Services staff to the Director of Management Services. All information related to the request, including the reason(s) for denial, will be forwarded for review and reconsideration. Should the Director of Management Services also disapprove the request, Department Directors may appeal the decision to the Management Leadership Team. All information related to the request, including the reason(s) for denial, will be forwarded to the Management Leadership Team for review and reconsideration. Decisions of the Management Leadership Team are final.

4.0 **Responsibility and Authority**

1. Department Directors

   Department Directors have a responsibility to ensure that:

   a. The expenditures and encumbrances do not expand, enhance or create programs which will be an on-going commitment or will create a future liability of the City, beyond the current fiscal year, without the approval of the City Manager and City Council.

   b. The appropriation units remain balanced so that the aggregate total of expenditures and encumbrances does not exceed the aggregate total of the adjusted appropriations in each appropriation unit.

   c. The estimated revenues which support each program are or will be realized by the City, and that Special Revenue and Enterprise Funds do not expend more than the realized revenues.

4.0 **Responsibility and Authority** (continued)

d. The balance of each appropriation unit is maintained within each fund. Should an appropriation unit contain appropriations from different funds, the balance of each fund must be maintained separately and exclusively from the other funds within that appropriation unit.

e. The expenditures and encumbrances conform to City Council's policies and other expenditure restrictions. Department Directors should be aware of unique policies or restrictions relating to their own programs. (In general, copies of all policies established by the administrative departments are forwarded to operating departments, who are responsible for retaining them.)

f. Departments conform to the policies and procedures of the City's Grant Management Process, as described in Administrative Directive 1.05.

g. The total expenditures for Personal Services (601s and 602s), Capital Purchases (607s), and Land Structures and Improvements (609s), do not exceed appropriations for those accounts.

   Note: Part-time salaries line item is the exception to balancing at the account category level for the above controlled accounts. This line must balance alone at the appropriation unit level to ensure that the aggregate amount expended for part-time salaries does not exceed the amount appropriated for that purpose because overspending in this account may result in exceeding the number of authorized positions within the appropriation unit. Appropriations in this line may offset other Personal Services expenditures, but other appropriations in Personal Services expenditures cannot offset part-time salaries.

h. The aggregate total of expenditures and encumbrances for non-controlled accounts (603s, 604s, 605s, and 606s) does not exceed the aggregate total appropriated for those accounts for the appropriation unit.

i. Budget Unit Managers are encouraged to attend annual training provided jointly by Management Services, Finance, Human Resources, Audit Services, and other interested departments to maintain accurate and effective budget management.

Department Directors are authorized to perform the following:

j. Make spending adjustments within non-controlled accounts that do not exceed the scope or intent of the department's approved budget (i.e., there should be no new or expanded programs). It is not necessary for individual line items to balance; the non-controlled accounts for the appropriation unit must balance in total. See definition in section 5.0. All other requests will be evaluated and approved by Management Services in the form of Transfers of Appropriations and City Council Agenda Requests.

k. Request a personnel transaction (i.e., promotion or reclassification) provided that existing budgetary funds are available in the salary and fringe benefit accounts within the budget unit to offset any increase in expenditures.

   Prior to making a personnel request, the department must certify to the Department of Human Resources that adequate appropriations are available within the personnel accounts to offset increased costs. If the funds are not available, the department must request a transfer to the appropriate budget unit. The transfer must be approved prior to the effective date of the promotion/reclassification.

l. Prepare a Transfer of Appropriations Request or prepare a City Council Agenda Request, where applicable. (See City Manager and City Council sections for requirements of these requests.)

4.0 **Responsibility and Authority** (continued)

m. Request a redefinition of Capital Outlay appropriations via submission of a letter to Management Services indicating the justification for the request and the reason that there is available funding to be redefined.

2. The City Manager, or his designee, is authorized to transfer funding in accordance with the Annual Operating Budget Appropriation Ordinance, Capital Improvement Program Appropriation Ordinance, and Section 2-187.1 of the City Code.

Authorization is required from the City Manager, or his designee, to:

a. Transfer appropriations of up to $100,000, to or from controlled accounts, between appropriation units, from Reserves for Contingencies accounts, or between capital projects. Management Services provides a monthly report to City Council of transfers between $25,000 and $100,000.

i. Transfers to and from controlled accounts (especially personnel accounts) will be evaluated on a case-by-case basis to determine the emergency nature of the request. Criteria for consideration include: 1) the request is mission critical, 2) there is an adequate justification of the emergency nature, 3) the benefits of the request exceed the costs and the impact of not immediately implementing the request would disrupt service delivery (i.e., why the request cannot wait until the next budget process), and 4) the item was requested by the department during the budget process and was ranked favorably by the Caucus.

ii. Evaluation criteria for Transfers of Appropriations include: 1) the expenditure could not be reasonably anticipated during the budget process, 2) the request results from a mandate, or 3) the request constitutes a change in operating policies and procedures as a result of direction from the City Manager or City Council.

iii. Requests for transfers from Reserves for Contingencies will not be considered unless Management Services determines with the department that the appropriation unit cannot absorb the cost first, within the department's non-controlled accounts and second, within controlled accounts that are anticipated to have excess funding.

iv. Transfers within Internal Service Funds exceeding $100,000 must be approved by City Council if it is outside the scope of the approved budget. Any use of retained earnings must be approved by City Council unless it involves increasing the cost of goods sold.

b. Transfer positions between budget units, divisions, and departments, subject to the $100,000 limit on transfers. (Operating Budget Ordinance).

c. Approve and redefine the use of appropriations for specific Capital Outlay items (607s).

d. Increase the number of part-time FTEs within the current fiscal year, subject to the $100,000 limit on transfers, provided that the aggregate amount expended for such positions does not exceed the respective appropriations. (Operating Budget Ordinance).

e. Transmit items to City Council for adoption.

f. Decrease estimated revenues and corresponding appropriations to reflect expected revenue collections. City Council must be notified of reductions greater than $100,000.

4.0 **Responsibility and Authority** (continued)

g. Transfer excess appropriations to Reserves for Contingencies, after all anticipated expenditures for which those funds were appropriated have been included.

h. Transfer appropriated funds and existing positions as necessary to implement organizational adjustments that have been authorized by the City Council. The City Manager shall report to the City Council regarding the status and progress of any such organizational adjustments on an annual basis.

i. Carry forward appropriations which were authorized but not completed prior to the end of the fiscal year. These requests are reviewed for appropriateness and to ensure that there is sufficient fund balance to meet City Council policies. Salary funds are not eligible to be carried forward (Operating Budget Ordinance). Criteria for Carry-forward appropriations are: 1) the funds shall remain in the same fund, budget unit, and account code; 2) the item was specifically appropriated for the purpose identified in the request; 3) the legal appropriation unit or department has an unencumbered balance greater than the amount requested; 4) the fund balance of the affected fund has sufficient funding available at the close of the books to fund the continuation of the appropriation and is compliant with all prescribed policies; and, 5) the item to be carried forward must be critical to the mission of a program or service offered by the City. Carry-forwards are not to be used to re-appropriate "surplus" funds or to be used as an alternative source of funding from the current fiscal year to the subsequent fiscal year that is not in alignment with its original intended use.

j. Adjust the financing sources for various capital projects to reflect effective utilization of financing sources. The City Manager or his designee may also reduce appropriations to any capital project to reflect reductions in financing sources. However, prior notice to City Council is required for any reductions to total appropriations greater than $100,000.

k. Transfer from dedicated Reserves for Contingencies that have funding for a specific purpose.

l. Make corrections to the budget where movement of funds does not change the intent of the original appropriation, but allows for proper accounting of the funds.

3. City Council is authorized to amend the Operating Budget during the fiscal year. City Council approval is required for all of the following actions prior to the utilization of funds:

a. Amend original appropriations through supplemental appropriations of additional revenue, fund balance or retained earnings.

b. Amend the Operating Budget and Capital Budget through the transfer of appropriations that exceed $100,000.

c. Increase the total number of permanent positions.

d. Implement new, significant expansions or enhancements to programs or services, which will be an ongoing commitment or a future liability for the City beyond the current fiscal year. Any request that was not considered during the budget process will constitute a new program and will require City Council action. Any request deemed to exceed the scope of authority and intent reflected in the Resource Management Plan by the City Manager or his designee will require City Council action.

e. Initiate a new capital project.

5.0 **Definitions**

Terms are defined as they relate to the Operating and Capital Budget administration and provide a general explanation of technical concepts.

**Account Categories**: Line item expenditure account codes are grouped and numbered according to general uses. They are identified by the first three digits: 60X, where the 6 signifies that it is an expenditure. Following is a list and brief description of account codes.

- 601s – Personal Services: Compensation of direct labor of persons in the employment of the City; salaries and wages paid to employees for full-time, part-time, and temporary work; payment for contracted manpower.
- 602s – Fringe Benefits: Job-related benefits provided for employees as part of their total compensation.
- 603s – Contractual Services: Services acquired on a fee basis or a fixed-time contract basis from outside sources.
- 604s – Internal Services: Charges to departments for intra-governmentally provided support services such as microcomputer support, automotive services, internal telecommunications, print shop and risk management.
- 605s and 606s – Other Charges: Expenditures for all other purposes such as utilities, external telecommunications, office supplies, furnishings, uniforms, professional development, travel and membership dues.
- 607s – Capital Outlay: Expenditures resulting in the acquisition of, or addition to, fixed assets which cost $5,000 or more.
- 608s – Leases and Rentals: Leases not capitalized and rental of land, structures and equipment.
- 609s – Land Structures and Improvements: Major capital facilities, with a total cost less than $50,000, that are constructed or acquired, such as land or buildings, and alterations to existing properties. Any project over $50,000 may be a Capital Project and is addressed through the Capital Improvement Program.

**Agenda Request**: Document through which a department seeks approval of an ordinance for appropriation amendments or any increases in permanent positions that require City Council approval.

**Appropriation**: Legal authorization from City Council to make expenditures and incur financial obligations on behalf of the City. Appropriations for each program area are outlined and approved by City Council each fiscal year in the Adopted Operating Budget and Adopted Capital Improvement Program.

**Appropriation Amendment**: Adjustments made to the Annual Operating Budget during the fiscal year.

**Appropriation Ordinance**: Formal legislative enactment by Council. Means through which the Resource Management Plan is enacted into law. It establishes spending mandates, provides legal authorization for spending throughout the fiscal year and creates limits which cannot be exceeded without subsequent Council actions. It is also the mechanism used to amend the Operating and Capital Improvement Budgets.

**Appropriation Unit**: The legal level at which the Operating Budget must balance at the close of the fiscal year, as required by the appropriation ordinance. Appropriation units are the basis on which Council adopts the appropriation ordinance that is submitted with the Operating Budget and Capital Budget. In general, an appropriation unit is equivalent to a department, within a single fund.

5.0 **Definitions** (continued)

**Controlled Accounts**: Expenditure category over which the City Manager has retained authority (inside and outside the departments) for transactions to or from these accounts. Controlled accounts include Personal Services (601s), Fringe Benefits (602s), Capital Outlay (607s), Land Structures and Improvements (609s), as well as any transfers of appropriations affecting Capital Projects and Reserves for Contingencies funds.

**Estimated Revenues**: The amount of revenue estimated to support appropriations.

**Full-Time Equivalent (FTE)**: Equivalent to the actual hours worked by a full-time position (greater than or equal to 1950 hours annually), employed a minimum of 37.5 hours per week for 52 weeks per year.

**Fund**: Separate group of self-balancing accounts which contain related liabilities and resources. Because each fund is a separate fiscal entity, the resources and liabilities should not be intermingled between funds.

**Fund Balance**: Referred to as retained earnings in an Enterprise or Internal Service Fund. It results from collecting revenues greater than expenditures and from appropriations that were not expended during the fiscal year. It must be authorized for expenditure (appropriated) by Council prior to spending. Any use of retained earnings must be approved by City Council unless it involves increasing the cost of goods sold.

**Management Leadership Team**: Decision-making body comprised of the City Manager, the Chief Operating Officer, the Chief of Staff, the Chief Financial Officer and the Chief Information Officer.

**Non-Controlled Accounts**: Accounts over which the City Manager does not exercise control. These include Contractual Service Accounts (603s), Internal Service Charges (604s), Other Charges (605s and 606s), and Leases and Rentals (608s).

**Part-Time Employee**: A City employee who is scheduled to actually work less than 37.5 hours per consecutive week, or an employee who is scheduled to actually work 37.5 hours per consecutive week for less than 52 consecutive weeks.

**Redefinition**: Changing the budgeted purpose of funds from a specific capital outlay item to another capital outlay item.

**Resource Management Plan**: Document that outlines the expenditures, personnel and revenues needed for financing the annual operations, services and programs of the City government. It is comprised of the Annual Operating Budget and the Capital Improvement Program.

**Retained Earnings**: See Fund Balance.

6.0 **Specific Requirements**

Subject to any other provision of the law, all agencies and departments shall administer their operating budgets in accordance with this directive.

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|---|---|---|
| Approved as to Content: | Catheryn R. Whitesell<br>Director, Department of Management Services | 01/17/03<br>Date |
| Approved as to Legal Sufficiency: | Leslie L. Lilley<br>City Attorney | 02/09/03<br>Date |
| Approved: | Steven T. Thompson<br>Chief Financial Officer | 02/12/03<br>Date |
| Approved: | James K. Spore<br>City Manager | 02/17/03<br>Date |

## Glossary of Terms

Definitions of terms used in the Operating Budget document are given below:

**Account Categories -** Line item expenditure account codes are grouped and numbered according to general uses. Following is a list and brief description of account codes.

- Personal Services - Compensation of direct labor of persons in the employment of the city; salaries and wages paid to employees for full-time, part-time, and temporary work; payment for contracted manpower.
- Fringe Benefits - Job-related benefits provided for employees as part of their total compensation.
- Contractual Services - Services acquired on a fee basis or a fixed-time contract basis from outside sources.
- Internal Services - Charges to departments for intra-governmentally provided support services such as microcomputer support, automotive services, internal telecommunications, print shop and risk management.
- Other Charges - Expenditures for all other purposes such as utilities, external telecommunications, office supplies, furnishings, uniforms, professional development, travel and membership dues.
- Capital Outlay - Expenditures resulting in the acquisition of, or addition to, fixed assets which cost $5,000 or more.
- Leases and Rentals - Leases not capitalized and rental of land, structures and equipment.
- Land Structures and Improvements - Major capital facilities, with a total cost less than $50,000 that are constructed or acquired, such as land or buildings, and alterations to existing properties. Any project over $50,000 may be a capital project and is addressed through the Capital Improvement Program.

**Accrual Basis of Accounting -** Where revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period. This is the accounting basis that generally is required to be used in order to conform to generally accepted accounting principles (GAAP) in preparing financial statements for external users.

**Agenda Request -** Document through which a department seeks approval of an ordinance for appropriation amendments or any increases in permanent positions that require City Council approval.

**Agricultural Reserve Program (ARP) -** A program aimed at preserving agricultural land and identity and reducing urban sprawl in Virginia Beach. Through this program, the city will acquire development rights via preservation easements to farm land.

**Annual Grant -** A grant that is awarded annually, regardless of the specific grant period (e.g. city fiscal year, federal fiscal year, or calendar year).

**Appropriation -** Legal authorization from City Council to make expenditures and incur financial obligations on behalf of the city. Appropriations for each program area are outlined and approved by City Council each fiscal year in the adopted operating budget and adopted capital improvement program, and are also used in conjunction with the appropriation of estimated revenues.

**Appropriation Amendment -** Adjustments made to the annual operating budget during the fiscal year.

**Appropriation Ordinance -** Formal legislative enactment by City Council. This ordinance is the means through which the Resource Management Plan is enacted into law. It establishes spending mandates, provides legal authorization for spending throughout the fiscal year and creates limits which cannot be exceeded without subsequent City Council actions. It is also the mechanism used to amend the operating and capital improvement budgets.

**Appropriation Unit -** The legal level at which the operating budget must balance at the close of the fiscal year, as required by the appropriation ordinance. Appropriation units are the basis on which Council adopts the appropriation ordinance that is submitted with the operating budget and capital improvement budget. In general, an appropriation unit is equivalent to a department, within a single fund.

**Bad Debt Expense -** Incurred when the buyer of a good or service fails to pay for the item. Used primarily by the enterprise funds.

**Base Realignment and Closure Commission (BRAC) -** A federally appointed task force whose mission is to review military installations for possible closure; and/or consolidation and realignment of existing missions, programs, personnel and facilities.

**Biennial Budget -** A Resource Management Plan that includes revenue and expenditure projections for two years. Usually the first year is adopted by the legislative body and the second year is approved for planning purposes. Virginia State Code requires localities to adopt a budget annually.

**Budget Issue -** The process for requesting funding for new and expanded programs, and/or identifying existing programs for continuation of funding, given limited resources.

**Budget Unit/Organization Code -** A compilation of all the costs associated with a particular program.

**Capital Improvement Program (CIP) -** A program which schedules the financing and construction of major municipal facilities, such as roads, schools, buildings, and water and sewer lines. This program is linked directly to City Council policies, plans, and goals.

**Capital Outlay -** Outlays resulting in the acquisition of, or addition to, fixed assets which cost $5,000 or more and have an expected service life of more than one year. Exceptions to this are major capital facilities with costs greater that $50,000, which are constructed or acquired - such as land and buildings. These are funded in the Capital Improvement Program (CIP).

**Capital Projects Internal Service Fund -** Provides for the costs of capital project management staff in the departments of Finance, Communications and Information Technology, Economic Development, and Public Works for the various road, economic development, and technology projects. Funding for these expenses is derived from charges to the CIP projects receiving this additional staff support.

**Carry Forwards -** Funds that are designated for specific needs (e.g., equipment, contracts, etc.) that were approved within the current fiscal year, but were unexpended by year-end are re-appropriated forward into the subsequent fiscal year.

**Caucus -** An advisory group established in the FY 1997-98 budget development process to share in the decision making process, set priorities, determine approaches, strategies, and actions to ensure a balanced budget, and provide input on the package of services and programs to be recommended to the City Manager. This group is comprised of the City Manager, the department of Management Services (serving as facilitators and resources), and various department directors.

**Charges for Services -** Fees the city charges users of government services, such as recreation fees, court costs, library fines, and admissions to the Virginia Aquarium and Marine Science Center.

**Charter Bonds -** The City Council is authorized by the Virginia Beach City Charter to "… issue bonds or other obligations in any calendar year for any proper purpose in such amounts as shall not increase the total indebtedness of the City … by

more than ten million dollars above the amount of such indebtedness at the beginning of such calendar year …" without the approval of the qualified voters of the city.

**Class -** A grouping of jobs having similar duties and responsibilities, requiring similar knowledge, skills and abilities, and demanding similar qualifications so that the jobs may be appropriately titled and described, and the employees performing such jobs may be equally compensated.

**Commonwealth, Revenue from the -** Funds provided by the Commonwealth of Virginia in support of joint operations and programs.

**Comprehensive Regional Information Management and Exchange System (CRIMES) -** Computer database access system used by the regional city police departments to access information from the databases of each participating locality.

**Contractual Services -** Services acquired on a fee basis or a fixed time contract basis from outside sources.

**Controlled Accounts -** Expenditure category over which the City Manager has retained authority (inside and outside the departments) for transactions to or from these accounts. Controlled accounts include Personal Services (601s), Fringe Benefits (602s), Capital Outlay (607s), Land Structures and Improvements (609s), as well as any transfers of appropriations affecting Capital Projects and Reserves for Contingencies funds.

**Current Services -** Provision of the existing programs and services by city departments without new position requests or additional capital outlay.

**Debt Service -** The annual principal and interest payments for the debt incurred by the city in the process of acquiring capital outlay or constructing capital facilities.

**Depreciation -** Used to record de-valuable capital investment of buildings and equipment, and to record anticipated uncollectible accounts. Generally this account is not used in the operating budget.

**Economic Development Investment Program Fund (EDIP) -** This program is a proactive and creative initiative, which enables the city to successfully retain existing employment opportunities and create new jobs, while substantially enhancing the local tax base. These funds are leveraged by business for off-site utility improvements/upgrades, road improvements, traffic signal improvements, regional storm water facilities, and site preparation for land purchased from the Virginia Beach Development Authority (VBDA).

**Encumbrances -** Commitments related to unperformed contracts for goods or services.

**Estimated Revenues -** The amount of revenue projected to support appropriations.

**Expenditures -** Decreases in net financial resources.

**Federal Government, Revenue from the -** Funds provided by the federal government to compensate the locality for federal program impact, for programs jointly funded by the locality and the federal government, and outright grants such as Library Grants and Sand Replenishment.

**Fines and Forfeitures -** A broad range of fines and forfeitures for violations of local government ordinances. Examples include fines remitted to the city by the courts for violation of city ordinances, or fines collected by the City Treasurer for violations of city parking regulations.

**Fleet Assets -** Vehicles and equipment managed by the department of Public Works Automotive Services division. These assets may or may not be included on the rolling stock replacement inventory.

**Fringe Benefits -** Job-related benefits provided for employees as part of their total compensation, such as employer's portion of FICA, FICA-Medicare, retirement, insurance (health, life, and dental), disability income, and employees allowances (e.g. car allowance, clothing allowance, cell phone stipends, etc.).

**Full-Time Equivalents (FTE) -** Conversion of the number of part-time and temporary positions to full-time positions. FTE's are computed by dividing the total number of hours worked by 2,080, the total number of hours per year for a full-time employee.

**Full-Time Position -** A position employed 40 hours per week for 52 weeks.

**Fund -** Separate group of self-balancing accounts which contain related liabilities and resources. Because each fund is a separate fiscal entity, the resources and liabilities should not be intermingled between funds.

**Fund Balance (Specific Fund Reserves) -** Referred to as net assets in an Enterprise or Internal Service Fund. It results from collecting revenues greater than expenditures and from appropriations that were not expended during the fiscal year. In all funds, local sources are the last dollars in, with all other sources of revenue being fully expended first to support program expenditures. It must be authorized for expenditure (appropriated) by City Council prior to spending. Any use of fund balance or net assets must be approved by City Council unless it involves increasing the cost of goods sold.

**GASB 45 -** Beginning July 1, 2007, the Governmental Accounting Standards Board required governments to fully reflect the actuarial costs of "Other Post Employment Benefits" (OPEB) in their accounting records. For the City, retiree health insurance represents OPEB's.

**GASB 54 -** Beginning July 1, 2010, this requirement from the Governmental Accounting Standards Board completely changed the reporting requirements for Special Revenue Funds (Agricultural Reserve Program, Tourism Investment Program, etc.) making revenues the determining factor in the budgeting of these funds. Under GASB 54, Special Revenue Funds are required to have their own unique source of revenue; transfers can no longer serve as the primary source of revenues, and the actual source of the revenue must be shown.

**General Property Taxes -** Taxes on real and personal properties, both tangible and intangible, such as vehicles, real estate, and business equipment. Interest and penalties on delinquent taxes are also included in this category.

**GovMax -** The City's budget system, which is an internet-based application the City leases from Sarasota County, Florida, and incorporates both an operating budget and a capital budget system, and a performance measurement system.

**Grants -** Funding awarded to the City by another level of government or by an outside agency or organization, and which generally meets certain requirements for use and reporting.

**Health Insurance Portability and Accountability Act (HIPAA) -** The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) was enacted on August 21, 1996 and is enforced by the U.S. Department of Health and Human Services Office of Civil Rights. HIPAA provides for: (1) standardization of electronic formats for transmission of nine specific transactions including claims, electronic remittance advice, eligibility, authorization, pharmacy, enrollment, coordination of benefits, attachments and first notice of claim; (2) security of electronic health information and electronic signatures; and (3) privacy of such patient identifiable information. Covered entities include health plans, health care clearinghouses (public or private entities that process standard transactions) and health care providers. It is important to note that the regulations extend to business and trade partners of covered entities.

**Index of Service Demand -** Measurement of the annual increase in demand for City services relative to the rate of growth in population. Services included in this index are police, fire, and rescue calls, library book borrowing, solid waste collections, recreation class registrations, health clinic clients, and vehicle registration.

**Internal Services -** Charges to department for intra-governmentally provided support services such as microcomputer support, mainframe computer services, automotive services, print shop, and risk management.

**Lake Gaston -** Capital project, which constructed an approximately 84-mile pipeline from Lake Gaston to Norfolk's raw water transmission system to secure a long-term permanent drinking water supply for Virginia Beach. Lake Gaston is a hydroelectric reservoir 35 miles long covering over 20,000 acres, with 350 miles of shoreline and is located in the North Carolina counties of Halifax, Northampton, and Warren, as well as in the Virginia counties of Brunswick and Mecklenburg.

**Land Structures -** Major capital facilities constructed or acquired, such as land and buildings, alterations and additions to such major capital facilities, street and dike systems, and water and sewer taps and mains. Total cost of these projects is less than $50,000.

**Lease-Purchase -** A means of financing whereby the city borrows the funds from a financial institution to pay for the acquisition of major pieces of equipment or computer software.

**Leases and Rentals -** Leases not capitalized and rental of land, structures, and equipment.

**Legislative Approval -** The need for City Council to approve a grant, as identified in the guidelines of the grant for which funding is being sought. Such approval would typically be required either before the application is submitted or after the grant is awarded. Not all grants include this requirement.

**Management Leadership Team (MLT) -** Comprised of the City Manager and Deputy City Managers to promote and influence alignment of the organization and manage the interfaces of the tasks, processes, and environment by identifying and addressing critical issues and needs, and to communicate with the organization's customers and members.

**Merit Increase -** A salary increase within the pay range of the class to which the employee is assigned that is awarded based on job performance in accordance with the City's performance appraisal program.

**Miscellaneous Revenue -** Donations and contributions made to the city.

**Mission -** A broad statement of the reason for an agency's existence, its purposes and functions as related or aligned with City Council goals and vision.

**Modified Accrual Basis of Accounting -** A mixture of the cash and accrual basis. The modified accrual basis should be used for governmental funds. To be recognized as a revenue or expenditure, the actual receipt or disbursal of cash must occur soon enough after a transaction or event has occurred to have an impact on current spendable resources. In other words, revenues must be both measurable and available to pay for the current period's liabilities. Revenues are considered available when collectible either during the current period or after the end of the current period, but in time to pay year-end liabilities. Expenditures are recognized when a transaction or event is expected to draw upon current spendable resources rather than future resources.

**Money and Property, Revenue from the Use of -** Revenue generated through the investment of funds in money market accounts, or through the lease or rental of City property and concessions, such as Convention Center or Munden Point Park rentals, vending machine concessions, and use of city copy machines and boat ramps.

**Multi-Year Grant -** A grant that affects the appropriation of funding beyond one fiscal year.

**Net Assets -** Denotes fund balance in internal service funds and enterprise funds. Formerly retained earnings in internal service funds.

**Non-Appropriated Budget -** Funding, available to an agency to support its programs, which is provided primarily by the Commonwealth of Virginia or the federal government. This amount is not appropriated by the city and is shown to provide the total cost of a program.

**Non-Controlled Accounts -** Accounts are controlled in total but not by line-item. These include Contractual Service Accounts (603s), Internal Service Charges (604s), Other Charges (605s and 606s), and Leases and Rentals (608s).

**Non-Revenue Receipts -** The reimbursement of an expense incurred on behalf of other organizations, or the receipt for financing capital outlay or capital projects.

**Objectives -** Quantifiable statements of the actual and desired level of service or the outcome of policy or activities. These are focused on the mission of the department.

**Ordinance -** An ordinance, or an amendment to an ordinance, is a formal and binding type of Council legislation. A roll call of the Council records the Council's action on all ordinances. For example, before a department can spend grant funding, the funding must be appropriated. Because the budget is a legal document, any expenditure that is not included in the budget document must be ratified by Council as a separate ordinance.

**Other Charges -** Expenditures for such purposes as utilities service, telecommunications, delivery services, insurance, office supplies, food and food service supplies, agricultural supplies, medical and laboratory supplies, housekeeping and janitorial supplies, office furnishings, vehicle and powered equipment supplies, uniforms and wearing apparel, books, subscriptions and educational supplies, recreational supplies, shop supplies, construction and maintenance materials and supplies, merchandise for resale, shop tools, professional improvement and certifications, travel, contributions, dues and memberships, and claims and bounties.

**Other Local Taxes -** Taxes, which the Commonwealth enables the localities to use and set within the State Code. Examples are the local share of the sales tax, business licenses, local vehicle registration fees (LVR), cigarette taxes, etc.

**Part-Time Position -** A city employee, who is scheduled to actually work less than 35 hours per consecutive week, or an employee who is scheduled to actually work 35 hours per consecutive week for less than 52 consecutive weeks.

**Pay-As-You-Go -** Also known as General Appropriations, is an apportionment of cash funding from the general revenue of the city to an operating department to administer an activity relating to a specific capital project. This method of funding is normally employed as an alternative to additional borrowing.

**Pay Range -** The minimum through maximum salary levels assigned to a class of positions.

**Performance Indicators -** The city uses a balanced scorecard for reporting departmental performance measures. These perspectives are the customer perspective, the financial perspective, the internal process perspective, and the learning and growth perspective.

**Permits, Privilege Fees, and Regulatory Licenses -** The class of permits, fees, and licenses, which includes such levies as user permits to cover costs of processing requests for changes in zoning, building permits, electrical permits, plumbing permits, etc. Regulatory licenses allow for the charging of fees on such services as vehicles-for-hire and refuse disposal services. Also included in this category is the locality's authority to charge fees to license animals and bicycles and mopeds for identification purposes.

**Personal Services -** Compensation for direct labor of persons in the employment of the city; salaries and wages paid to employees for full-time, part-time, and temporary work, including overtime, shift differential, and similar compensation; and payment for contracted manpower.

**Program Group -** The program group name, which may reflect a budget unit name or a name that best reflects a group of services provided by several budget units within the department.

**Public Facility Bonds -** Bonds issued by governments, and authorities. This debt does not constitute a general obligation debt of the city, nor a pledge of the full faith and credit of the city. However, this debt is considered a part of the overall net debt of the city, and is included in the ity's debt ratio calculations and other debt policies of the city.

**Reclassification -** A reassignment of the appropriate job title and pay range of an employee whose job responsibilities have been determined by the Director of Human Resources to have evolved to a degree that the present job classification does not accurately reflect the actual duties performed.

**Redefinition -** Changing the budgeted purpose of funds from a specific capital outlay item to another capital outlay item.

**Referendum Bonds -** Bonds which require authorization "… by ordinance adopted by the affirmative vote of two-thirds of all members of the City Council and approved by the affirmative votes of a majority of the qualified voters of the City voting on the question at an election called and held for the purpose …" of approving or disapproving the issuance of the bonds. While referendum bonds may be issued for general obligation purposes, normally the issue is identified as financing a specific project or group of projects, such as schools or roadways.

**Reserve for Contingencies -** Used to identify funds set aside as a reserve for unanticipated expenditures, budgeted salary adjustments, or any other anticipated costs to be allocated at a later date.

**Resolution -** Passage of a resolution indicates the Council's policy on a certain matter, or it may direct a certain type of action to occur. It requires only one reading. This would include a statement of intent by the City Council to participate in a specific grant program. Resolutions may be required for grants prior to award or after the grant has been awarded. This does not constitute an appropriation or a formal acceptance of grant funding, but only an agreement in principle.

**Resource Management Plan -** Document that outlines the expenditure, personnel and revenues needed for financing the annual operations, services, programs and construction projects of the city government. It is comprised of the Executive Summary, Annual Operating Budget, and the Capital Improvement Program.

**School Funding Formula -** Also referred to as the City/School Revenue Sharing Formula. This was a City Council policy to share specifically identified local revenues with the school system to both provide the locally required match to state funds and the additional local support beyond that minimum. After distributing revenues to the school system using this formula from FY 1996-97 to FY 2011-12, the City Council eliminated the City/School revenue sharing formula for FY 2012-13.

**School Reversion -** Results from school revenues, including the local transfer, greater than expenditures and from appropriations that were not expended during the fiscal year. All remaining school funds must by state law be returned to the locality.

**Strategic Agenda -** Short-term goals developed by department directors to focus on achieving the long-term goals set by City Council. Four major themes have been developed: Economic Vitality, Infrastructure, Youth and Families, and Community Leadership and Shared Vision. The department directors acting together, have taken these themes and began moving the city towards the City Council's goals, and recommended reasonable funding strategies.

**Strategic Issue Team (SIT) -** One of seven teams formed to manage major city issues as identified by previous Mission Teams and by the City Council's goals. These teams include: Economic Vitality, Safe Community, Quality Physical Environment, Cultural and Recreational Opportunities, Quality Education and Lifelong Learning, Family and Youth Opportunities, and Quality Organization.

**Supplanting -** Substituting one source of funding to augment reductions in funding by another agency. The city's policy of not supplanting federal, state or private funding reductions with local funding applies to grants.

**Tax Increment Financing (TIF) -** Is a public financing tool that uses the revenues generated by the growth in value of a designated area to fund capital improvement projects within that area.

**Telecommunications Devices for the Deaf (TDD) -** System and equipment to enable hearing impaired persons to communicate through the telecommunication system.

**Tourism Advertising Program (TAP) -** A program that funds advertising for the city's advertising and marketing program to promote and increase tourist and convention visitation to this city, including financing the Visitor Information Center and additional national and regional advertising for the city with increased emphasis on marketing through the city's website, **www.visitvirginiabeach.com**. This program is funded by dedicated revenue including 1¢ of Hotel/Motel Room Tax rate, $1 per room night flat tax, dedicated ½¢ of Restaurant Meals Tax rate, as well as other miscellaneous revenue related to the Visitor Information Center and co-operative programs with state and other regional destinations and attractions.

**Tourism Investment Program (TIP) -** A fund created in the FY 2011-12 operating budget that consolidated the Tourism Growth and Investment (TGIF) fund and the Major Projects Fund to provide the necessary opportunities for future strategic growth areas, maintenance of the resort area, beach events, as well as economic development projects. Also, this fund provides funding for tourism related capital projects and initiatives, the rebuilding of the Convention Center, the Sandler Center for the Performing Arts and the expansion of the Virginia Aquarium parking facilities. This fund is supported by dedicated revenue streams including: ten cents of the Amusement Tax, four and a half cents of the Hotel Room Tax and one-half cent of the Hotel Room Tax for Beach Events, 1.06 cents of the Restaurant Meal Tax and 5 cents of the Cigarette Tax, as well as other miscellaneous tourism related revenue.

**Transfers from Other Funds -** Revenues received from another fund that are used to reimburse the recipient fund for expenses incurred in behalf of the "Other" fund.

**Transfers to Other Funds -** The transfer of appropriations from one fund to assist in funding the operations of another.

**Virginia Beach Quality Service System (VBQSS) -** A quality management system designed to enhance the physical, social, economic and educational quality of the city by delivering quality services to all citizens according to destination points set by the City Council.

## Description of Major City Funds

Under the principles of fund accounting, all related liabilities and resources are grouped together in a self-balancing set of accounts. Generally, funds are set up and maintained for the purpose of carrying on specific activities or attaining certain objectives, in accordance with specific regulations or limitations. Provided below is a description of each of the major funds used in this budget document, and an explanation of their relationships to each other.

**Agriculture Reserve Program Special Revenue Fund -** City Council established the Agricultural Reserve Program in May 1995, and this fund accounts for the revenues and expenditures supporting this program to purchase development rights via agricultural land preservation easements for eligible parcels of farmland in specified areas of the city.

**Central Business District - South Tax Increment Financing (Town Center) Fund -** City Council adopted the Central Business District - South Tax Increment Financing District on November 23, 1999. Creating a Central Business District in the Pembroke area of the city has been a long-term goal. The Comprehensive Plan, adopted on November 4, 1997, noted "the need to improve the overall form and quality of the development within the CBD core area and transform what is now mostly undeveloped or underdeveloped land into an attractive, high quality, intensive, pedestrian designed, mixed use town center." On February 8, 2000, the City Council approved a Development Agreement between a developer and the Virginia Beach Development Authority that created a Town Center for the city. The TIF funds are used to pay for the debt service costs for construction of four public parking garages, the Conference Center at the Westin Hotel, and pedestrian bridge.

**City Beautification Fund -** Provides funding for various landscaping beautification projects. It derives its revenues from cash donations received annually from citizens or businesses for designated beautification projects. The donations fund the plants and other related materials and supplies needed for the projects.

**City Garage Internal Service Fund -** Accounts for the financing of vehicles and repairs, parts, and the motor pool services related to the use of city vehicles by city departments. Goods and services are provided by the City Garage to other departments on a flat fee basis.

**Community Development Loan and Grant Fund -** Accounts for Community Development Block Grant funds used to finance loans and grants to homeowners in target neighborhoods. This fund also accounts for interest and principal repayments.

**Community Development Special Revenue Fund -** Accounts for the funds provided by the Community Development Block Grant (CDBG) and the City of Virginia Beach to address the inadequate housing of the city's low and moderate income families. This program supports the administration of both capital improvement projects in target neighborhoods and various other housing programs.

**DEA Seized Property Special Revenue Fund -** Accounts for funds provided to the Police department and Office of the Commonwealth's Attorney, by the state and federal governments. These funds are from property and money confiscated as a result of narcotics investigations. The funds must be expended to support investigations and prosecution activities.

**Federal Housing Assistance Grant Fund -** Accounts for National Affordable Housing Act grant funds utilized for rehabilitation of owner-occupied and tenant-occupied low and moderate income dwellings.

**Federal Section 8 Program Special Revenue Fund -** Accounts for funds received directly from the federal government to provide rental assistance to low and moderate income families.

**Fuels Internal Service Fund -** Established and previously separated from the City Garage Internal Service Fund to more easily identify the costs associated with the delivery of fuel including maintenance, operation, capital and remediation costs for general fund supported fuel facilities.

**General Fund -** Supports the routine operations of the city, such as Police, Fire, and Public Libraries. It can also incur liabilities, indicated by inter-fund transfers, which are reimbursable by other funds. Resources are generated through the tax base and from federal and state programs.

**General Government Capital Projects Fund -** Provides funds necessary to meet the city's need: for municipal infrastructure construction and rehabilitation, ranging from community recreation centers to fire stations; to preserve and improve the city's roadway network to ensure efficient and safe mobility throughout the city; to preserve and enhance the extensive shorelines and navigable waterways within the City through protection, maintenance, access, and restoration projects; for projects supporting communications and technology that improve customer service delivery, and improve the functionality and efficiency of the organization and its infrastructure; for capital projects supporting the economic and tourism development program; and for capital projects supporting the parks and recreation program. Sources of revenues include the operating budget, fund balance, state, federal, debt financing, private contributions, and the Sandbridge Tax Increment Financing District and Special Service District.

**Grants Consolidated Fund -** Accounts for grants-in-aid received from federal and state agencies, and outside agencies or organizations.

**Information Technology Internal Service Fund for Subscriptions -** Accounts for the financing of existing technology application related subscriptions by city departments.

**Inmate Services Special Revenue Fund -** Accounts for the proceeds of telephone commissions from pay telephones within the Correction Center. State law requires that these funds be used in support of programs benefiting the inmates. This fund was merged with the Sheriff's Department Special Revenue Fund in the FY 2012-13 operating budget.

**Law Library Fund -** Finances the legal reference collection, which is used primarily by the courts system. This fund is primarily supported through fees collected by the courts as "court costs."

**Library Gift Fund -** Accounts for designated and undesignated donations to the Virginia Beach library system from individuals and groups. The undesignated donations are used for additions to the collection.

**Lynnhaven Mall Tax Increment Financing Fund -** Supports the Tax Increment Financing District for the Lynnhaven shopping area that City Council established on June 2, 1998 in conjunction with the expansion of Lynnhaven Mall. The TIF funds are to be used for improving the capacity and flow of traffic within the mall area, improving public transit access to and from the mall area, and expanding public parking. This fund was eliminated in the FY 2012-13 operating budget since the city's financial obligations associated with the Lynnhaven Mall Development Agreement have been met. Remaining funds will be declared surplus and will be transferred into the General Fund.

**Old Donation Creek Dredging Special Service District Special Revenue Fund -** This fund supports the special service district in the Old Donation Creek area, both of which were established by City Council September 13, 2011. Additional real estate taxes (at a rate of 18.4-cents per $100 of assessed value) are assessed on residents of this special service district and collected in this fund for the purpose of providing neighborhood channel dredging of creeks and rivers to maintain existing uses.

**Open Space Special Revenue Fund -** Established by City Council in the FY 2001-02 operating budget. It derives its revenue from part of the meals tax and other local sources associated with the acquisition of undeveloped property throughout Virginia Beach.

**Parking Enterprise Fund -** Accounts for the expenditures and revenues generated by parking meters and the operation of municipal parking lots in the resort area.

**Parks and Recreation Gift Fund -** Provides funding for various Parks and Recreation-related needs. It derives its revenues from cash donations received annually from citizens for designated (such as special events, recreation supplies, other

purchased services, replacement equipment, and other Parks and Recreation activities, as may have been designated) and un-designated purposes related to Parks and Recreation programs and activities.

**Parks and Recreation Special Revenue Fund -** Accounts for revenue from fees and charges, dedicated tax revenue for community recreation centers, the Sportsplex, and local (General Fund) support associated with the operation of the Parks and Recreation department.

**Print Shop Internal Service Fund -** Provides for the printing and copying needs of city departments and the School Board.

**Risk Management Internal Service Fund -** Provides a means of accounting for the city's self-insurance program, claims handling, risk identification, and consulting services offered from one department to other city departments on a cost-reimbursement basis.

**Sandbridge Special Service District Special Revenue Fund -** Supports the special service district in the Sandbridge area of the city established by Council January 1, 1995 for the collection of additional lodging tax and real estate tax for the purpose of beach and shoreline management and restoration. This fund accounts for the cost of sand replenishment within the Sandbridge District oceanfront, receives its funding from specially assessed real estate taxes on properties within the district's boundaries, from a transient occupancy tax for the district, and from additional support from the Parking Enterprise Fund, the Tourism Investment Program Fund, and the Parks and Recreation Special Revenue Fund.

**Sandbridge Tax Increment Financing Fund -** Supports the Tax Increment Financing District for the Sandbridge area that City Council established on December 1, 1998. The TIF district, in conjunction with funding from a Special Services District also created for Sandbridge, will provide for periodic beach restoration/replenishment.

**School Athletic Fund -** Accounts for the costs of holding athletic activities at the city's schools. Receives its funding primarily from admission fees to athletic events, and receives additional support from the city's general fund.

**School Cafeterias Fund -** Accounts for the costs of operating the city's school cafeterias, receives its funding primarily from the sale of school lunches, and gets additional support from the state and federal government.

**School Communication Tower Technology Revenue Fund -** Established by the City Council on March 24, 1998, the School Communication Tower Technology Special Revenue Fund receives all payments from private tower owners who lease school property for commercial wireless towers. The funds received and the interest earned are used to acquire and replace technology including computers, software, wiring, training, facsimile, and copy machines.

**School Equipment Replacement Special Revenue Fund -** Established by the City Council on January 9, 2007, the School Equipment Replacement Special Revenue Fund accounts for the financing and acquisition of various replacement equipment.

**School General Revenue Capital Projects Fund -** Provides funding for the construction of new schools and school facilities. The schools capital improvement program receives support from the operating budget in terms of current revenues and fund balance, state and private contributions, and debt financing.

**School Grants Fund -** Accounts for the costs to operate various special programs in the local schools and receives its funding from various local, state, and federal grantor agencies.

**School Health Insurance Fund -** Provides a means for accounting for health insurance and the administration thereof for school and city employees.

**School Instructional Technology Revenue Fund -** Established by the City Council with the adoption of FY 1999-00 Resource Management Plan to hold funds provided by the city outside of the Revenue Sharing Policy for School Technology. This fund has been revised to reflect funding from school's annual interest earnings up through FY 2006-07 or until $12 million

has been contributed. School's interest revenue received after FY 2006-07, will be allocated by the city to school's for projects and other operational costs.

**School Landscaping Internal Service Fund -** Accounts for monies provided by the Virginia Beach public school system for landscape design, installation, maintenance, and contract oversight at all public school sites, including physical education facilities (playgrounds), athletic fields, and parking lots.

**School Operating Fund -** Supports the routine operations of the Virginia Beach public school system and tracks the funds provided for education by the federal government and the state of Virginia.

**School Reserve Fund -** A fund used by the city to accumulate school reversion cash from the School Operating Fund as requested by the School Board and approved by the City Council, and is subsequently appropriated and transferred for emergency, economic conditions and similar purposes as requested by the School Board and approved by the City Council.

**School Risk Management Fund -** Provides a means of accounting for the school's self-insurance program, claims handling, risk identification, and consulting services offered from one department to other school departments on a cost-reimbursement basis.

**School Technology Category Fund -** Separately accounts for the technology expenditures under the new Technology Category (formerly budgeted in and a sub-fund of the School Operating Fund). This is required by the State Department of Education and the Code of Virginia, as amended.

**School Textbook Fund -** Accounts for the costs of providing textbooks to the student population, receives its funding primarily from the State Department of Taxation, and receives additional support from the city's general fund.

**School Vending Operations Fund -** Established in FY 2001-02 after the school district entered into an exclusive vending arrangement with a national soft drink vendor. Proceeds from this contract will be used to support student activities.

**Sheriff's Department Special Revenue Fund -** Accounts for state, federal, and local funds in support of the Sheriff's Office. Also accounts for the proceeds of telephone commissions from pay telephones within the Correction Center. State law requires that these funds be used in support of programs benefiting the inmates. These costs and revenues were formerly budgeted in the Inmates Special Revenue Fund that was merged with the Sheriff's Department Special revenue Fund in the FY 2012-13 operating budget.

**Storm Water Capital Projects Fund -** Accounts for funds allocated for infrastructure improvements to the Storm Water Utility System. The storm water capital improvement program is designed to create an effective drainage system and storm water management system, protect natural resources and enhance quality of land and waterways, to maintain the city's utility systems, encourage development only in accordance with principles of natural environment protection, and provide adequate resources to maintain existing infrastructure. The storm water capital improvement program receives support from the Storm Water Utility Enterprise Fund of current revenues, net assets, and debt service for revenue bonds issued, and from other sources such as the state government, private contributions, and the city's General Fund.

**Storm Water Utility Enterprise Fund -** Accounts for revenues and expenditures generated by the Storm Water Utility Fee for operational and capital needs for storm water management in the city.

**Telecommunications Internal Service Fund -** Accounts for the costs for provision of the following services to city departments: telephone equipment, network and radio maintenance and support, contract administration, cable management, dial tone provision, etc.

**Tourism Advertising Program Special Revenue Fund -** A fund created by City Council August 22, 1995 to be effective July 1, 1995 that appropriated dedicated revenues to be used for the city's advertising and marketing program and related activities, including the operation of the Visitor Information Centers, to promote and increase tourist and convention visitation to this city. Revenues earmarked by City Council to this fund include 1¢ of Hotel/Motel Room Tax rate, $1 per

room night flat tax, dedicated ½¢ of Restaurant Meals Tax rate, as well as other miscellaneous revenue related to the Visitor Information Center and co-operative programs with state and other regional destinations and attractions.

**Tourism Investment Program (TIP) -** A fund created in the FY 2011-12 operating budget that consolidated the Tourism Growth and Investment (TGIF) fund and the Major Projects Fund to provide the necessary opportunities for future Strategic Growth Areas, maintenance of the resort area, beach events, as well as Economic Development projects. Also, this fund provides funding for tourism related capital projects and initiatives, the rebuilding of the Convention Center, the Sandler Center for the Performing Arts and the expansion of the Virginia Aquarium parking facilities. This fund is supported by dedicated revenue streams including: ten cents of the Amusement Tax, four and a half cents of the Hotel Room Tax and one-half cent of the Hotel Room Tax for Beach Events, 1.06 cents of the Restaurant Meal Tax and 5 cents of the Cigarette Tax, as well as other miscellaneous tourism related revenue.

**Town Center Special Tax District -** This tax district was established by City Council on May 14, 2002. In accordance with the Town Center Development Agreement, this district was created in FY 2002-03 to provide funding through an additional real estate tax assessed on owners of properties in the district to fund the annual operations and maintenance costs associated with the core parking facilities as well as security, street sweeping, pressure washing sidewalks, landscaping, and refuse collection at public waste receptacles within the Town Center core area. The rate was established at 57 cents annually based on estimated operations and maintenance costs. This rate has changed as other projects near completion and based on the level of maintenance desired by the property owners. In FY 2007-08, the rate was lowered to 50 cents. The FY 2008-09 operating budget lowered the rate to 45 cents. Rates will be adjusted based on costs and current funding capacity. Currently, seven blocks (3, 4, 5, 8, 10, 11, and 12) of the Town Center core area are in the special district, and the district will expand as other blocks are developed. Every three years, the special tax rate will be reviewed by the city to determine the cash flow needed to properly maintain and operate the facility.

**Waste Management Special Revenue Fund -** This fund was established in the FY 2012-13 operating budget to account for the annual operating expenses for the waste related functions, including recycling activities, waste collection, and disposal at the landfill. This does not include capital improvement program or rolling stock expenses. Use of a separate fund increased the transparency of what services the monthly waste management fee that was instituted in FY 2011-12 is dedicated to supporting these operations in the General Fund. A special revenue fund is compatible with the continued General Fund support of these activities and enables accruing funds over time for replacement of capital and infrastructure needs, with a planned transition to an enterprise fund when the waste operation becomes self-sustaining.

**Water and Sewer Fund -** Accounts for the expenditures and revenues generated by the normal operations of the water and sewer divisions of the Public Utilities department.

**Water and Sewer Capital Projects Fund -** Provides funds for the renovation/rehabilitation and replacement of water and sewer lines and pump stations, extensions of the water and sanitary sewer system coordinated with the roadway expansions, expansion of the water and sewer system to increase capacity in newer service areas, new water and sanitary sewer services through the Neighborhood 51% program. The Water & Sewer capital improvement program receives support from the Water and Sewer Utility Enterprise Fund in terms of current revenues, net assets, and debt service for revenue bonds issued, and from other sources such as the federal government and Hampton Roads Sanitation District.

## Descriptive List of Commonly Used Acronyms

| Acronym | Title | Description |
|---|---|---|
| ADA | Americans with Disabilities Act | The ADA is a wide-ranging civil rights law that prohibits, under certain circumstances, discrimination based on disability. As applied to local government, this federal legislation requires all public buildings, services and programs to be accessible to people with disabilities. |
| ADAPT | Automated Delivery of Assistance Payments | A state program to reduce the need for eligibility workers by creating an automated system to provide case management, eligibility determination, and benefit calculation to cover such services as Aid to Families with Dependent Children, Food Stamps, and Medicaid. |
| A&E | Architecture and Engineering | Studies and general design work on capital projects and special programs. |
| AICUZ | Air Installation Compatible Use Zone | The noise zones and the accident potential zones together form the AICUZ for an air installation. The AICUZ need to be updated periodically when the number and type of aircraft operations change at an installation. |
| ALS | Advanced Life Support | Critical care that requires immediate intervention for life or death circumstances. May involve use of drugs or invasive medical procedures. |
| ARB | Accounting Research Bulletins | Publications containing recommended accounting procedures published by Financial Accounting Standards Board (FASB). |
| APZ1 | Accident Potential Zone 1 | An area beyond the airfield runway where an aircraft mishap is most likely to occur if one occurs. It does not indicate a probability of an accident occurring, but is to be used for planning purposes. |
| ARP | Agricultural Reserve Program | See glossary. |
| AVID | Advancement Via Individual Determination | A program designed to help underachieving middle and high school students prepare for and succeed in colleges and universities. This program offers a rigorous program of instruction in academic "survival skills" such as how to study, read for content, take notes, and manage time. |
| AWWA | American Water Works Association | An organization of governmental water and sewer agencies. The Department of Public Utilities belongs to this group. |
| BLS | Basic Life Support | Provide care for the sick or injured. BLS generally does not include the use of drugs or invasive medical procedures as does ALS. |
| BPOL | Business Professional Occupation License | This represents a gross receipts tax on businesses. The fee and/or rates are based on the amount of gross receipts (or gross sales, gross purchases, gross commissions, gross contracts or orders) from the preceding calendar year. A flat $40 fee applies to businesses with gross receipts of under $25,000; a flat fee of $50 applies to businesses with gross receipts from $25,001 to $100,000. Businesses with sales over $100,000 are subject to various rates depending on the classification of the business (the tax rate applies to 100% of gross sales rather than only the sales above $100,000). Council adopted a 2-year exemption from this tax for new businesses beginning January 1, 2012. A new business |

| Acronym | Title | Description |
|---|---|---|
| | | is exempt from all but the minimum fee ($50) for the first two license years of business. If a business applies in the middle of a license year, the business would only receive 1½ years of exemption. |
| BRACC | Base Realignment and Closure Commission | See glossary. |
| BZA | Board of Zoning Appeals | A 7-member body with two alternate members, appointed by the City Council, responsible for the review of variance requests to the Zoning Ordinance and appeals of decisions of the Zoning Administrator for the City of Virginia Beach. |
| CAFR | Comprehensive Annual Financial Report | An audited and printed copy of the city's financial statement at the end of a given fiscal year. |
| CASA | Court Appointed Special Advocate | A program administered by the state Department of Criminal Justice Services that provides volunteers who provide services as requested by the Juvenile and Domestic Relations Court to cases involving allegations that a juvenile is abused, neglected, in need of services or in need of supervision. These services include: investigation of the facts in a case, monitoring the case to ensure compliance with court orders, and assisting the guardian ad litem appointed to the case to represent the juvenile's needs and best interests. |
| CBD | Central Business District | The Virginia Beach Central Business District is a large area roughly bound by Thalia Creek on the east, Witchduck Road on the west, Jeanne Street on the north and Bonney Road on the south. Much of this area is comprised of commercial enterprises with some light industrial uses located in the western portion of the district. Since the year 2000, considerable growth has occurred in the Central Business District's Town Center area. The Town Center is a 17-block area located southwest of Virginia Beach and Independence Boulevards. It is a vibrant and growing urban lifestyle center with a complement of mixed uses that include high rise residential, retail, office, restaurant, entertainment, education and open spaces, all designed around a well planned urban, pedestrian friendly environment. |
| CC | Certificate of Compliance | A program established in 1989 offered by the Department of Housing that conducts inspections on rental units in Council approved Rental Inspection Districts based on the need to prevent deterioration and blight in certain areas of the city and ensure safe, decent, and sanitary living conditions. |
| CDBG | Community Development Block Grant | Annual formula based grant from the federal Department of Housing and Urban Development to states and localities to be used to for a wide range of community development needs by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons. |
| CHINS | Child In Need of Services/Supervision | "Child in need of services" means a child whose behavior, conduct or condition presents or results in a serious threat to the well-being and physical safety of the child. |
| CIP | Capital Improvement Program | A program which schedules the financing and construction of major municipal facilities, such as roads, schools, buildings, and water and sewer lines. This program is linked directly to Council |

| Acronym | Title | Description |
|---|---|---|
| | | policies, plans, and goals. |
| COG | Community Organization Grant | A Council appointed committee that awards qualified non-profit agencies monetary grants for providing services to Virginia Beach citizens. |
| COIA | Conflict of Interest Act | The State and Local Government Conflict of Interests Act (sections 2.2-3100 – 2.2-3131 of the Code of Virginia) requires some Virginia governmental officers and employees to disclose their personal and financial interests. |
| CBPA | Chesapeake Bay Preservation Act | An ordinance to protect and restore the water quality of the Chesapeake Bay and its tributaries. |
| CPMT | Community Policy and Management Team | A team of city/school staff that oversees Comprehensive Services Act funding. |
| CSA | Comprehensive Services Act | A funding pool of state funds, trust grants, Medicaid, Family Preservation Act funding, and the funding sources to strengthen families and provide services to at-risk youths. |
| CSB | Community Services Board | A service responsible for providing a range of behavioral health services. |
| D.A.R.E. | Drug Abuse and Resistance Education | A comprehensive drug and violence prevention education program for children in 5th grade. |
| DCJS | Department of Criminal Justice Services | A state agency that oversees grant funding to local municipalities for criminal justice related programs. |
| DEA | Drug Enforcement Agency | Federal agency that enforces the controlled substances laws and regulations of the United States and bring to the criminal and civil justice system of the United States, or any other competent jurisdiction, those organizations and principal members of organizations, involved in the growing, manufacture, or distribution of controlled substances appearing in or destined for illicit traffic in the United States. |
| DMAS | Department of Medical Assistance Services | A state agency that administers Medicaid and the State Children's Health Insurance Program (SCHIP) in Virginia. |
| DMV | Department of Motor Vehicles | A state agency responsible for issuing driver's licenses and issuing automotive tags. |
| DRM | Digital Rights Management | A class of access control technologies that are used by hardware manufacturers, publishers, copyright holders and individuals with the intent to limit the use of digital content and devices after sale. DRM is any technology that inhibits uses of digital content that are not desired or intended by the content provider. |
| EDIP | Economic Development Investment Program | This program is a proactive and creative initiative, which enables the city to successfully retain existing employment opportunities and create new jobs, while substantially enhancing the local tax base. These funds are leveraged by business for off-site utility improvements/upgrades, road improvements, traffic signal improvements, regional storm water facilities, and site preparation for land purchased from the Virginia Beach Development Authority (VBDA). |

| Acronym | Title | Description |
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| EEO | Equal Employment Opportunity | A federal law banning the practice of employment discrimination based on race, religion, national origin, creed, sex, etc. |
| EMD | Emergency Medical Dispatching | A program that provides dispatchers basic medical training to assist in emergency calls. |
| EMS | Emergency Medical Services | A city department that provides emergency rescue services using certified volunteers and career medics, and provides lifeguard services at Sandbridge beach. |
| ESG | Emergency Shelter Grant | A federal grant provided by the Department of Housing and Urban Development that is designed as the first step in the Continuum of Care, to provide funds for emergency shelters — immediate alternatives to the street — and transitional housing that helps people reach independent living. Grantees use ESG funds to rehabilitate and operate these facilities, provide essential social services, and prevent homelessness. ESG funds can also be used to aid people who are at imminent risk of becoming homeless due to eviction, foreclosure, or utility shutoff. |
| FASB | Financial Accounting Standards Board | The designated organization in the private sector since 1973 that establishes standards of financial accounting that govern the preparation of financial reports by nongovernmental entities. Those standards are officially recognized as authoritative by the Securities and Exchange Commission (SEC) and the American Institute of Certified Public Accountants. Such standards are important to the efficient functioning of the economy because decisions about the allocation of resources rely heavily on credible, concise, and understandable financial information. |
| FDE | Full Day Equivalent | Method of computation for determining overall building use (used primarily at the Convention Center). |
| FEMA | Federal Emergency Management Agency | Is a federal agency within the United States Department of Homeland Security, whose mission is to reduce loss of life and property and protect our nation's critical infrastructure from all types of hazards through a comprehensive, risk-based, emergency management program of mitigation, preparedness, response, and recovery. |
| F.I.C.A., F.I.C.A.-Medicare | Federal Insurance Contributions Act | These are payroll (or employment) taxes imposed by the federal government on both employees and employers to fund Social Security (6.2% tax) and Medicare (1.45% tax), which are federal programs that provide benefits for retirees, the disabled, and children of deceased workers. |
| FIOS | Fiber Optic Service | Verizon’s Fiber Optic Service. |
| FLSA | Federal Labor Standards Administration | A federal agency responsible for regulating labor laws. |
| FOIA | Freedom of Information Act | Virginia statute that guarantees citizens the right to examine public documents. |
| FREEGAL | FREEGAL Music Service | A downloadable music service from the libraries with access to the Sony Music Entertainment catalog without having to download software or have any digital rights management (DRM) issues to deal with. Access to Freegal is limited to patrons of subscribing libraries. Each library card is allowed 3 song downloads per week, and the files don't expire or disappear. |

| Acronym | Title | Description |
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| FTE | Full-Time Equivalents | Conversion of the number of part-time and temporary positions to full-time positions. FTE's are computed by dividing the total number of hours worked by 2,080, the total number of hours per year for a full-time employee. |
| FY | Fiscal Year | A budget cycle year, from July 1st to June 30th in Virginia Beach. |
| GAAP | Generally Accepted Accounting Principles | The standard framework for financial accounting. |
| GASB | Governmental Accounting Standards Board | Organization created to improve standards of state and local governmental accounting and financial reporting. |
| GDP | Gross Domestic Product | The total market value of all final goods and services produced in a given year, which is equal to total consumption, investment, governmental spending, plus the value of exports, minus the value of imports. |
| GIS | Geographic Information System | Geographic Information Systems are tools used to gather, transform, manipulate, analyze, and produce information related to the surface of the Earth. This data may exist as maps, 3D virtual models, tables, and/or lists. |
| GSTN | Government Services Training Network | A program offered by the Human Resources department to offer training to employees. |
| HIPAA | Health Insurance Portability and Accountability Act | See glossary. |
| HOME | HOME Investment Partnership Act Program | A federal formula block grant program that provides funding to states and localities to create affordable housing for low-income households. Communities use these funds, often in partnership with local non-profit groups, to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. |
| HOV | High Occupancy Vehicle | An additional lane on an interstate dedicated to vehicles with two or more passengers during peak traffic times. |
| HRC | Human Rights Commission | A Council appointed commission that advocates and promotes human rights. |
| HRPDC | Hampton Roads Planning District Commission | One of 21 Planning District Commissions in the Commonwealth of Virginia, is a regional organization representing this area's sixteen local governments. It provides assistance including analysis and projections on local and regional issues pertaining to economics, physical and environmental planning, emergency management, and transportation. |
| HRSD | Hampton Roads Sanitation District | HRSD, a political subdivision of the Commonwealth of Virginia serving 17 counties and cities, was created by public referendum in 1940 to eliminate sewage pollution in the tidal waters of the Chesapeake Bay. Its mission is to protect public health and the waters of Hampton Roads by treating wastewater effectively. |
| HRT | Hampton Roads Regional Transit | An independent transit authority serving the Hampton Roads area. |

| Acronym | Title | Description |
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| HSMAI | Hospitality Sales and Marketing Association International | A global individual membership organization of sales and marketing professionals representing all segments of the hospitality industry. It is the hospitality industry's source for sales and marketing information, trends in the hospitality industry, knowledge, business development, and networking for professionals in tourism, travel, and hospitality. |
| HUD | The U.S. Department of Housing and Urban Development | A cabinet branch in the executive branch of the federal government, whose mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all. |
| HVAC | Heating, Ventilating & Air Conditioning | Technology and mechanized equipment that provides heating, air conditioning and ventilation to provide indoor or automotive environmental comfort. |
| IAAO | International Association of Assessing Officers | A professional organization with expertise in property appraisals, assessment administration, and property tax policy. |
| ICMA | International City Manager's Association | The professional and educational organization for chief appointed managers, administrators, and assistants in cities, towns, counties, and regional entities throughout the world. ICMA's mission is to create excellence in local government by developing and fostering professional local government management worldwide. |
| IMAX | IMAX | IMAX: is a motion picture file format and a set of proprietary cinema projection standards created by the Canadian company IMAX Corporation. IMAX has the capacity to record and display images of far greater size and resolution than conventional film systems. |
| IRP | Investigative Review Panel | A Council mandated panel appointed by the City Manager that reviews citizen complaints against city employees. |
| JLARC | Joint Legislative Audit and Review Commission | The oversight agency of the Virginia General Assembly, established to evaluate the operations and performance of Ssate agencies and programs. JLARC provides the General Assembly with reliable and valid information for use in legislative decision-making; monitors and reports whether state agencies and programs are in compliance with legislative intent concerning appropriations and objectives; and determines whether state agencies and programs meet criteria of economy, efficiency, and effectiveness. |
| JLUS | Joint Land Use Study | A cooperative land use planning effort between a military installation and the surrounding communities. It promotes compatible community growth that will support military training and operational missions. |
| JUL | Joint Use Library | A collaborative partnership with Tidewater Community College, in May 2013, and will be the largest library in Virginia Beach. It will be open to students, faculty, and the general public. |
| LAN | Local Area Network | A computer network that connects computers and devices in a limited geographical area such as home, school, computer laboratory or office building. |
| LVR | Local Vehicle Registration | A local vehicle registration fee that is collected with the state registration fee by the Department of Motor Vehicles. |

| Acronym | Title | Description |
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| MAC | Member Advisory Committee | A group consisting of representatives from all city departments, which was formed to provide input on issues and concerns that affect city staff. |
| MGD | Million Gallons per Day | A public utilities term used to measure daily capacity at the water distribution plant and sewage treatment plants. |
| MLT | Management Leadership Team | See glossary. |
| NPDES | National Pollutant Discharge Elimination System | As authorized by the Clean Water Act, the National Pollutant Discharge Elimination System (NPDES) permit program controls water pollution by regulating point sources that discharge pollutants into waters of the United States. |
| NVRA | National Voter Registration Act | A federal law, also known as the "Motor Voter Act", whose purpose is to enhance voting opportunities for every American to make it easier to register to vote and to maintain their registration. This federal law mandates that the Department of Motor Vehicles, health, mental health, social services, and other state agencies be integrated with the voter registration system. |
| OASIS | On-line Automated Services Information System | A state funded program designed to provide every child welfare worker with a computer and the enhancements to better serve and protect vulnerable children. |
| OSHA | Occupational Safety & Health Administration | Is part of the U.S. Department of Labor, created by Congress under the Occupational Safety and Health Act of 1970, to ensure safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education, and assistance. |
| POMP | Pilot Outcome Measure Project | This pilot project was initiated for three departments (Public Works, Museums, and Libraries) to begin building capacity within the individual departments to measure the impacts (i.e. outcomes) of their programs and services on their customer base/the citizenry. |
| RACS | Revenue Assessment and Collection System | An integrated tax revenue recordation software system designed to improve customer service and efficiency between departments. |
| RFP | Request for Proposal | A document issued by the city in the early stages of a procurement process for goods or services that issues an invitation for suppliers, often through a bidding process, to submit a proposal on a specific commodity or service for purchase by the city. |
| RMP | Resource Management Plan | Document that outlines the expenditure, personnel and revenues needed for financing the annual operations, services, programs and construction projects of the city government. It is comprised of the Executive Summary, Annual Operating Budget, and the Capital Improvement Program. |
| ROW | Right-of-Way | A right-of-way is a strip of land that is granted, through an easement or other mechanism, for certain purposes, such as transportation. |
| RPPP | Residential Parking Permit Program | This program is used in the resort area as a tool to manage the demand for residential parking and the control of unreasonable noise during the nighttime hours in resort neighborhoods by restricting parking on residential streets between Rudee Loop and |

| Acronym | Title | Description |
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| | | 30th Street to permit parking between 8:00 p.m. and 6:00 a.m. Holiday parking restrictions include 24 hours a day restricted parking for July 4th Weekend, from 8 p.m. July 2nd through 6 a.m. July 6th, and Labor Day Weekend, 8 p.m. Friday through 6 a.m. Tuesday. |
| SCG | Strategy Coordinating Group | A group of employees tasked by the City Manager to develop a comprehensive City Strategy based on the City Council destination points and the work of the Strategy Issue Team. |
| SCHIP | State Children's Health Insurance Program | State program offered thru the department of Human Services to provide health coverage to at-risk children. |
| SEC | Securities and Exchange Commission | A federal agency established by Congress under the Securities Act of 1933, the SEC's mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. |
| SEVAMP | Southeastern Virginia Area Model Program (name changed in 1997 to Senior Services of Southeastern Virginia) | A private, nonprofit organization established in 1968, Senior Services of Southeastern Virginia provides services such as in-home health care, health promotion, and health education for older residents in Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, Virginia Beach, and Isle of Wight and Southampton counties. Senior Services receives funding from federal, state, municipal and private sources. |
| SIT | Strategic Issue Team | A Strategic Issue Team is one of seven teams formed to manage major city issues as identified by previous mission teams and by the City Council's goals. These teams include: Economic Vitality (EVSIT), Safe Community (SCSIT), Quality Physical Environment (QPE), Cultural and Recreational Opportunities (CRO), Quality Education and Lifelong Learning (QELL), Family and Youth Opportunities (FYO) and Quality Organization (QOSIT). |
| SNAP | Supplemental Nutrition Assistance Program | As of Oct. 1, 2008, SNAP is the new name for the federal Food Stamp Program that provides assistance to low- and no-income people and families living in the U.S. The program is administered by the U.S. Department of Agriculture with benefits distributed by the individual states. |
| SOL | Standards of Learning | The state of Virginia measures against which students' achievement in school will be measured at different points in their education. |
| SOQ | Standards of Quality | A term describing the minimum limits the state prescribes for funding reimbursements of school personnel including teachers, principals, and other non-instructional staff. |
| SPSA | Southeastern Public Service Authority | A regional agency established by localities of Southeastern Virginia in 1976 from the non-operational Southeastern Water Authority of Virginia pursuant to the Virginia Water and Sewer Authorities Act, for the implementation of a regional solid waste disposal system to include a resource recovery operation, featuring a Refuse Derived Fuel (RDF) Plant and a Power Plant. SPSA's purpose is set forth in the Code of Virginia for management of the safe and environmentally sound disposal of regional waste. |
| SSI | Supplemental Security Income | Federal aid given to the retired, disabled, and their dependents. |

| Acronym | Title | Description |
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| SSSD | Sandbridge Special Service Tax District | A special service district in the Sandbridge area of the city established by Council January 1, 1995 for the collection of additional lodging tax and real estate tax for the purpose of beach and shoreline management and restoration. |
| SWMF | Storm Water Management Facilities | Retention ponds that are a part of the storm water management system. |
| SWU | Storm Water Utility | An enterprise fund created by City Code section 32.5-2 to operate, maintain and improve the city's storm-water management system. |
| TANF | Temporary Assistance to Needy Families | Federal assistance, which replaces the AFDC and requires all participants to find work after receiving assistance for 24 months and must participate in community services within two months. |
| TAP | Tourism Advertising Program | See glossary. |
| TCC | Tidewater Community College | Founded in 1968 as a part of the Virginia Community College System, TCC serves the South Hampton Roads region with campuses in Chesapeake, Norfolk, Portsmouth, and Virginia Beach, a regional Visual Arts Center in Olde Towne Portsmouth, the TCC Jeanne and George Roper Performing Arts Center in the downtown Norfolk theater district, a regional Advanced Technology Center on its Virginia Beach Campus and the Regional Automotive Center in Chesapeake. TCC is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award the associate degree. |
| TDD | Telecommunication Devices for the Deaf | See glossary. |
| TIF | Tax Increment Financing | See glossary. |
| TIP | Tourism Investment Program | See fund description. |
| TDCHR | Transportation District Commission of Hampton Roads | A regional agency established pursuant to the Code of Virginia responsible for regional transportation planning and provision of transportation facilities throughout the area covered by the Southeastern Virginia Regional Planning District. Commission members are comprised of two appointees from each member locality including Chesapeake, Hampton or Newport News, Norfolk, Portsmouth, Suffolk, and Virginia Beach. |
| UCR | Uniform Crime Report | The standard for crime reporting to the FBI for about 60 years. It includes the reporting of homicide, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft and arson, which are called Part I Crimes. |
| ULF | Ultra-Low Flush | These are toilets that use minimal water per flush and are a part of the Water Conservation Program. |
| VBCDC | Virginia Beach Community Development Corporation | A non-profit group dedicated to preserving the City's housing stock that provides numerous programs and services that assist the low and moderate-income family including: permanent financing, down payment, and closing cost assistance to first time home buyers, new construction and rehabilitation for sale in the First Time Home Buyers Program, First time home buyer seminars, free & confidential foreclosure prevention and loss mitigation counseling, rental housing for low-income families, rental housing for low-income disabled persons, and rental housing and support |

| Acronym | Title | Description |
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| | | services for homeless families and homeless individuals. |
| VBCRC | Virginia Beach Community Recreation Center | Virginia Beach Community Recreation Centers that offer a variety of recreation, education and fitness opportunities to people of all ages. There are six recreation centers: Kempsville, Bow Creek, Seatack, Great Neck, Bayside, and Princess Anne. A seventh community recreation center known as Williams Farm, which will be located in the western Bayside area of the city, is anticipated to be constructed by September 2012. |
| VBCSU | Virginia Beach Court Service Unit | An agency of the state Department of Juvenile Justice that provides comprehensive probation, parole, and intake services to the Virginia Beach Juvenile and Domestic Relations Court, the Virginia Beach Police, and the public. |
| VBDA | Virginia Beach Development Authority | Composed of eleven members appointed by City Council to work in cooperation with the city's Department of Economic Development as delineated in Chapter 643, Acts of The General Assembly, as Amended. |
| VBQSS | Virginia Beach Quality Service System | See glossary. |
| VBTV | Virginia Beach Television | A local cable access channel that broadcasts city meetings, seminars, presentations, employment information, and other city business. |
| VDOT | Virginia Department of Transportation | State agency that maintains state roads and interstate. |
| VIEW | Virginia Initiative for Employment not Welfare | A state program that supports the efforts of families receiving federal Temporary Assistance for Needy Families (TANF) to achieve independence through employment. Parents who receive TANF, and are able to work, are required to participate in the VIEW program. The VIEW program offers parents the assistance and resources needed to find and keep a job. |
| VJCCCA | Virginia Juvenile Community Crime Control Act | A Virginia block grant that provides funding for non-secure and outreach detention, group home services, and services provided by the Pendleton Child Service Center. |
| VOIP | Voice-Over Internet Protocol | Protocol optimized for the transmission of voice through the internet or other packet-switched networks. |
| VOSH | Virginia Occupational Safety and Health Program | A program under the auspices of the Virginia Department of Labor and Industry, which set standards to “...adequately assure...that no employee will suffer material impairment of health or functional capacity." |
| VRS | Virginia Retirement System | A state retirement system for public employees that provides its members with benefits at retirement, or upon disability or death. |