

*Adopted*

# EXECUTIVE SUMMARY

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RESOURCE MANAGEMENT PLAN  
FY 2016-17

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*City of Virginia Beach*





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# DISTINGUISHED BUDGET AWARD

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The Government Finance Officers Association (GFOA) presented a “Distinguished Budget Award” to the City of Virginia Beach for the annual budget beginning July 1, 2014. 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 communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.



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# ACKNOWLEDGMENTS

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The Department of Budget and Management Services thanks the many individuals and departments who assisted in preparing this document. Particular thanks goes to the Management Leadership Team and the City Council for their important contributions to priority setting; city department directors; participating appointed and elected officials; and the Communications Office.

Special thanks goes to my staff for their willingness to work through the changes, issues, and problems creatively, with cheerfulness, and unsurpassed competence:

◆ Luis Asercion ◆ Jason Beasley ◆ David Bradley

◆ Kevin Chatellier ◆ Jacqueline Conley ◆ Monica Dudek

◆ Crystal Featherston ◆ Paul Harris ◆ Stacy Hershberger ◆ Jonathan Hobbs

◆ Beth Kavanaugh ◆ Tonya Martin ◆ ShaDonna Mayfield ◆ Jesse Stephenson

Sincerely,



Catheryn R. Whitesell, Director  
Budget and Management Services

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# OVERVIEW

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The Resource Management Plan is comprised of three volumes: the Executive Summary, Operating Budget and Capital Improvement Program. These volumes are interrelated and help to support and define each other. Three volumes are considered and adopted by the City Council as an integrated whole.



## Executive Summary

This volume provides a comprehensive overview of the policies, both service and fiscal, which guide the development and implementation of the annual operating budget, the capital budget, and the five planning years of the capital improvement program. It includes a projection of expenses, resources and trends, as well as brief highlights of new or expanded programs or projects. This document is designed to provide the reader with a quick and comprehensive understanding of the financing strategies of the government.

## Capital Improvement Program (CIP)

This volume is comprised of the annual Capital Budget (year one of the six year plan) and five planning years (years two through six). The CIP is organized into sections based on the seven business areas of the government. The functional sections of Roadways, Buildings, Coastal, Economic Development and Tourism, Schools, Parks and Recreation, Water Utilities, Sewer Utilities and Information Technology are assigned to their appropriate business area. Within each functional area, each project page includes a brief description of the project, a financing plan, and a location map, if applicable.

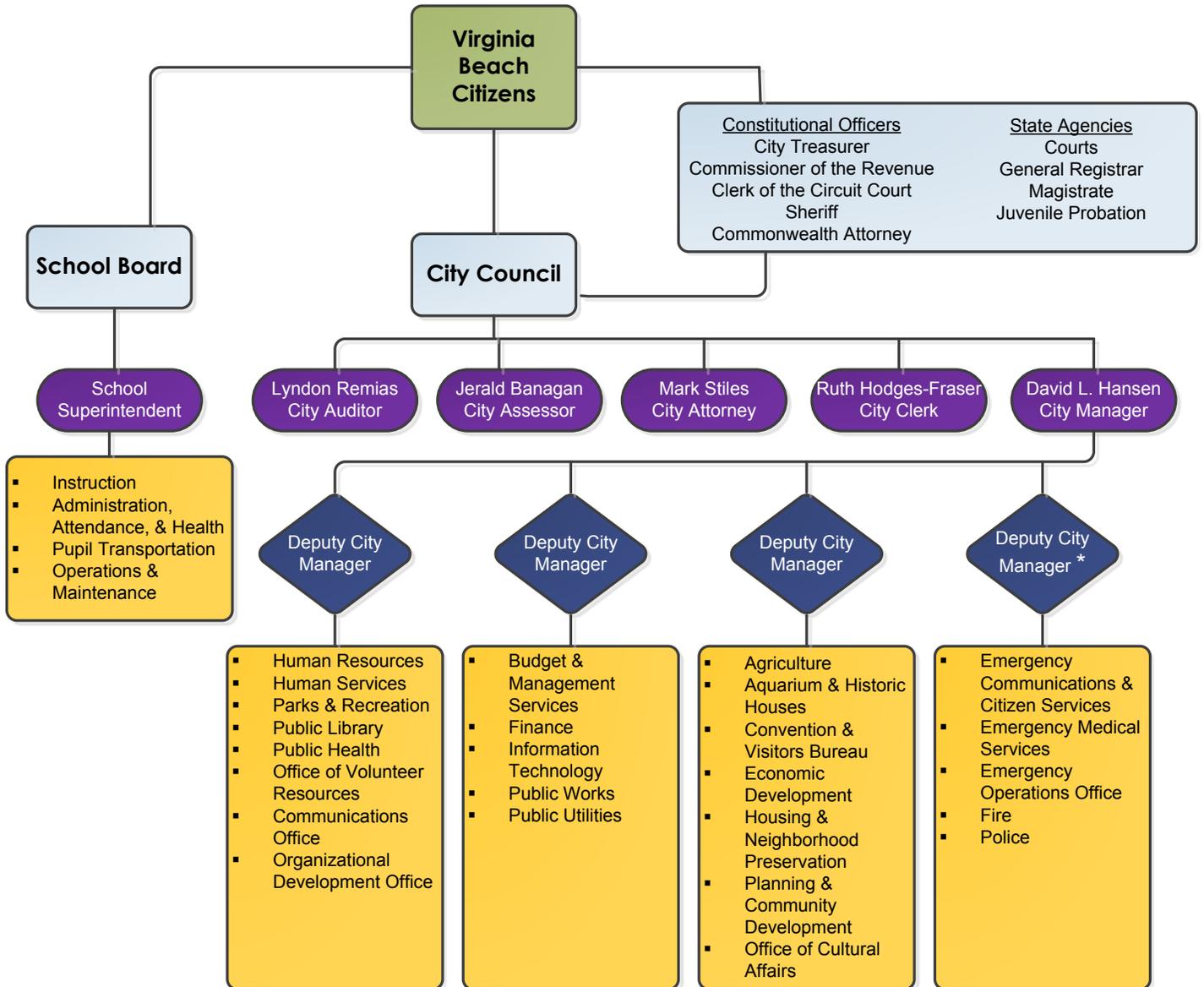
## Operating Budget

This volume provides detailed information on the city's anticipated spending needs for the upcoming fiscal year, beginning July 1<sup>st</sup> through June 30<sup>th</sup>. It provides detailed discussions of revenues and expenses. The operating budget documents are organized into sections based on the seven business areas of the government with departments assigned to each.

# CITY ORGANIZATION & INFORMATION

The City of Virginia Beach was chartered as a municipal corporation by the General Assembly of Virginia on January 1, 1963. The city operates under a Council-Manager form of government. The eleven member City Council is the city's legislative body. The City Manager is appointed by Council and acts as Chief Executive Officer and, through city staff, the City Manager implements policies established by Council.

Virginia Beach has 248.3 square miles of land and 58.5 square miles of water. As of FY 2015-16, there was a population of 454,247 residents of which 290,260 are registered voters. Excluding on-base military housing, the city has 176,084 residences/homes.

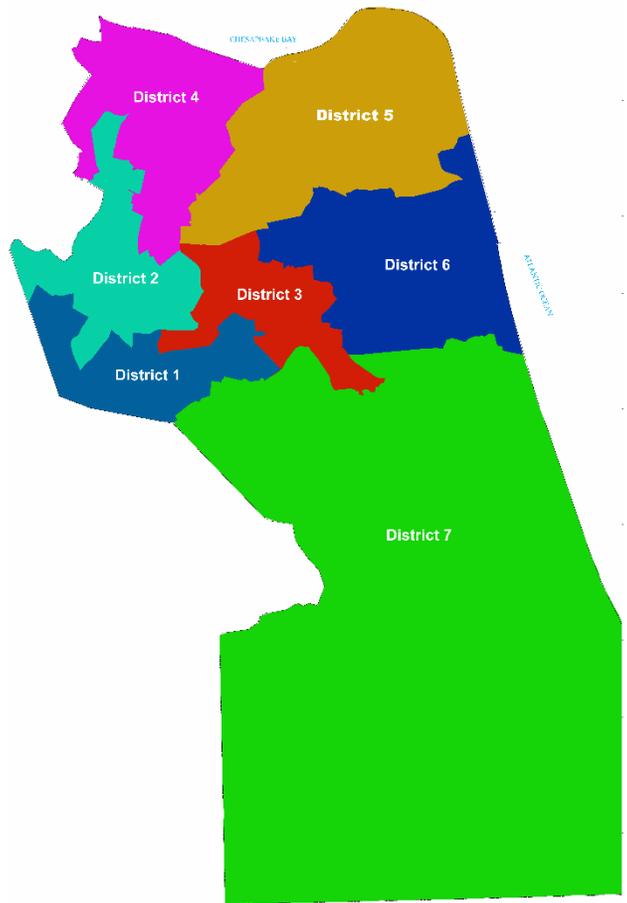


\* New Position/Reorganization

# CITY COUNCIL

The 11 member City Council is the city’s legislative body. Members of Council serve four-year terms and are re-elected on a staggered basis. Three City Council members and the Mayor serve “at large” with no district residency requirement, all other members are required to live in the district they represent.

- ◆ Mayor William D. Sessoms, Jr.
- ◆ Louis R. Jones, Vice-Mayor, District 4-Bayside
- ◆ Benjamin Davenport, At-Large
- ◆ Robert M. Dyer, District 1-Centerville
- ◆ Barbara M. Henley, District 7-Princess Anne
- ◆ Shannon DS Kane, District 3-Rose Hall
- ◆ John D. Moss, At-Large
- ◆ Amelia N. Ross-Hammond, District 2-Kempsville
- ◆ John E. Uhrin, District 6-Beach
- ◆ Rosemary C. Wilson, At-Large
- ◆ James L. Wood, District 5-Lynnhaven



The City Charter requires the City Council to adopt an annual budget. Virginia Beach’s fiscal year spans from July 1 to June 30 with a year round budget planning process which include:





# City of Virginia Beach

WILLIAM D. SESSOMS, JR.  
MAYOR

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April 29, 2016

Members of City Council

## **Subject: FY 2016-17 Operating Budget and CIP Reconciliation – REVISION 1**

Dear City Council Members:

After lengthy discussions with you and listening to the public input at the various public meetings, town halls, public hearings and via email, we would like to recommend adopting the Operating Budget and CIP with the following adjustments:

1. For our dedicated city and school employees, we suggest two changes from the Proposed Operating Budget:
  - a. For school employees, leadership from both the Schools and City have developed a plan to bring school employees' pay increase up to 3.34%, which is comparable to city employees. This is possible as a result of additional funding through the City/Schools Revenue Sharing Formula (\$1,280,440) and additional State revenue of \$1,204,913 million.
  - b. For city employees, \$850,000 is set aside to address vertical salary compression which exists when subordinates make more money than the supervisor. This is the first year of a two year phase-in.
2. Provide \$362,877 for 4 career medics citywide.
3. Provide \$302,294 for 4 fire fighters to the Creeds and Blackwater areas of the city.
4. \$40,000 for additional Emergency Medical Technician Training with supplies and equipment.
5. Provide \$302,294 for 4 additional firefighters at Little Neck Station 20 to complete four men on a truck staffing of single apparatus stations.

6. Restore city funding at FY 2016 levels for the Atlantic Waterfowl Museum (\$13,033) and for the Lifesaving Museum (\$14,908).
7. Restore \$165,721 to increase the hours of the City owned historic homes and funding for historic preservation efforts (includes restoration of 2.47 FTEs):
  - a. Historic Preservation: provide 0.47 FTE to increase staff support to the Historic Preservation program and increase funding by \$25,000 for operating costs.
  - b. Historic Homes: provide 2.0 FTES (part-time employees) to increase the operating hours at the city-owned historic homes and increase funding by \$89,000. In order to try and increase attendance at the historic homes we recommend eliminating the general admissions fee at the homes, but retaining admissions for special events.
8. Increase the funding for the Arts and Humanities Commission by \$25,000 to address the increased demand for art grants through that program.
9. Restore library books and materials to its FY 2016 level (\$105,651).
10. Provide \$20,000 to the Parks and Recreation Foundation as a grant for the Students on the Swim program to match the School System's \$20,000.
11. Provide a \$50,000 grant to the Feed the Kids program.
12. Provide a \$75,000 feasibility study grant for the African American Cultural Center.
13. Provide a \$12,000 grant to the Men of Faith Program.
14. Increase funding by \$372,657 for the Planning Department to hire 2 new HVAC Inspectors with vehicles and 2 new Development Project Liaisons to help citizens and businesses navigate the development and permitting processes.
15. Create a CIP project 3-115 "Judicial Center Maintenance" to address maintenance needs of the Judicial Center supported by a \$2 increase in the Courthouse Maintenance Fee assessed for each civil action filed in court (\$254,678).
16. Reduce the Residential Parking Fee for employees from \$20 a month to \$10 a month per City Council action in April (revenue decrease of \$91,438) and offset the loss of revenue by lowering a parking maintenance reserve and the professional services account.
17. Increase funding to the Museum of Contemporary Arts (MOCA) by \$50,000 to support their art exhibit, Turn the Page: The First Ten Years of HI-Fructose.
18. Increase funding to the Virginia Arts Festival by \$15,000.

19. In addition to the funding sources identified in specific appropriation adjustments above, the following funding sources have been identified to offset the appropriations above:
- a. After review of the State's estimate for this revenue as well as recent trends, we recommend increasing the estimate of General Sales by \$1,513,166.
  - b. Based on final General Assembly action, increase 599 State Aid to Localities with Police Departments by \$346,031.
  - c. Reduce funding to the Hampton Roads Economic Development Alliance by \$28,431 per the revised agreement with this agency.
  - d. Redirect the \$1 million reserve set aside to address changes as a result of the State budget mainly for final numbers associated with the City/Schools Revenue Sharing Formula.
  - e. Reduce General Fund Reserve for Contingencies by \$889,680 and various department overtime accounts by \$279,567.

The details for the funding sources and the adjustments are identified on the attachment. We recommend that we adopt the School System's FY 2017 Operating Budget in as a lump sum rather than by the categories. We have discussed this issue with the School Board Chair and the Superintendent and are comfortable with the School's internal accounting controls to make this recommendation.

In addition, the General Assembly is mandating us through language in the Adopted State Budget to advance the merit date from January 1<sup>st</sup> to December 1<sup>th</sup> to ensure that employees of Constitutional Officers and local support state employees receive their pay increase in-line with the anticipated state employee pay increase of 2% scheduled for December 1. While the city is proposing a pay increase of 2.34% on July 1, this issue is complicated by the fact that the State does not count the 1% VRS pay increase adjustment as applying to the state pay increase of 2%. The other remaining 1.34% portion of the proposed July 1 pay increase will count towards the increase. For Constitutional Officers and local support state employees, 0.66% of what was previously the proposed 1% merit will be considered a general increase in pay on December 1, while the other 0.34% will apply as a merit increase based on the midpoint of the range (as the 1% merit will be applied for city employees). We proposed moving the merit date forward by a month, so we do not treat our local employees differently than those supported by the state. We have been advised that this change can be absorbed within the overall compensation funding.

We want to thank the public who came out to the various town hall meetings and public hearings to offer their comments on the FY 2016-17 Operating Budget and CIP as well as staff for their efforts to provide answers to our various questions. If you have any questions, please contact us directly.

Sincerely,



William D. Sessoms, Jr., Mayor



Louis R. Jones, Vice Mayor

Attachment

## CITY

	<u>Revenue</u>	<u>Appropriations</u>
1 HREDA reduction		\$ (28,431)
2 Fund 4 Paramedics citywide		\$ 362,877
3 Provide 4 firefighters at Creeds and Blackwater		\$ 302,294
4 Fund 4 Fire Fighters for Company 20 Little Neck		\$ 302,294
5 Provide 2 Permits and Inspections HVAC Inspectors (and vehicles)		\$ 166,287
6 Provide 2 Development Services Center Project Liasons		\$ 206,370
7 First of Two Years for City Vertical Compression		\$ 850,000
8 Restore Libraries Books and Materials		\$ 105,651
9 Restore Funding for Atlantic Wildfowl Museum		\$ 13,033
10 Restore Funding for Lifesaving Museum		\$ 14,908
11 Restore Hours for City Owned Historic Homes and Historic Preservation (2.47 FTEs)		\$ 165,721
12 Provide a grant for Students on the Swim to be matched by School System		\$ 20,000
13 Provide a grant to Feed the Kids		\$ 50,000
14 Provide a Grant to the African American Cultural Center		\$ 75,000
15 Provide a Grant to the Men of Faith Program		\$ 12,000
16 Increase Arts and Humanities Funding		\$ 25,000
17 Increase funding to the Museum of Contemporary Arts (MOCA)		\$ 50,000
18 Increase funding to the Virginia Arts Festival		\$ 15,000
19 Increased Training for EMTs		\$ 40,000
20 Eliminate Reserve for State Budget Reconciliation		\$ (1,000,000)
21 Increase Estimate for General Sales	\$ 1,513,166	
22 Increase Estimate for State 599 Funding	\$ 346,031	
23 Transfer Final School Funding Formula		\$ 1,280,440
24 Increase Estimate for Courthouse Maintenance Fee by \$2 per Civil Charge	\$ 254,678	
25 Transfer Courthouse Fees to CIP 3-115 "Judicial Center Maintenance"		\$ 254,678
26 Residential Parking Permit Reduction (\$20 to \$10 a month)	\$ (91,438)	
27 Reduce Parking Maintenance Reserve (\$29,497) and Professional Services (\$61,941)		\$ (91,438)
28 Reduce General Fund Reserves for Contingencies		\$ (889,680)
29 Reduce Overtime		\$ (279,567)
<b>Total Change in City Budget</b>	<b>\$ 2,022,437</b>	<b>\$ 2,022,437</b>

## SCHOOLS

	<u>Revenue</u>	<u>Appropriations</u>
29 Schools - Transfer from School Funding Formula	\$ 1,280,440	
30 Increase Compensation to 3.34%		\$ 2,485,353
31 Increase State Revenue	\$ 1,204,913	
32 Fund Balance School Textbook Fund	\$ 776	
33 Increase Appropriations School Textbook Fund		\$ 776
<b>Total Change in Schools Budget</b>	<b>\$ 2,486,129</b>	<b>\$ 2,486,129</b>



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# City of Virginia Beach

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Dear City Council Members:

In 1965, Bob Dylan wrote, “He not busy being born is busy dying.” That’s true of cities as well as people.

It is critical for cities to innovate. It’s easy as a city leader to rest on old accolades and focus on the day-to-day. But strong cities – smart cities – plan for their future. They create their future. It’s not enough to be good today. Complacency leads to stagnation, and cities that stagnate are no longer relevant.

Virginia Beach gets it. For decades, the City Council has made big, bold decisions with future generations in mind. Think of all the difficult choices our City Council made in the last 30 years. Supporting the Lake Gaston water pipeline, even when it was mired in 15 years of litigation. Creating Town Center, even when the naysayers called it a fantasy. Expanding and improving the resort. Buying 1,200 acres at Lake Ridge to transform it into Princess Anne Commons. Those decisions were costly in the short term, but very profitable in the long term.

Today, we are faced with the same caliber of decisions.

We need to continue building a new, better transportation network. We need to continue investing in great schools and public safety. We need to continue transforming the resort and developing a broadband internet network to connect our citizens and businesses. We need to lay the foundation for a new generation of high-tech businesses that bring higher-paying jobs. We need to continue encouraging the creative class.

In short, we need to continue moving from planning to doing. The City Council has already taken the first steps by creating a vision. This budget is the next step toward implementing that vision.

I am pleased to say this budget contains **NO INCREASES** in tax rates and only a small increase – \$1.64 per month – in the trash fee. There is **NO INCREASE** in the real estate tax rate or the personal property tax rate. There is no increase in fees for water, storm water or sanitary sewer. This budget also includes more money for public safety – primarily police officers – and more money for needed school repairs.

In short, this budget maintains the high quality of life that makes Virginia Beach such a desirable place to live, while holding the line on taxes and laying the groundwork for transformational projects that will improve the city for our children and grandchildren.

## How We Closed the Gap

In September, we implemented a hiring freeze. At that time the city faced a potential \$33 million shortfall in the FY 2016-17 budget. We have faced bigger gaps in recent years, but \$33 million is not insignificant. Now we have closed that gap.

How did we do it?

In part, we got lucky. For starters, the state lowered the city's required contribution to the retirement system by 3 percent (school's saw a slight increase). That saved just over \$8.5 million. And, of course, fuel is cheaper. That's important when you run a fleet of garbage trucks and school buses, and when you heat scores of schools and city buildings.

But luck doesn't explain everything. We also took proactive steps to bridge the gap. And we benefitted from our outstanding AAA bond ratings (the equivalent of an individual's high credit score).

- **The hiring freeze** – This saved \$10 million. We applied that to our \$10 million revenue loss from SPSA, the Southeastern Public Service Authority, for trash disposal. This is the second year of three until the tipping fee stabilizes.
- **Higher real estate assessments** – We expected an increase of 2.5 percent. It was actually 3 percent. That extra half-percent will bring in about \$2.5 million.
- **Reduced fuel and asphalt costs** -- With the falling price of a barrel of oil, we are seeing significant savings in fuel and other petroleum-based products. This has saved us more than \$3 million just in fuel costs over the last several years. We are also realigning pavement maintenance costs without affecting current services.
- **Best interest rates ever** – In February, we sold \$61 million in bonds to fund major construction projects like school renovations and road widenings. The interest rate was 2.44 percent – the lowest ever on a large, new-money bond issue. We also refinanced \$50 million in old loans at the even-lower rate of 1.77 percent. This will save taxpayers \$4.2 million in debt payments over the next 14 years. The city's outstanding AAA bond ratings helped make this possible.

In short, a combination of good planning and good luck got us through the budget gap.

## Spending for the Future

In February, at your two-day goal setting workshop, the City Council took a fresh look at our city's opportunities and challenges. The result was a new set of priorities for the future.

Taking our cue from City Council, we focused this budget on four key areas.

- **Public Safety** - Virginia Beach has the lowest crime rate of any large city in America. Amazingly, we have fewer officers per capita than most cities our size. It is time to enhance our police force. We will start by adding 10 officers this coming year and redirecting others to street patrol. It is our intent to continue adding officers in the coming years as funding allows. We are also phasing in the use of body cameras for our police force, using a combination of DEA funds and city funding. This program will add new staff in the Commonwealth's Attorney's Office and Police Department.

Also on the City Council's top priority list is the Burton Station development. We will add a new fire station in the Diamond Spring/Burton Station area with necessary staffing and equipment. This budget also adds a Public Affairs Officer in Emergency Medical Services, along with additional funding for equipment and

training to address concerns over volunteer recruitment and retention. It adds staff in the Sheriff's Office to address staffing requirements for inmates with medical needs.

- **Schools** - Virginia Beach already spends more in local funding per pupil than any other large city in Hampton Roads. This budget includes funding to address several School Board priorities. There is funding to partially expand full-day kindergarten, with the addition of 10 extended-day kindergarten classrooms. Additional school bus replacements are funded to begin addressing a backlog there. And the school system expanded the Anchor School initiative and provided startup costs for the new Entrepreneurship and Business Academy at Kempsville High School.

With the potential of new state-funded positions, the school system is addressing some concerns about recent class size increases and will add some fine arts teachers to stabilize those programs in high schools.

The schools budget also substantially reduces its reliance on one-time reversion funds from \$8.3 million to \$5 million. This takes steps to balancing the school budget on current revenues.

- **Economic Development and Tourism** - Virginia Beach has the strongest economy in Hampton Roads. Our unemployment rate is down to 3.9%, the lowest in the region. But we cannot be complacent. We must continue to diversify our economy to make it less reliant on defense spending.

To do that, this budget includes a second round of funding to support the City Council's biomedical initiative. It also includes funding to enhance the pedestrian connectivity in the ViBe District, and funding in the six-year Capital Improvement Program for resort beach restoration. We are also funding the infrastructure support for the London Bridge Commerce Park in support of the APZ EDIP.

The CIP also includes city matching funds to the Aquarium Foundation's \$8.5 million to enhance the Marsh Pavilion and, in a second phase, to add a veterinary care unit. The CIP also includes funding to construct the Aquarium Marine Animal Care Center and for major restoration to the Chesapeake Bay Aquarium.

- **Transportation and Infrastructure** - During the recession, the state cut new road construction in cities to essentially zero. As a result, many Virginia cities eliminated road projects altogether. But not Virginia Beach. We used local funding to continue planning for and building our infrastructure. While other cities fell behind, we moved forward.

This budget continues that trend. It includes an additional \$36 million in state funding for the Centerville Turnpike Phase III, Laskin Road Bridge Replacement and Indian River Road Phase VII projects. The addition of this state funding requires a local match of \$52.6 million. These projects are fully funded within the six-year CIP.

But infrastructure is more than just roads. This budget also includes more money and people to keep our rivers and bays clean, to expand our transportation network with more walking and biking trails, extend light rail, and to expand high-speed Internet access throughout the city.

## Taxes

During the recession it was hard to find enough money to meet the demands of our citizens. State revenues dried up and real estate values dropped five years in a row. It hit us hard. We trimmed some programs and raised some taxes and fees to keep services going.

Now, things are better. Real estate assessments are slowly rising again – for the third year in a row. State revenue is coming back, slowly. Tax collections are steady.

As a result, this budget contains NO INCREASE in any tax rates. Virginia Beach has the lowest real estate and car taxes among the seven cities of Hampton Roads. This will not change. Also, there is no increase in three of the four components of the city services bill: water, sanitary sewer and storm water fees. It is necessary, however, to raise the fourth component, the solid waste fee, by \$1.64 per month from the current \$21.36 to \$23.00. This will address the backlog of replacement vehicles and some required accounting changes in how pension liabilities are funded. The fund is slightly out of balance in this year's annual financial report, and the fund's deficit is projected to grow without steps to increase revenues. We could have raised the real estate tax rate slightly to cover the cost, but that would have been unfair to businesses and residents of apartments and condos who don't get city trash collection. We are also providing \$10 million in General Fund fund balance to cover the loss of revenues that supported the city's landfill operations.

## Our Employees

In all my years of travel, I have met thousands of government employees. None are equal to our Virginia Beach city staff. Our employees shine every day and they are extraordinary during emergencies – fixing burst water mains during deep freezes, clearing roads during hurricanes and snowstorms, saving lives after horrific car crashes. Our public servants are unfailingly friendly and professional. They are truly a credit to our city.

Recruiting and retaining outstanding employees is one of the most important things we do as a city.

This budget recognizes that fact by including – for the first time in eight years – a small 1 percent merit raise for full-time city employees who do good work. It also includes a 1.34 percent general pay raise to full-time and part-time employees. In addition to the above, both city and school employees will also receive the 1 percent increase required by the state to offset retirement costs. In total, this 3.34% raise for city employees is a net 2.34%.

We have worked closely with the School Superintendent to identify ways for them to match this increase, but the budget adopted by the School Board only includes a 2% total increase (1% pension and 1% general). Now that the state budget has been finalized, we hope the schools will use the greater funding and flexibility provided and combine that with local funding that is currently not allocated in the school's adopted budget (\$2.4 million), to match our pay increase. We will continue to work with the Superintendent to identify funds to do that. Both city and school employees deserve to be recognized for the outstanding services they provide our community.

## Reorganization

To improve customer service and effectiveness and to maximize the use of skilled people, there will be several organizational changes in the upcoming fiscal year.

- First, I will consolidate Mosquito Control into the Storm Water Program. An analysis shows this program's impact is linked to storm water, ditches and canals. By combining these programs, we can maximize staff efforts and improve outcomes.
- Second, I will consolidate the Strategic Growth Area Office and the Agriculture Department into the Planning Department. With the appointment of a new Planning Director, these offices can align to meet the goals in the city's Comprehensive Plan. We are currently advertising for a Strategic Growth Area Manager, who will serve as a division head over the planning activities of the strategic growth areas, transportation and comprehensive planning. The current Agriculture Director will serve as the other division manager to oversee permits and inspection and will be intimately involved in the Interfacility Traffic Area study. He will continue to work with the agriculture community and manage the Agriculture Reserve Program. As we work through these changes, there may be adjustments in salaries or job duties for some personnel.

- With the hiring of a new Director of the Convention and Visitors Bureau, I will move the Resort Management Office from the Strategic Growth Area Office back to CVB, so the staff can support the needs of the resort area.
- We will be adding a new Deputy City Manager and an executive assistant to the Management Leadership Team. The new DCM will oversee the public safety departments of Police, Fire, EMS, and ECCS. The new Emergency Operations Office will be assigned directly to the new DCM. Homeland security issues have grown in the last half decade and this organizational improvement will help us address the emerging issues.

I will continue to look for ways to improve the effectiveness of what the organization does for the community and will keep City Council informed as we transition programs and departments.

## Conclusion

In my first two months as City Manager, I have seen up close how large and complex our city is.

Virginia Beach city government includes more than 35 departments and 7,000 employees – and that doesn't include the 10,000 employees in the city schools. It's a challenge to keep up with all the day-to-day responsibilities. Our city staff does an amazing job.

Virginia Beach has the best schools, the lowest crime rate, the most parks and recreation centers, the biggest library system, and the best roads of any city in Hampton Roads. That won't change. This budget maintains or increases our everyday city services.

Just as important, this budget keeps one eye on 2016 and the other eye on 2040. We are committed to this generation and the next.

In that sense – with apologies to Mr. Dylan – the times are not a-changing. Virginia Beach has always been a progressive city. This budget continues that tradition.

Respectfully,



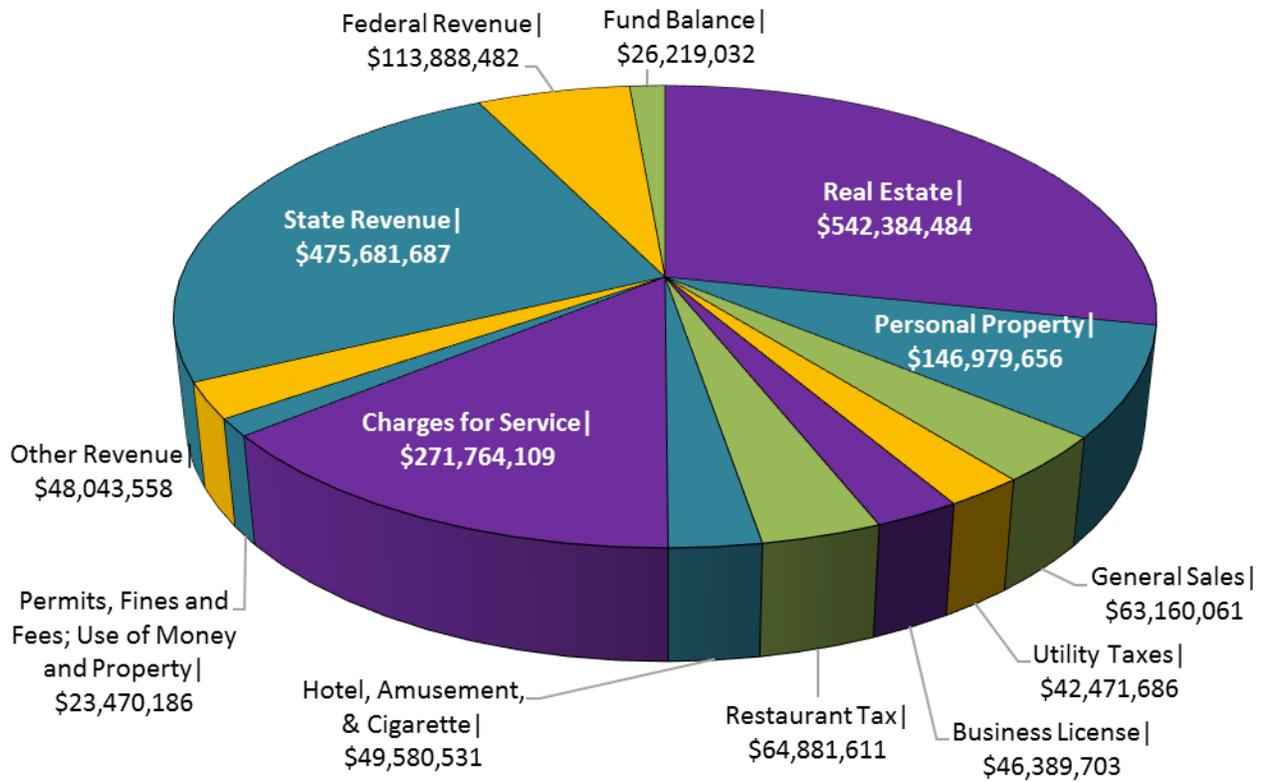
David L. Hansen  
City Manager

# SCHEDULE OF WORKSHOPS & PUBLIC HEARINGS

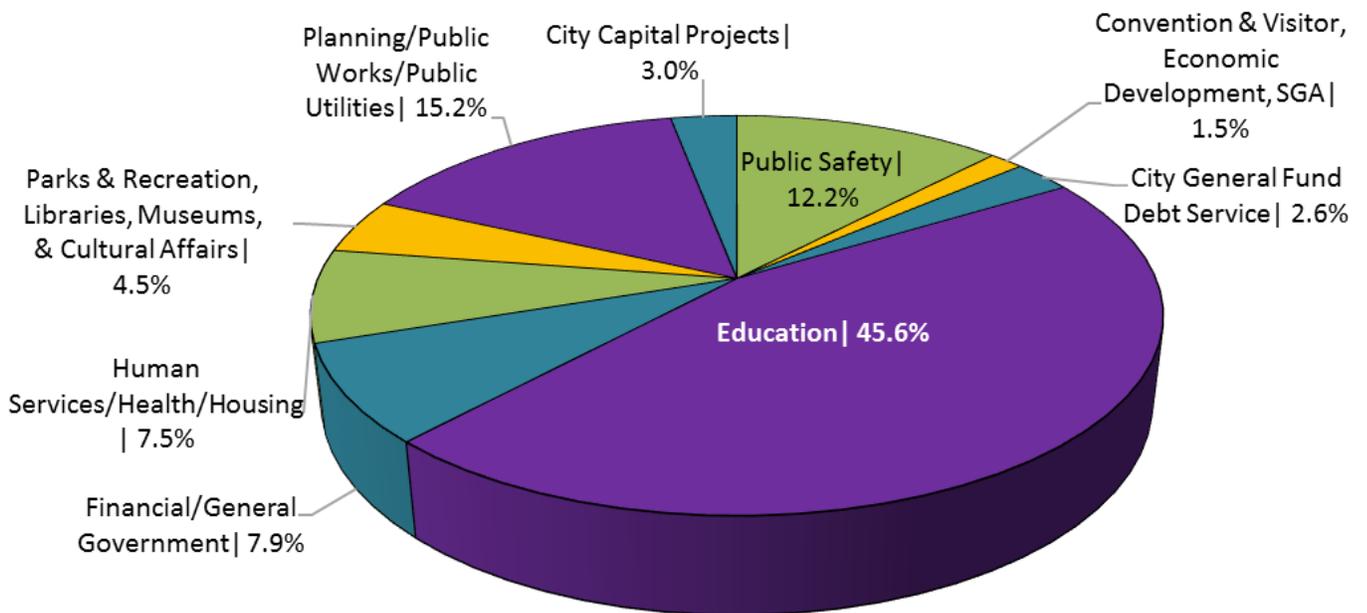
<b>MAR</b> <b>22</b>	<b>Presentation</b> The Proposed City Manager’s FY 2016-17 Operating Budget and Capital Improvement Program is presented to City Council	City Council Chambers 6:00 p.m.
<b>APR</b> <b>5</b>	<b>Council Workshop</b> Economic Vitality Safe Community	Council Conference Room
<b>APR</b> <b>12</b>	<b>Council Workshop</b> Quality Physical Environment Family & Youth Opportunities	Council Conference Room
<b>APR</b> <b>19</b>	<b>Council Workshop</b> Quality Education & Lifelong Learning Cultural & Recreational Opportunities	Council Conference Room
<b>APR</b> <b>21</b>	<b>Public Hearing</b>	Cox High School 6:00 p.m.
<b>APR</b> <b>26</b>	<b>Council Workshop</b> Quality Organization	Council Conference Room
<b>APR</b> <b>26</b>	<b>Public Hearing</b>	City Council Chambers 6:00 p.m.
<b>MAY</b> <b>03</b>	<b>Reconciliation Workshop</b>	Council Conference Room
<b>MAY</b> <b>10</b>	<b>Vote On</b> The FY 2016-17 Operating Budget and Capital Improvement Program	City Council Chambers 6:00 p.m.

# WHERE IT COMES FROM & WHERE IT GOES

**FY 2016-17 Operating Budget Total Estimated Revenues**



**FY 2016-17 Operating Budget Total Estimated Expenditures**



The Operating Budget for FY 2016-17 increased by 2.3%. This is the third year of local real assessment growth and really the first budget that reflects revenue growth without major tax rate increases. As the economy rebounds, we are able to address many of City Council’s high priority items that require funding both in the Operating Budget and in the CIP. School funding continues to struggle, though local support will increase by 1.8%. Until the state becomes a full partner in supporting public schools, it will be difficult to meet major School Board initiatives. The school CIP does reflect additional bond capacity to address energy contracts which have produced savings for the schools and will allow them to move several school modernization efforts forward over time. This summary highlights several major revenue and debt issues as well as briefly discusses funding initiatives for FY 2016-17. For more details on specific projects or departmental funding, reference the separate operating and CIP budget documents.

## Revenue and Debt Discussion

The waste management fee increased by \$1.64 in the operating budget. While there are other fee increases included in the budget (see Appendix section), **there are no major tax increases included**. Listed below is an overview of all major revenue streams included in the operating budget. The large negative number in the city budget (shown as a positive in the school’s budget column) reflects the transfer of local funding to support the school system.

	Revenues			FY 2016-17 Total	
	FY 2015-16 Adjusted Budget	FY 2016-17 City Budget	FY 2016-17 Schools Budget	City & Schools Budget	% Change
Real Estate	\$528,290,337	\$521,348,564	\$21,035,920	\$542,384,484	2.7%
Personal Property	143,202,520	146,979,656	-	146,979,656	2.6%
General Sales	59,780,905	63,160,061	-	63,160,061	5.7%
Utility Tax	25,579,267	25,472,704	-	25,472,704	-0.4%
VA Telecommunications	18,225,052	16,998,982	-	16,998,982	-6.7%
Business License	46,842,468	46,389,703	-	46,389,703	-1.0%
Cable Franchise	8,146,171	8,703,443	-	8,703,443	6.8%
Restaurant Tax	60,768,863	64,881,611	-	64,881,611	6.8%
Amusement Tax	6,443,446	6,201,490	-	6,201,490	-3.8%
Hotel Room Tax	29,118,287	31,525,371	-	31,525,371	8.3%
Cigarette Tax	12,474,084	11,853,670	-	11,853,670	-5.0%
Revenue Sharing Formula	-	-390,242,853	390,242,853	-	0.0%
General Fund Balance	5,166,556	10,903,254	-	10,903,254	111.0%
Other Fund Balance	21,482,208	3,786,501	11,529,277	15,315,778	-28.7%
Utility Fees	155,255,632	157,620,791	-	157,620,791	1.5%
Other Revenue	148,621,755	118,532,313	24,776,906	143,309,219	-3.6%
Waste Collection Fee	30,886,560	33,644,400	-	33,644,400	8.9%
State Revenue	458,308,165	120,705,735	354,975,952	475,681,687	3.8%
Federal Revenue	113,575,251	43,369,377	70,519,105	113,888,482	0.3%
<b>Total Operating Budget</b>	<b>\$1,872,167,527</b>	<b>\$1,041,834,773</b>	<b>\$873,080,013</b>	<b>\$1,914,914,786</b>	<b>2.3%</b>

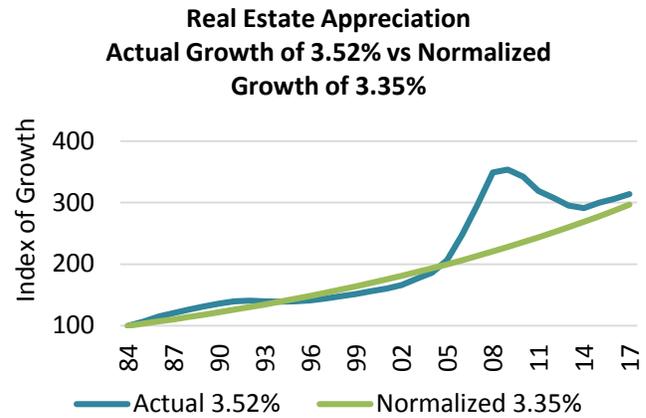
## Real Estate

Real estate is the largest local source of revenue for the city. Excluding state and federal revenue, real estate revenue represents over 40% of the city's local revenue collected. Growth of this revenue occurs through growth in assessments, new development, and growth in the tax rate. In FY 2016-17, overall real estate revenue is anticipated to grow by nearly 3%. This increase is attributable to growth in real estate property values and new development.

***There is NO change in the real estate tax rate included in the budget.***

During the height of the recession, foreclosures represented a large portion of home sales. Individuals purchasing homes purchased them at lower prices and as a result, the comparable sales of homes across the city were pulled down by these lower sale prices. As we continue to distance ourselves from the "Great Recession," foreclosures are having less of an impact on our overall city assessments. Several regional economists discussed how the region is in its "new normal" meaning the region is anticipated to see slower future growth compared with higher historical growth averages. The graph details a normalized growth pattern in real estate appreciation if Virginia Beach assessments would have increased 3.35% each year over the last 20 years (represented by green line).

Robert Shiller, a noted real estate economist, conducted research indicating that 3.35% is a typical long-term annual average growth rate for real estate nationally. Interestingly, our actual assessments (blue line) are close to this normalized trend even after the housing market crash during the last recession. During the housing bubble, 2005 through 2008, City Council lowered the real estate tax rate by 33-cents to mitigate the bubble's effect on assessments. The table below illustrates where the increase in real estate tax revenues are allocated based on existing City Council dedications:



**Changes in Real Estate Revenue FY 2015-16 to FY 2016-17**

	FY 2015-16	FY 2016-17	Difference
City Operations	\$ 236,745,126	\$ 243,457,512	\$ 6,712,386
Schools	\$ 228,840,210	\$ 234,061,560	\$ 5,221,350
Parks and Recreation	\$ 20,218,575	\$ 20,751,935	\$ 533,360
Sandbridge Special Service District	\$ 666,699	\$ 679,891	\$ 13,192
Agriculture Reserve Program	\$ 2,869,337	\$ 2,945,029	\$ 75,692
Sandbridge TIF District	\$ 8,960,059	\$ 9,177,724	\$ 217,665
Central Business District TIF District	\$ 6,377,444	\$ 6,936,483	\$ 559,039
Town Center Special Service District	\$ 1,800,494	\$ 1,970,578	\$ 170,084
Multi-Modal Fund	\$ 21,212,594	\$ 21,772,176	\$ 559,582
Dredging Special Service Districts	\$ 599,799	\$ 631,596	\$ 31,797
<b>Total</b>	<b>\$ 528,290,337</b>	<b>\$ 542,384,484</b>	<b>\$ 14,094,147</b>

Over the years, City Council has dedicated revenue to address specific goals and initiatives. Dedications exist in the form of Tax Increment Financing (TIF) districts as well as through direct dedication of resources to programs such as schools, parks and recreation, Agricultural Reserve Program, Multi-Modal Fund, Outdoor Initiative, roadways, etc. Programs that receive these direct dedications receive a proportionate share of the tax revenue increase. As a result, not all of the growth of revenue tied to a dedication can be used to support cost increases associated with supporting the general government such as "keeping the lights on." Dedications through TIFs occur slightly different. TIFs receive the benefit of real estate growth within their geographical boundary. For example, real estate growth is anticipated to be 3% in FY 2016-17. Of this growth, designated TIFs will retain all of their respective growth resulting in less of the overall growth available for the General Fund to support citywide demand for services.

## Personal Property Revenue

Personal property taxes remain the most difficult for staff to estimate due to its June 5<sup>th</sup> due date. At the time estimates are made, only 19% of the revenue for the current year has been collected. Working closely with the Commissioner of Revenues' Office, staff is projecting a 2.6% increase in this revenue stream. Of the \$4 per \$100 of assessed value, some is allocated to schools through the city/school revenue sharing formula and another 30-cents is allocated to support initiatives in public safety. The following table illustrates where this dedicated funding is being allocated since its inception and projection into the future.

### Use of 30-cents Personal Property Dedication

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY2018-19
<b>CIP Uses</b>					
Correctional Ctr Master Control Upgrade		1,715,401	3,284,599		
Police Oceanfront Cameras - Police	2,665,400				
Fire Radio Replacement/In Mask Com Accountability		3,977,296			
Burton Station Fire/EMS Station	884,462		960,000	6,850,000	764,693
Burton Station Fire/EMS - Equip					1,750,000
Integrated Public Safety Records Management Systems (includes Sheriff)		2,478,520	2,717,815		
Public Safety Equipment Replacement	727,500	727,500	1,200,000	1,200,000	1,200,000
<b>Operating Budget Uses</b>					
Lucas Device/Power Stretcher - EMS	45,000	45,000			
Oceanfront Cameras - Staffing & Licenses	447,700	584,260	702,640	716,693	731,027
Fire Resource Management Warehouse		200,000	200,000	200,000	200,000
911 Operations Staffing - ECCS (4 FTE's)	147,438	303,723	312,834	319,091	325,472
Radio Replacement/In Mask Com Accountability - Fire annual license cost			302,830	308,887	315,064
Burton Station Fire/EMS Station (42 FTE's)					3,950,000
Sheriff Technology - IT Operating Budget			1,039,135	1,059,918	1,081,116
Body Cameras - Police Staffing (3 FTE's)			300,972	613,983	1,240,245
Body Cameras - Commonwealth's Attorney Staffing (13 FTE's)			224,184	457,335	914,671
Body Cameras - IT support costs			188,606	192,378	196,226
10 Police Officers each year for next 5 years			1,074,299	1,991,570	2,904,700
5 Deputies for Sheriff Medical Staffing			322,685	304,139	310,221
Total Expenditures	4,917,500	10,031,700	12,830,599	14,213,994	15,883,435
<b>30 cents Personal Property Revenue</b>	<b>4,917,500</b>	<b>10,031,700</b>	<b>11,205,687</b>	<b>11,620,297</b>	<b>12,050,248</b>
Revenue Remaining	0	0	(1,624,912)	(2,593,697)	(3,833,187)

As the table shows, there are more funding needs than the 30-cent dedication for public safety can cover. So in FY 2016-17, \$1.6 million in other tax revenues available in the General Fund are being used to ensure these critical public safety projects and new staff are funded. Initiatives being funded through this dedication include the new Burton Station Fire/EMS Station along with necessary trucks, equipment, and staffing. Funding is also provided to add 10 additional police officers in the operating budget and, as funding allows, to continue to add 10 each of the next several years. Five additional deputies are included in the Corrections Center to assist with medical staffing needs. Also, the staffing related to the body camera program for the police department is included beginning in FY 2016-17 and will increase as the program is expanded over the next four years. The necessary equipment is being purchased through the use of DEA funding. As staffing is added through the 30-cent dedication, it will become more and more difficult to account for this funding separately.

## State Revenue

State revenues to the school system increased by \$16.6 million. The state also provided a 2% pay increase to teachers and state employees on December 1, 2016.

599 revenue (a state funding source for localities with a Police Department) is increasing by approximately \$350,000.

## Waste Management Fee

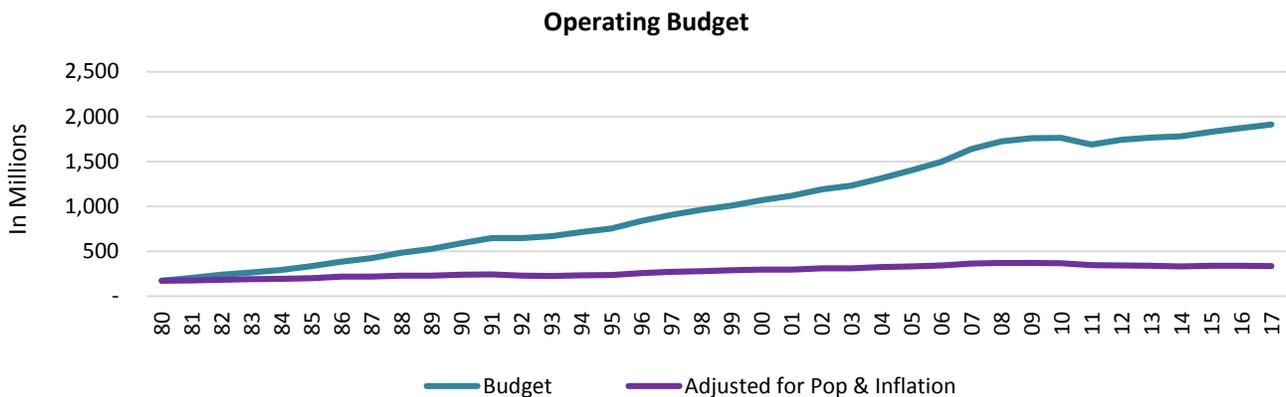
As the waste management program has transitioned into an enterprise fund, staff have been cognizant of ensuring fiscal sustainability and have provided funding recommendations accordingly. One of the most critical items requiring additional funding is the replacement of rolling stock (trucks). In addition, and as noted in the FY 2014-15 City Comprehensive Annual Financial Report (CAFR), the waste management fund balance is negative. The main reason is changes in GASB pronouncements requiring pension liabilities to show as a liability in the accounting of enterprise funds. Current projections indicate the Waste Management Enterprise Fund will not grow out of this negative fund balance nor address the backlog of equipment needing replacement with the current rate of \$21.36. A rate increase of \$1.64 per month is included in the operating budget to address the aforementioned concerns.

## Fund Balance/SPSA Payment

One of the city's policies is to maintain an Undesignated General Fund – fund balance of 8% to 12% of the following year's revenue. Current projections show that the June 30, 2016 Undesignated General Fund – fund balance will be 10.4% of the following year's revenue. The city is able to achieve the 10.35% level even with an anticipated \$10 million payment to SPSA out of fund balance due to the loss of revenue from SPSA as our contract with SPSA ends. The city was able to offset the payment to SPSA with savings from a hiring freeze in FY 2015-16. The fund balance summary is displayed in the Appendix section of this document.

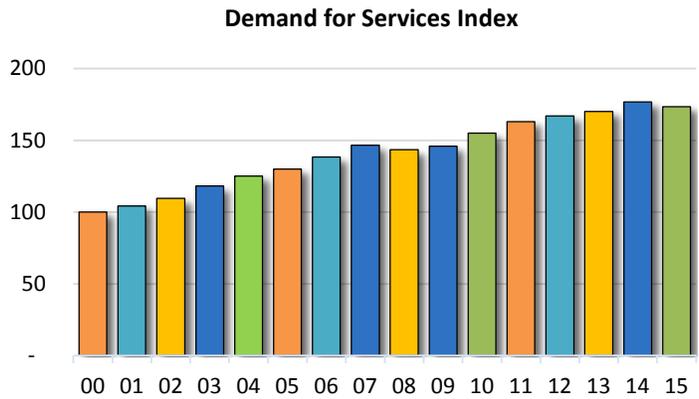
## Operating Budget Expenditure Summary

Overall, the operating budget increases by 2.3% or \$42.7 million, but when adjusted for the growth in population and inflation, it decreases by 0.6%. As the graph illustrates, since 1980 the operating budget has remained somewhat flat on a per-capita, inflation adjusted basis. Since 1980, the actual budget has grown by a compound annual growth rate of 6.9%, but only an annual rate of 1.9% net of population and inflation.



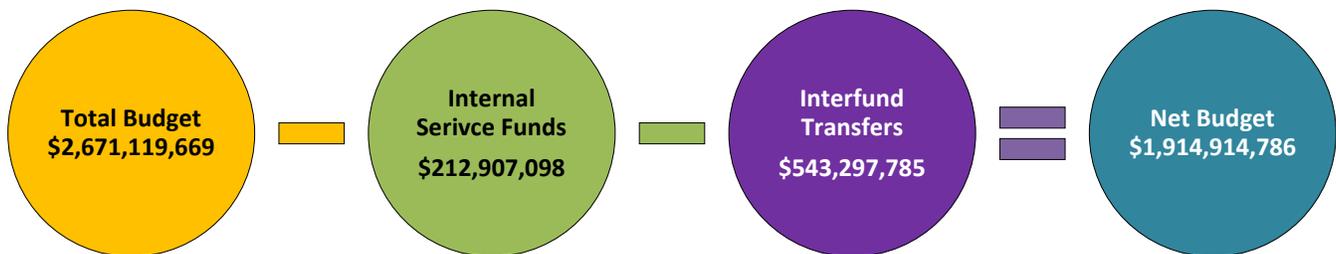
The city and school system have addressed increased mandates and policy initiatives (lower class size, storm water, additional public safety personnel), which have required additional staff and have opened new and expanded facilities (Kellam High School, the Animal Care and Adoption Center, the Joint Use Library, the Juvenile Detention Center, Biznet Village (a care facility for intellectually disabled adults), the Nimmo Fire Station, the Convention Center, and Williams Farm and Bow Creek Recreation Centers). All of these facilities, combined with other various programmatic expansions, have added nearly 600 new staff to the budget while the city trimmed staffing levels in other areas.

Slower overall population growth has not lessened the demand for services from citizens. Households, number of vehicles, prisoners, public safety calls for service, public safety personnel, and human service caseloads (Medicaid recipients, foods stamps, foster care, and child care) have all exceeded the growth in population; this also serves as one reason why the total population growth is not necessarily a representative benchmark against which expenditure growth should be compared. The demand for services index attempts to measure the demand for services that citizens place on city government. This demand is measured through the provision of selected governmental services



(number of vehicles, lane miles maintained, Police, Fire, EMS calls for service, number of prisoners, Commonwealth Attorney cases, food stamp cases, Medicaid recipients, library material borrowing, and park visitation) using 2000 as the base year. If demand grew equally with population, the index would remain at 100 through the entire time series. However, as the chart shows, the demand for services has grown about 74% above population growth since 2000.

As was discussed last year, the operating budget has generally been expressed in terms of the “Net Budget.” The calculation of that is illustrated below and generally involves reducing the duplication of funding between the various city accounting funds. For example the transfer of revenues from the city’s budget to the schools budget.



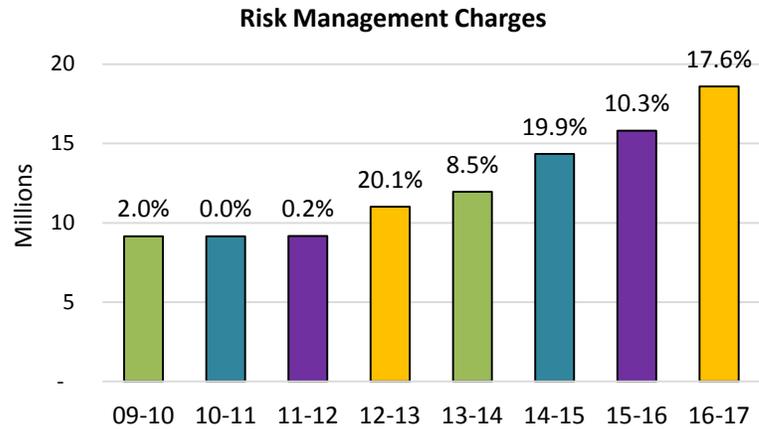
The increase in the operating budget includes funding for services critical to the community such as public safety, education, libraries, parks, and road maintenance. It also includes pay increases for teachers and city employees as discussed previously. The operating budget contains 213.8 more employees with almost the entire increase in schools (120.5 FTEs) and the opening of the Kempsville Recreation Center (51.3 FTEs). The new school positions are related to new state funding the schools will be receiving. A summary of position changes is included in the Appendix section of this document. The following table details the 2.3% increase by major appropriation category:

### Operating Budget

	FY 2015-16 Total		FY 2016-17 Total		% Change	\$ Change
	City & Schools Adjusted Budget	FY 2016-17 City Budget	FY 2016-17 Schools Budget	City & Schools Budget		
Personnel	846,652,948	368,903,600	489,674,881	858,578,481	1.4%	11,925,533
Fringe Benefits	305,947,936	128,052,698	179,238,366	307,291,064	0.4%	1,343,128
Operating Expenses	439,885,341	302,960,724	151,241,210	454,201,934	3.3%	14,316,593
Capital Outlay	20,783,307	17,761,236	6,636,014	24,397,250	17.4%	3,613,943
Debt Service	165,472,728	121,176,386	46,289,542	167,465,928	1.2%	1,993,200
Pay-As-You-Go	58,085,199	57,414,370	-	57,414,370	-1.2%	(670,829)
Reserves	35,340,068	45,565,759	-	45,565,759	28.9%	10,225,691
<b>Total</b>	<b>1,872,167,527</b>	<b>1,041,834,773</b>	<b>873,080,013</b>	<b>1,914,914,786</b>	<b>2.3%</b>	<b>42,747,259</b>

While the overall budget is growing at a modest 2.3%, there are “budget drivers” that impact city services at higher rates than inflation.

Risk management charges for FY 2016-17 total \$18.6 million. The graph illustrates the total cost and the annual percentage increase in risk management charges. Risk management charges were held nearly constant from FY 2009-10 to FY 2011-12 because the recession limited the ability to fund them, but began increasing afterwards with the recovery in revenues and the need to reduce the unfunded liability in this fund. Overall, since FY 2009-10, risk management charges have increased 103%. To help minimize this impact, the city has been promoting workplace safety initiatives.



Expenditures are always looked at in the light of sustainability. The traditional definition of sustainability calls for policies and strategies that meet society’s present needs without compromising the ability of future generations to meet their own. Another aspect of sustainability is to provide a system of government that enhances efficiency to maximize the resources of the organization while also delivering excellent services to citizens. The mission of the city government is to enhance the economic, educational, social, and physical quality of the community, and to provide sustainable municipal services valued by its citizens.

The operating budget and CIP provide the necessary resources to support families in need, maintain city infrastructure, provide a quality education, ensure public safety, and begin funding projects that will benefit generations to come. Services must be balanced with the ability of citizens to pay for those services. The table below attempts to illustrate the approximate annual impact taxes and fees will have on families. It is not perfect, but by using a consistent methodology, you can gain a sense of how families in the city have been affected by rates changes since 2008.

#### Local Tax Impact on a Family Household of Four

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Real Estate Tax	\$2,308.66	\$2,201.86	\$2,110.19	\$2,054.12	\$2,089.05	\$2,001.36	\$2,054.37	\$2,230.47	\$2,285.91
Personal Property Tax	210.90	155.76	160.99	193.05	236.01	238.29	287.03	308.79	317.37
Electricity Utility Tax	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Gas Utility Tax	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Va Telecommunications Tax	70.68	70.68	72.12	73.68	73.92	74.64	75.24	75.24	76.32
Water Utility Tax	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Restaurant Tax	146.63	143.77	140.31	143.44	147.95	147.95	140.86	140.86	140.86
Admissions Tax	18.54	18.30	17.55	18.15	15.41	15.10	15.10	15.10	15.10
Vehicle License Decal	50.00	50.00	50.00	50.00	50.00	50.00	50.00	60.00	60.00
Storm Water Utility Fee	73.37	80.67	87.97	115.34	133.59	151.84	158.05	158.05	158.05
Residential Refuse Fee	0.00	0.00	0.00	60.00	120.00	256.32	256.32	256.32	276.00
Water & Sewer	556.92	578.88	604.92	635.88	668.76	703.56	740.16	740.16	740.16
<b>Total Tax Impact</b>	<b>\$3,543.70</b>	<b>\$3,407.91</b>	<b>\$3,352.05</b>	<b>\$3,451.66</b>	<b>\$3,642.70</b>	<b>\$3,747.06</b>	<b>\$3,885.12</b>	<b>\$4,092.98</b>	<b>\$4,177.76</b>
<b>Annual Change</b>		<b>(\$135.80)</b>	<b>(\$55.86)</b>	<b>\$99.61</b>	<b>\$191.03</b>	<b>\$104.36</b>	<b>\$138.06</b>	<b>\$207.86</b>	<b>\$84.78</b>

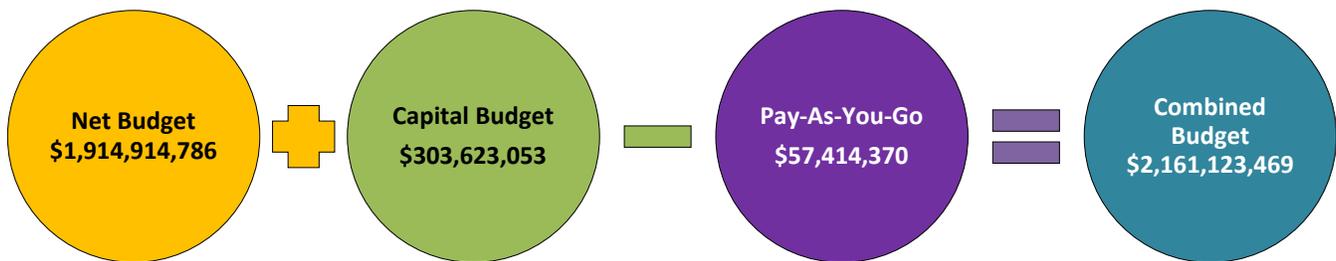
As noted above, the operating budget asks the typical family to pay \$85 more a year or approximately \$7 more a month than they do in the current fiscal year.

One positive budget driver that is impacting the budget is savings in fuel. Based on the current market assessment, the city’s fuel budget for FY 2016-17 has been reduced by \$1 million when compared to the FY 2015-16 operating

budget and \$3 million over the last two fiscal years. The decline in fuel prices over the last couple of years has resulted in a significant savings for the city. These funds have been diverted elsewhere within the operating budget to address other demands for services. A fuel reserve is included in the operating budget; however, should the market change and fuel prices significantly increase, staff may need to approach City Council for additional appropriation authority to purchase fuel.

### Capital Improvement Program Expenditure Summary

The CIP includes appropriations to date, the Capital Budget (year 1) with years 2 – 6 included for planning purposes. Since capital projects usually require several years to complete, funding associated with the CIP does not close-out annually. Planning over a six-year horizon ensures that projects are planned appropriately, both from a physical and fiscal perspective. The FY 2016-17 through FY 2021-22 CIP (includes Appropriations to Date) totals \$3.1 billion. Only year 1 (the Capital Budget) is appropriated. The combined total appropriations in the FY 2016-17 Operating Budget and Capital Budget are shown below.



Similar to the operating budget discussion concerning internal service funds and interfund transfers, pay-as-you-go funding (current revenue that pays for capital projects) must be netted from the Net Budget and Capital Budget or that funding would be duplicated. In total, the combined FY 2016-17 Combined Budget (Operating and Capital) included in the Resource Management Plan is \$2,161,123,469.

The CIP includes major projects, as well as other projects to improve the road network, rehabilitate recreation centers, construct parks, modernize schools, and more. The school system will receive \$61.3 million in FY 2016-17 funding to modernize and renovate schools and will receive more than \$283 million over the entire six year program. Similarly, roadways will receive \$80.1 million in funding next year to construct critical roads and light rail projects, and nearly \$553 million over the six year program. School funding is primarily through the use of debt, while roadways use a combination of debt and state roadway funding. For more information on projects and financing, please refer to the complete Capital Improvement Program document on [vb.gov/budget](http://vb.gov/budget). In addition to schools and roadways, there are many other project categories. Below is an overall summary of the CIP:

#### Capital Improvement Program

Project Type	Capital Budget		Remaining Years	
	Year 1 FY 2016-17	Year 1 FY 2016-17	of the Capital Program Years 2 through 6	Programmed 6 Year Funding
Schools	\$ 61,291,000	\$ 221,955,000	\$ 221,955,000	\$ 283,246,000
Roadways	80,118,857	472,435,375	472,435,375	552,554,232
Buildings	35,850,255	102,515,179	102,515,179	138,365,434
Parks and Recreation	8,814,106	33,499,280	33,499,280	42,313,386
Utilities	56,224,775	288,462,070	288,462,070	344,686,845
Coastal	16,446,971	62,923,934	62,923,934	79,370,905
Economic and Tourism Development	35,745,000	32,850,078	32,850,078	68,595,078
Information Technology	9,132,089	42,822,550	42,822,550	51,954,639
<b>Total Capital Improvement Program</b>	<b>\$ 303,623,053</b>	<b>\$ 1,257,463,466</b>	<b>\$ 1,257,463,466</b>	<b>\$ 1,561,086,519</b>

## Use of Bonds in the CIP

When financing the CIP, the city takes a generally conservative approach with the use of debt instruments. The city and schools first maximize state and federal revenue that is available to address capital projects, and then looks at the appropriate level of local cash sources like fund balances and pay-as-you-go sources. Bonds are then proposed for authorization to meet the goals of City Council and the construction needs of the community.

Generally, the type of bonds used in recent CIPs fall into three categories: charter bonds (general obligation bonds), public facility bonds (appropriation backed debt) and utility bonds (revenue bonds). Charter bonds receive their name because this type of debt instrument is specifically discussed in the city's charter. The amount of charter bonds available for authorization is the amount of general obligation principal paid in a given year plus \$10 million. Charter bonds are shared with the schools. This debt instrument is backed by the full faith and credit of the city and, given the city's AAA bond rating, carries a lower interest rate. A summary of the charter bond calculation is available in the Debt Service section of the Operating Budget.

Another type of debt instrument authorized in recent CIPs are public facility bonds. These bonds are appropriation backed and carry a slightly higher interest rate than charter bonds. On the city side of the CIP, public facility bonds are only proposed in the six year CIP for the arena and light rail projects. These projects are backed by specific, dedicated funding sources. The schools proposed the use of \$20 million in FY 2016-17, \$13 million in FY 2017-18 and \$15 million in FY 2019-20. Even with the additional use of public facility bonds, the schools are projected to be able to maintain debt service payment levels similar to the amount in the FY 2016-17 CIP.

Revenue bonds associated with the Water/Sewer and Storm Water Enterprise Funds are issued to finance utility related capital projects. This type of debt is not included in the overall debt indicators and they have separate master bond resolutions.

The schools will be using energy performance contracts in the CIP (\$5 million in each of the first three years of the CIP). This source uses the savings from installation of energy saving fixtures with the resulting savings in energy costs used to pay debt service. This type of debt does not count in the city's debt indicators.

## Transparency Initiative Continues

Connecting citizens to how the Resource Management Plan helps achieve City Council goals is critical to citizen engagement in funding decisions. The last two decades have seen a worldwide explosion in the amount of information available at our fingertips. Along with the availability of information is the demand that governments have accessible information that citizens can review at levels they deem appropriate. Transparency allows citizens to have open dialogue with their elected officials at levels unprecedented in previous years. Below are four initiatives that Virginia Beach proudly has available for citizen interaction.

These applications can be accessed at [www.vbgov.com/budget](http://www.vbgov.com/budget).

## Open Performance Initiative

The city is continuing efforts to reduce our environmental impact and to improve our efficiency. Some of these initiatives have been the creation of the Sustainability Plan Measurement Workgroup which has set out to develop metrics that will help guide the community in a direction that promotes efficiency and sustainability. Many of these and other measures are available for viewing in our Open Performance Initiative. The Open Performance platform is created and maintained by Budget and Management Services to monitor the city's progress towards its vision as set forth in the Virginia Beach 2040 Committee Report. Key indicators ranging from community level outcomes to departmental performance metrics are developed to illustrate how well the city is achieving each vision element. The Open Performance platform communicates the city's effectiveness to its citizens and connects the work we perform as an organization to the vision for Virginia Beach created by the community.

## Balancing Act and Taxpayer Receipt

In an effort to increase transparency and more effectively communicate the budgetary decisions of the city to its citizens, Budget and Management Services recently implemented two interactive tools, Balancing Act and Taxpayer Receipt. These web based applications allow residents to directly engage in the budget process and learn about the many factors that impact the funding decisions of a major city. Balancing Act allows anyone to create their own budget by allocating funds to the programs and services that matter most to them while learning about the tradeoffs inherent in all budgetary decisions. Using the proposed city budget as a baseline, residents can create and submit their own vision of what the city's funding priorities should be.

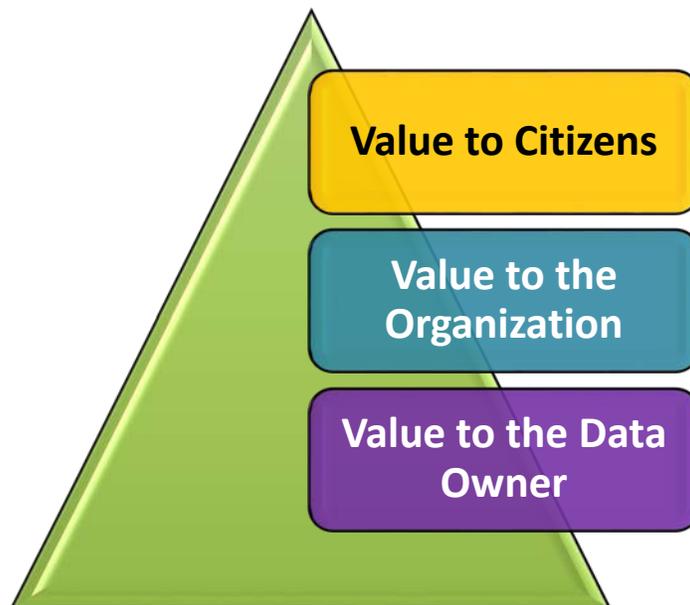
Taxpayer Receipt enhances residents' investment in their local government by providing a department level breakdown of all the programs and services that their local taxes support. By answering a few simple questions, the application is able to personalize the tax receipt to each citizen's level of taxation, giving citizens a tangible outcome for their tax dollars. These tools aim to raise the level of citizen engagement in the budget process by exposing them to the delicate and complex funding decisions of city leadership and giving them a platform to express their own vision of how the city should allocate its limited resources.

## Open Budget

For the second year, citizens will be able to access the city's budget information at the same level city staff sees it. Users are able to access detailed line-item information and summarize information about specific revenue and appropriation categories. Citizens are also able to access capital projects via an interactive map available on the site with detailed project descriptions. It is important to note that this software reports the city's operating budget at the gross budget level.

## Open Data

Still in its infancy is the city's open data initiative. The City Manager recently appointed a multi-agency board to develop policies requiring departments to make data open. This means to take raw data and extract it from its natural system and make it available in a machine readable data file. There are opportunities once this is done to analyze data across data sets, to do predictive data analysis to look for upcoming problems, to improve processes, to evaluate various methods of service delivery and potentially to create business opportunities. At its base, the real value of this initiative should be to make the management and requests for data easier for the data owner. A second tier benefit should be to the organization as efforts are made to use data analysis to streamline processes and identify overlap. The final benefit will be to citizens who will be able to find data about their city government without having to file cumbersome Freedom of Information Act requests and who may find new ways to use city data to start businesses, write mobile applications, and may help flag opportunities for the city to improve.



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# CITY COUNCIL GOALS

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Not only are City Council's goals critical to determining the services and projects included in the operating budget and CIP (these two documents together are called the Resource Management Plan), they lay the foundation for achievement of the city's 2040 Vision and Sustainability Plan. Included in the next several pages are examples of specific initiatives and projects that will help achieve each of these goals.

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# CREATE A FINANCIALLY SUSTAINABLE CITY PROVIDING EXCELLENT SERVICES

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The city of Virginia Beach provides excellent and varied resources to our citizens as evidenced by our excellent school system, public safety response, waterway and beach amenities, well-maintained infrastructure, library system, parks and recreation amenities, and cultural facilities. As each operating budget is prepared, staff ensures that services are sustainable in the long-run. Below are some of the Resource Management Plan highlights related to this City Council goal:

## Compensation

City and school employees are the backbone of Virginia Beach: employees educate our children, respond to emergencies, pick-up our trash, provide us potable water, fix our roads, help families in crises, and provide many other critical services to the community. To continue to hire and retain the best employees, a compensation plan needs to be provided that is not only competitive locally but nationally as well. This budget includes several important components related to compensation:

- ➔ 1% increase for all full-time employees. For both city and schools it's the final year of the Virginia Retirement System's mandated requirement that full-time employees hired before July 1, 2010 pay an additional 1% of their retirement costs offset by a 1% pay increase. For employees hired after July 1, 2010 employees have been paying 5% of retirement costs from their date of hire. In FY 2016-17, all full-time employees will pay 5% of their retirement regardless of hire date.
- ➔ On July 1<sup>st</sup>, a 1.34% general increase for city full-time and part-time employees and 1% general increase for schools will be provided. These increases will help employees meet the increased cost of living.
- ➔ Reestablishing a merit increase for city employees and addressing compression. For the first-time in eight years, city employees with a good performance evaluation on record will receive a merit increase. The merit increase will be effective on December 1, 2016 for full-time employees. To help with horizontal compression, the merit increase will be based on 1% of the mid-point of their pay range, which means that employees will receive the same dollar amount whether the employee is at the bottom of the range or the top of the range. Employees whose salaries are less than the midpoint will receive more than a 1% increase, and employees whose salaries are above the midpoint will receive less than 1%. A couple of other items will help address horizontal compression as well: (1) FY 2016-17 is the third and final year of compression adjustments; \$2.1 million has been set aside in a reserve to address this initiative; and (2) the minimum of the pay ranges will not move with the 2.34% general increase noted above; this will allow greater separation in pay between new hires and employees that have been with the city several years.
- ➔ School employees will receive 1.34% pay increase on December 1, 2016.
- ➔ For school employees on the unified scale, there is a continued effort to make needed adjustments.
- ➔ Implementation of biweekly payroll. The city will be converting to biweekly payroll during the last quarter of FY 2016-17. This conversion will result in employees receiving 26 pay checks instead of the current 24 pay checks under the semi-monthly payroll. This will provide employees with a paycheck every 14 days instead of the current cycles, which can be as short as 13 days or as long as 18 days. This switch is necessary to improve the efficiencies of the existing payroll system and to allow for future productivity increases such as mobile time entry, automated scheduling, and cost accounting. The employees will benefit from more frequent and understandable pay checks as there is no rounding due to the semi-monthly 86.67 hour calculation (every

check will be based on 80 hours worked) and due to no delay in the payment of overtime. A reserve of \$1.2 million has been set aside to provide short term pay adjustments for employees in the first two to three pay periods after implementation.

- ➔ \$850,000 in FY 2016-17 as part of a two year strategy to address vertical compression (supervisor who makes less money than their hired supports).

Overall, city and school full-time employees could receive as much as a 3.34% increase with some city employees receiving more when including the biweekly payroll and compression adjustments. City part-time employees will be receiving a 1.34% pay increase.

## Leadership Changes

This is the first budget submitted by a different City Manager in over two decades. As this budget is being reviewed by City Council, two of the three Deputy City Manager positions will be vacant or are being held by an interim placement. The City Manager is currently working to have these positions filled. After review of the current leadership structure, the City Manager is recommending that a Deputy City Manager with an Executive Assistant be included in the budget with a focus on public safety departments. The previous City Manager had public safety departments report directly to him. The change will place more focus on public safety issues and allow the City Manager to work directly with City Council on executing the overall goals and mission of the city.

## Keeping the Lights on

The majority of the CIP are maintenance projects (52%). Some of the maintenance projects include: fixing heating and air conditioning in city buildings, maintaining aging infrastructure, repairing playground equipment, and renovating space.

## Supporting EMS Volunteers

Five new positions and support costs are included in the Department of Emergency Medical Services. Four new career medics are provided citywide. The remaining one position will develop and manage marketing/recruitment and media relation strategies for promoting the volunteer organization and communicating with the public. The new position also supports internal communications, coordinates volunteer retention activities, manages special events, and handles breaking news. Additional funding is included for uniforms, protective apparel, medical supplies for medics (career and volunteers), emergency medical training, as well as additional EMS lifeguards.

## Human Services Realignment

The Department of Human Services' operating budget is proposed for realignment to reflect anticipated service demands and optimize resources. These changes resulted in reductions in anticipated fee revenues and related expenses based on recent spending trends and **will not reduce** the level of services provided to the community. Continued emphasis is being placed on the review of internal fiscal controls and implementation of best practices to maximize resources while minimizing risks.

## 311 Call Center Hours Reduced

Reduces operating hours for VB311 from 16.5-hours (7:00 a.m. to 11:30 p.m.) per day 7 days per week, 365 days per year to 12 hours per day Monday through Friday (7:00 a.m. to 7:00 p.m.). July 4th and up to three selected holidays will also be included. This is a reduction of one position and support costs totaling \$106,296. This brings the center in-line with centers in the region and nationwide for similar sized localities. VB311 will extend operating hours during emergency situations.

## Sheriff's Office

Funding for the final phase of a two year adjustment to the Sheriff's Office are in place. These adjustments have increased funding by over \$7 million within the office and by an additional \$3 million in information technology support and capital funding. Beginning in FY 2016-17, the city's Information Technology Department will be responsible for all non-lockup technologies within the Correctional Center. Funding has been provided to increase support, replace back office computers, and update video visitation systems. In addition, this funding provides additional staffing to meet critical needs related to medical support to inmates and security concerns within the Correction Center. The Sheriff's Workforce, which had been discussed for possible elimination, is retained with the Sheriff agreeing to manage the number of deputies to stay within revenues generated by the program.

## Schools

The schools provide an excellent education for our students and continues to be receive national acclaim. The following are some of the highlights:

- ➔ The school division launched a Digital Learning Anchor school initiative at 11 schools throughout the city with the goal of using digital learning as a pathway to personalized learning by increasing student flexibility with respect to when and how learning takes place.
- ➔ The School Board approved an Entrepreneurship and Business Academy at Kempsville High School. This academy, which will serve as an incubator for creativity, entrepreneurial spirit, and future business development in our city.
- ➔ All Virginia Beach City Public Schools high schools have made The Washington Post's "American's Most Challenging High Schools" list.
- ➔ Our school system continues to be a model for the Commonwealth regarding industry certifications earned by students. Virginia Beach students earned 10,404 Technical and Career Education credentials in 2015, representing approximately 10% of the total for the entire state.
- ➔ Advanced placement enrollment increased by 8% in the 2014-15 school year. Of the 9,316 AP exams administered, 58% of the students achieved scores of 3 or higher, earning either college credit or advanced college placement.
- ➔ Great Neck Middle School was named a National Blue Ribbon School, meaning it performed in the top 15% of all schools in Virginia Beach in both reading and math.
- ➔ Princess Anne Middle school was one of only 11 middle schools in Virginia named a "School to Watch" by the Virginia Schools to Watch committee. It was selected for meeting the criteria for high performance in academic excellence, development responsiveness, social equity, and organizational structures.
- ➔ Landstown High School is one of only 60 schools nationwide to be named a 21<sup>st</sup> Century Learning Exemplar School by the Partnership of 21<sup>st</sup> Century Skills. Landstown now joins Ocean Lakes High School as the only two schools in Virginia to earn this honor.

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# GROW THE ECONOMY

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A growing economy provides citizens with the jobs and opportunities to support their families. The city also has a role in the growth of the economy. Some of these initiatives included in the Resource Management Plan are discussed below.

## Biomedical Initiative

Included within the Department of Economic Development's operating budget is \$1 million for the purpose of pursuing, implementing, and furthering the city's initiative of growing the biomedical and healthcare cluster in the region. Building on the recommendations of the Bio Task Force, city leaders have identified the pursuit and expansion of biomedical services and research in the area as a top priority. The location of biomedical industries in our region is critical to future economic development. The bioscience industry is one of the most important industries powering economic growth in the United States and is responsible for the creation of more than 5,000 new jobs and \$1.9 billion in biomedical and life science-related capital investment in Virginia in the past decade alone.

## Burton Station Roads

Two road projects will provide great accessibility and connectivity in the Burton Station area of the city.

- ➔ Project 9-022 Burton Station Roadway Improvements I  
Includes design and construction of an improved section of Burton Station Road from Northampton Boulevard to approximately the midway point to Miller Store Road as well as a segment of a new north/south road (Tolliver Road, formerly called Golf Road) intersecting with Burton Station Road. Improved road sections will include two lanes with curb and gutter, sidewalks and street lights. A new pump station and water and sewer lines will also be installed.
  
- ➔ Project 9-091 SGA-Burton Station Road Improvements-III  
Provides funding for design and construction of a new street (approximately 2,600 linear feet of Tolliver Road from Burton Station Phase I) with utilities, lighting, landscaping, sidewalks, and drainage within an existing neighborhood where public sanitary sewer and water service and drainage are currently not available. The alignment will provide an area for commercial and residential development.

The purpose of these projects is to provide infrastructure necessary to promote future development consistent with the phasing and implementation goals recommended in the adopted Burton Station/Northampton Boulevard Corridor Strategic Growth Area Implementation Plan. The projects support the Connected Community element of the Envision Virginia Beach 2040 Committee Report.

## London Bridge Commerce Park

- ➔ Project 9-021 London Bridge Commerce Center Infrastructure Improvements I  
Provides funding for Phase I road and utility infrastructure improvements to support the initial development of an 18-acre industrial park which is being managed and marketed by the Virginia Beach Development Authority (VBDA). This project advances the goals of Economic Development and the VBDA thru the conversion of non-conforming property to be developed in accordance with the Oceana Land Use Conformity Program to eliminate non-conforming commercial uses and attract conforming uses to the Accident Potential Zone 1 (APZ-1). The city desires to prepare the property for future commercial development consistent with the APZ-1 zoning restrictions and a Navy restrictive easement that encumbers the property.

## Broadband and Next Generation Network

The city currently leases network fiber that connects Wide Area Network (WAN) remote sites to the municipal campus. These remote sites include locations such as the Department of Human Services, numerous fire stations, public libraries, and recreation centers. The current leased option has not been satisfactory for the off-campus city offices. Remote sites consume all their bandwidth on a daily basis resulting in slow network response times. This project could have positive economic impacts as the city could be the connection point for a cable network that connects Europe and North America under the Atlantic Ocean.

## BRAC Project Funding

Since FY 2015-16, the state no longer provides funding to support the Base Realignment and Closure (BRAC) program initiated in response to federal law in November 2005, and first funded by the city in March 2006. A 50%/50% cost share program between the city and state funded the program from FY 2006-07 through FY 2014-15. This program was established to remove incompatible property uses and/or convert incompatible property uses to compatible uses in the Accident Potential Zone-1 (APZ-1) and Clear Zone areas surrounding Naval Air Station (NAS) Oceana as well as the land area under the flight corridor between NAS Oceana and Naval Auxiliary Landing Field Fentress in Chesapeake known as the Interfacility Traffic Area (ITA). The project is funded through six years of the CIP with revenues generated from restrictive easement sales to the U.S. Navy and lease and sale of APZ-1 and ITA related property.

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# IMPROVE THE TRANSPORTATION SYSTEM

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Improving the transportation systems requires improving connectivity, providing alternative modes of transportation, and maintaining the infrastructure that allows citizens to travel to destinations as efficiently as possible. Below are some of the key proposals included in the Resource Management Plan related to this goal.

## Light Rail Projects

At the 2016 retreat, City Council reconfirmed this project as a top priority. A Memorandum of Understanding between the state and city is scheduled for a vote by City Council in early April. The CIP includes three projects.

- ➔ **Project 2-092 Virginia Beach Transit Extension**  
A \$310 million design-build project to extend light rail fixed guide-way transit, “The Tide”, from its terminus at the Newtown Station/Norfolk-Virginia Beach city line, east to the Town Center/Constitution Drive area with costs shared equally between the state and city. The project’s schedule and cost have been updated to reflect the projected annual city and state funding commitments.
  
- ➔ **Project 2-108 Light Rail Corridor Shared-Use Path**  
A \$17.7 million project to construct a shared-use pathway within and/or along the former Norfolk-Southern right-of-way in conjunction with the light rail extension project to provide additional modes of transportation. The project’s funding sources have been updated to show this project as fully city funded.
  
- ➔ **Project 2-093 Buses for Virginia Beach Transit Extension**  
Provides twelve transit buses to support enhanced public transportation throughout the city in addition to feeding "the Tide" light rail system. This project includes \$3.6 million of city funding and \$8.4 million of Hampton Roads Transit (HRT) funding.

## Road Projects

Due to the overall decline in funding availability for roadway projects, the state signed into law “House Bill Two” or HB2. The intent of this bill is to establish a review process and select the right projects to be funded. This process replaced the old funding allocation model which sent set allocations to localities with a process that now operates on a competitive basis. Projects are measured by several factors including safety, congestion mitigation, accessibility, environmental quality, economic development, and land use. During the latest process, Virginia Beach had several projects that scored very well. These projects include:

- ➔ **2-419 Centerville Turnpike Phase III**  
Over the next six-year period, this project is anticipated to receive \$6 million in HB2 funding. This project will construct a four-lane divided highway between Kempsville Road and the Chesapeake city line. The project will provide on and off road bike accommodations. The total distance is approximately 1.15 miles.
  
- ➔ **2-040 Laskin Road Bridge Replacement**  
Over the next six-year period, this project is anticipated to receive \$10 million in HB2 funding. This project is for the replacement of the existing bridge on Laskin Road (Route 58) over Linkhorn Bay, one mile east of First Colonial Road.

### ➔ 2-256 Indian River Road Phase VII

Over the six-year period, this project is anticipated to receive \$20 million in HB2 funding. This project will provide two “through” lanes on the ultimate four-lane right-of-way footprint (‘2 on 4’ configuration) on Indian River Road from Lynnhaven Parkway to Elbow Road Extended, a distance of approximately 2.6 miles. This phase is fully funded within the programmed FY 2016-17 CIP.

## Bus Shelters

Approximately \$1.9 million is allocated to project 2-094 Bus Stop Infrastructure and Accessibility Improvements. City Council has identified this project as a top priority. This project provides bus stop infrastructure improvements (addition of shelters, benches, sidewalks, ADA access ramps, related earth work and potentially traffic control during construction) in Virginia Beach to increase accessibility, connectivity, and safety for HRT customers. It is envisioned that this funding will allow for improvements to be made at 75 additional stops. The Envision Virginia Beach 2040 Committee Report recommends that City Council make transportation a key priority, focusing on multi-modal means of connecting within our neighborhoods, across the city, region and beyond.

## Bike and Walking Trails

The city is very aware of the alternative transportation needs requested by the public. New roadways often include bike and walking trails as part of the project. As people drive to the Municipal Center, they can see the heavily used bike and walking trails along Nimmo Parkway and Princess Anne Road.

### ➔ Projects 4-079 Thalia Creek Greenway I and 4-522 Thalia Creek Greenway Trail Grant

Both projects focus on the design and construction of a boardwalk and trails outlined in the greenway corridor of the Thalia Creek Greenway Master Plan.

### ➔ Two other projects also highlight the city’s focus on bike and walking trails. Project 4-064, City Bikeways and Trails Plan Implementation II, funds the construction to the network of bikeways and trails identified in the City Bikeways and Trails Plan and the Virginia Beach Outdoors Plan. Project 4-519, Bikeways/Trails Repairs and Renovations I, provides capital maintenance on the increasing number of bikeways and trails system including repaving and repair.

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# REVITALIZE NEIGHBORHOODS & PLAN FOR THE FUTURE

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Neighborhoods are where we live, work and play. They need to be safe with proper neighborhood amenities. Below are some of the initiatives related to this City Council initiative in the Resource Management Plan:

## Police Body Camera Pilot Project

The Police Department, Commonwealth Attorney's Office, Information Technology and Budget and Management Services have worked collaboratively towards partially implementing body cameras on January 1, 2017. The body camera program will phase-in approximately 110 cameras per year, over a four year period, for a total of 450 police body cameras, to be completed by FY 2019-20. The Police Department, in order to manage the program, is receiving one sergeant and two civilian administrative technicians for management of the video produced (redaction and FOIA requests). The Commonwealth Attorney's Office is also receiving four new full-time employees (2 Assistant Commonwealth's Attorneys, 1 Paralegal, and 1 Clerk) and related support costs for prosecutorial support. Information Technology will also receive two positions to support this initiative. Some of the funding required for the body camera equipment will be purchased using the Police Department's DEA funds. Additional positions will be required over the four year implementation period.

## Additional Police Officers

The Police Department will also be adding police officers. The 10 police officers will return the Police Department to prerecession sworn officer staffing levels. Also, the department is aware of the increased amount of overtime being worked by current officers and the additional police officers will help to reduce officer fatigue and burnout that typically occurs when officers are required to work extra weekends during special events or during the tourism season.

## Additional Firefighters

The Fire Department will be adding eight firefighters. Four firefighters will be placed in the Creeds/Blackwater area of the city and four firefighters at Little Neck Station 20.

## Sea Level Rise

The water is the amenity that attracts many of people to Virginia Beach, whether it's the beautiful ocean, rivers, lakes and streams, but like many oceanfront communities, there is a recognition of sea level rise and its potential impact on the future viability of the city and its neighborhoods. Several projects are included in the Storm Water CIP to address flooding and sea level rise. One of note is project 7-030 Citywide Sea Level Rise/Recurrent Flooding Analysis. This \$3 million project is for the comprehensive analysis of four major watersheds located within the city (Lynnhaven, Elizabeth River, Oceanfront, and Southern Watersheds). The Lynnhaven Watershed will be the initial focus of the analysis. The analysis will serve as the tool for developing the city's comprehensive response to sea level rise and recurrent flooding. It will identify vulnerable areas, assess the appropriate role of recognized adaptation strategies and develop recommendations for each vulnerable area.

A new project is included the Quality Organization section of the CIP. Project 3-677 CIT - GIS Early Warning Sea Level Rise Sensors adds up to 50 sensors throughout Virginia Beach to measure rising water levels and will assist in decision making for evacuations and handling of post-disaster events. It also provides real time assistance for road closures and public safety vehicle routing during storm/flood events. This will enhance the sensor network used to detect rising water levels and identify populated areas and roadways that could flood in a storm event. It will enhance the ability for Public Utilities, Public Works, and Geospatial Information Services to have real-time data and faster response to actual events.

## Fire/EMS Station Burton Station

A new project, 3-075 Fire/EMS Station Burton Station provides for the design and construction of a new Fire and EMS Station in the Burton Station area to service residents and businesses in that area. The station will be a three-bay station, similar to Station 04, Chesapeake Beach, located on Greenwell Road. This additional station requires the addition of 30 firefighters and 12 EMS personnel. The project site being considered is at the intersection of North Tolliver Road and Burton Station Road, or in that immediate vicinity which is a part of the Burton Station Strategic Growth Area. Part of the fire staffing for this facility (12 positions) will come from the SAFER grant approved by City Council earlier this fiscal year.

## Housing Resource Center

Progress continues on the approximately 62,000 square foot Housing Resource Center that will provide shelter and services to homeless persons and those at risk of homelessness. The project will include showers, laundry, lockers, kitchen space, office space for the provision of services by faith, non-profit and city providers, interior courtyards, and will serve both single individuals and families. It will include a central intake and assessment function that will be critical to achieving the goals of the Strategic Plan to end homelessness. In addition, some programs in the Human Services Department will relocate from the main building on Virginia Beach Boulevard, to the third floor of this facility. While the facility is not scheduled to be opened until the fall of 2017 (FY 2017-18 Operating Budget impact), a new position and two reassigned positions are included in the operating budget to begin the necessary planning tasks ahead of opening the facility.

## Storm Water Changes

Storm Water's implementation of Virginia Pollutant Discharge Elimination System (VPDES) and Municipal Separate Storm Sewer System (MS4) permit mandates will have an impact on the city for years to come. State and federal mandates will continue to become more stringent in the monitoring and reporting of pollutants that enter the waterways. With the renewal of each five year permit, requirements tighten on the number of pollutants allowed to enter the waterways. Most significantly, implementation of the Chesapeake Bay pollution reductions are to be phased in with the first phase costing \$10 million over the next five years. Phase II is anticipated to cost \$75 million with Phase III estimated to cost an additional \$250 million. Three additional positions are included in the operating budget to begin addressing these mandates. In the future, rate increases may be necessary to address these mandates as the related costs grow. *No rate increase are in the FY 2016-17 budget.*

## Neighborhood Dredging Projects

City Council has approved seven neighborhood dredging projects and associated Special Service Districts (SSD) to date: Old Donation, Bayville, Shadowlawn, Chesapeake, Harbor Point, Gills Cove and Hurds Cove. Work is beginning on these projects. Each of these projects received initial funding from the General Fund with the SSDs anticipated to fully repay the General Fund after three dredgings over a sixteen year period. True-ups on SSD real estate rates are anticipated to occur every four years based on assessment changes and actual dredging costs. While some of the neighborhoods are at the four year true-up point, true-ups to the rate will not occur in the operating budget. Once final initial dredging costs are known, true-ups to the SSD rate will occur in future operating budgets. Five of the seven SSDs are beginning to repay the General Fund's initial upfront payment. These transfers total \$592,062 and will help offset an \$810,000 reserve set aside for additional neighborhood dredging projects if approved by City Council.

## Street Repaving

The city receives state revenue each year for the maintenance of roads. In recent years, this revenue has begun to increase. With each increase the amount is allocated to the Public Works operating budget for the pavement of roads. Public Works expends on average nearly \$10 million each year on the pavement of roads through a combination of local and state funds. The operating budget and CIP provides \$10 million for maintenance of pavement. This results in an overall reduction of \$1.5 million with no reduction in paving effort.

## Interfacility Traffic Area (ITA) Master Plan

With increase in development around the ITA, and with the adoption of a Comprehensive Plan this spring, there is a need to revisit this plan to ensure that the area develops in a way consistent with the new Comprehensive Plan and the transition area for the agricultural areas that borders it. Funding totaling \$375,000 has been set aside for this effort.

## Kempsville Recreation Center Re-opening

The Kempsville Recreation is scheduled to open in January 2017. City Council saved on creating additional positions and operating costs over the last several budget cycles by staging the replacement of Bow Creek and Kempsville Recreation Centers after Williams Farm Recreation Center opened. Once Williams Farm Recreation Center opened, positions were moved from Bow Creek Recreation Center during its renovation/replacement. Once Bow Creek Recreation Center was revitalized, Kempsville Recreation Center employees moved to Bow Creek Recreation as Kempsville Recreation Center was replaced. Having Kempsville Recreation Center back in service requires additional resources be included in the operating budget with seven full service recreations centers in place. Approximately 51.3 FTEs are added to the Parks and Recreation Operating Budget to staff the center.

## Planning and Strategic Growth Area Reorganization

The reorganization of the Strategic Growth Area Office under the Planning Department consolidates all residential, commercial and transportation planning activities. This reorganization also places the Parking Management Office under the Planning Department given their planning and regulatory activities.

In addition to the reorganization, four new positions are included in the budget. Two new HVAC Inspectors and two new Development Project Liaisons to help citizens and businesses navigate the development and permitting process.

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# BE A COMPETITIVE, FIRST CLASS RESORT FOR RESIDENTS, BUSINESSES, & TOURISTS

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The resort area is a major driver of city revenues and quality of life for both residents and tourists. People from all over the world visit Virginia Beach and enjoy our sandy beaches, salty air, and world class amenities. The forward looking CIP continues to make this City Council goal an on-going reality.

## ViBe District

One of the exciting initiatives included in last year's budget was the new ViBe District. The businesses in the 17<sup>th</sup> Street area of Virginia Beach developed a grassroots initiative to transform an underutilized area of the Oceanfront into a vibrant creative district. Its mission is to promote, support, and expand the creative industries to drive the city's economy, grow jobs, and enhance the city's quality of life. The FY 2015-16 Operating Budget included \$100,000 with \$50,000 for branding and promotion costs and \$50,000 for a Micro-Grant Project.

The CIP takes an additional step in the creation of the ViBe District. Over the first three years, \$4 million is included to provide essential connectivity and improved aesthetics for the district through phased street infrastructure improvements ranging from new sidewalks, bicycle facilities, street trees, on-street parking, crosswalks, accessibility upgrades, and associated storm water, utility, and traffic improvements. This initial phase of the project includes portions of 18th Street, Cypress Avenue, Mediterranean Avenue and Virginia Beach Blvd/17th Street. This project supports the Resort Area Strategic Action Plan by implementing a portion of the 17th Street Corridor section and Central Beach Transportation Network.

## Arena Project

A major initiative by City Council is the agreement with a private developer for the construction of an arena across from the Convention Center. The arena will complement the Convention Center and transform the resort area, city, and region with major entertainment options that routinely skip this area. The CIP includes city funding for three projects totaling \$78.5 million: 1) 9-100 19<sup>th</sup> Street Infrastructure Improvements, 2) 9-015 Arena Infrastructure Site Improvements – On Site, and 3) 9-017 Arena Infrastructure Development – Off Site. These projects will be funded by public facility revenue bonds paid by the city's Tourism Investment Program (TIP) fund, which includes taxes on cigarettes, amusement, participatory sports, hotels, meals and a five-year increase in the hotel tax of \$1 per room night effective January 1, 2017. These projects are timed for completion associated with the opening of the arena in 2018.

## Winston Salem Avenue Improvements

An additional \$4.7 million is included in FY 2018-19 of the Capital Improvement Program for design, property acquisition, and construction of a two-lane roadway with on-street parking and a five foot wide walkway on the north side, a nine foot wide walkway on the south side, LED street lighting, and landscaping consisting of trees, shrubs, and grasses. This project will provide improved vehicular and pedestrian access and connections, and will make the area more accessible and attractive for future re-development. This project supports several goals set forth in the Resort Area Strategic Action Plan including: create great districts with distinctive identities; improve transit and pedestrian connections between destinations; create a transition from the resort area to the neighborhoods; continue to focus on achieving a "Year Round Resort."

## Beach Replenishment

Even with all of the many amenities our residents and tourists enjoy, it is the "Beach" part of our Virginia Beach name that makes our city attractive. In 2013, the city had its first full beach replenishment in 10 years. Since that time, no funding plan existed to replenish sand. The FY 2016-17 CIP now includes yearly pay-as-you-go funding to ensure timely beach replenishment.

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# CONCLUSION

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As we found out in the 2015 Citizen Satisfaction Survey, 94% of residents were satisfied with the overall quality of city services and 96% felt that the city was a good place to live! These are numbers that have varied little since 2003.

**80% of the residents surveyed feel they receive a good value for their tax dollar.** This positive feeling is driven by the city's maintenance of our roads and bridges, the overall appearance of the city, the level of communication with residents, the quality of drinking water and waste water collection, the response of the 911 call center and our quality public school system. Key to resident's belief that they receive a good value is the fact that 91% reported that city employees are courteous.

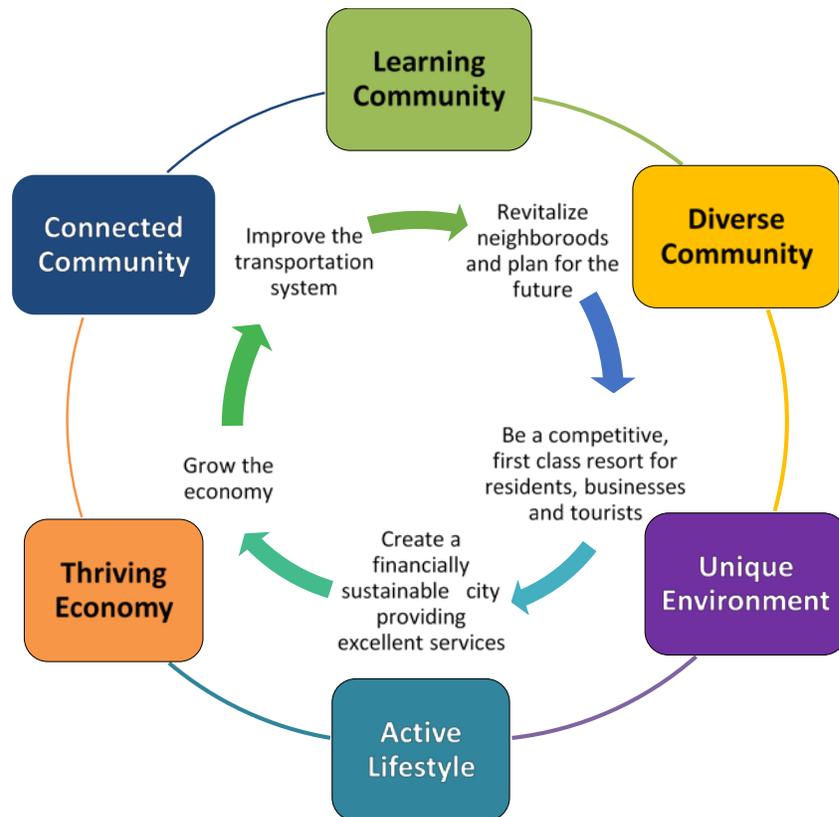
The city places a high value on saving tax dollars and reports such savings annually through the Striving for Excellence Report. In 2015, the city realized \$11.3 million in savings while avoiding another \$66,630 in costs. The city has been tracking savings through this report for 22 years. Over the last 10 years, savings have totaled \$42.9 million with an additional \$30.2 million in costs avoided. Combined, this has helped to keep the various tax rates low. Also contributing is the city's aggressive use of volunteers to provide services to the community. In 2015, the hours contributed by volunteers saved the city's taxpayers nearly \$29 million, and over the last 10 years over \$189 million has been saved.

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# PERFORMANCE MEASURES

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While the discussion to this point has centered on the City Council’s goals, the community’s 2040 Vision also plays a major role in the decisions we make. The City, as a major component of the community, recognizes that achieving the 2040 vision cannot happen without effort from a broad group of stakeholders. While the City Council has set goals for the City to achieve, the Virginia Beach 2040 Committee laid out a broad community based vision. Because of the tremendous amount of influence that each has on the other, there is a great deal of alignment between the City Council’s goals (the work of the City) and the Virginia Beach 2040 Vision (the work of the community).



While this display of performance metrics is static, the previously discussed open performance platform will make this data more dynamic by updating metrics as these updates are made available from the source. Some of these metrics are updated monthly (i.e. unemployment rate), some annually (i.e. crime rates), and some biennially (i.e. citizen satisfaction survey results).

In May of 2014, a group of staff members representing each of the city’s seven business areas were assigned the task of developing performance metrics to gauge progress on the Sustainability Plan and the Vision that was laid out in the Virginia Beach 2040 Committee Report. Since that time, this group has met with internal stakeholders and subject matter experts and reached out to members of the business community, other governmental agencies, and non-profits to seek their input on these metrics.

The result of these efforts is a collection of community level outcome metrics that help break the vision down into smaller, quantifiable areas against which progress can be tracked. For example, the concept of “Unique Environment” includes clean air, clean drinking water, clean water for recreational and commercial uses, and abundant green space. While Unique Environment is a concept that would be difficult to measure, each of these aspects of a Unique Environment can be quantified and measured.

In the past, this section of the Executive Summary included community indicators and departmental performance metrics that were categorized by business area. Beginning in this year's budget document, performance measures will no longer be categorized in this manner. Instead performance measures will be categorized by the Vision Element areas of the Virginia Beach 2040 Vision. These elements are:

**Connected Community**



**Learning Community**



**Diverse Community**



**Unique Environment**



**Active Lifestyle**



**Thriving Economy**



By categorizing performance measures by these vision elements we are able to more clearly illustrate how the Department's work, the programs and services the City's provides, is aligned with the Community's vision.

Each section includes the vision statement for each element as articulated in the 2040 Report, goals associated with the element and measures that are used to determine the community's current state as well as historical data

## Connected Community

“Virginia Beach is a well-planned community of exciting, diverse neighborhoods, each offering unique opportunities to live, work, play, and grow in a culturally rich and safe environment. Our neighborhoods and residents find interconnectivity through our award-winning multimodal transportation system, the ubiquitous presence of broadband communication technologies, and most importantly by building a deep sense of community.”

- Virginia Beach 2040 Committee Report

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Safe Neighborhoods</b>										
Residents who agree “My Neighborhood is a Safe Place to Live”	N/A	93.2%	N/A	93.6%	N/A	92.0%	N/A	90.7%	N/A	90.2%
Violent Crime Rate	2.6	2.9	2.5	2.4	2.1	1.9	1.8	1.7	1.5	1.4
Property Crime Rate	30.9	30.0	30.4	29.2	30.9	30.4	27.9	26.5	25.3	21.9
Cases of Child Abuse per 1,000 Children	8.5	5.9	4.5	5.0	5.1	4.1	3.3	3.3	N/A	N/A
Cases of Elder Abuse per 1,000 Residents Age 65+	N/A	N/A	13.2	12.4	14.6	13.0	12.8	11.8	N/A	N/A
<b>Citizen Engagement</b>										
Percent of Citizens Voting in Elections for Local Office	N/A	N/A	N/A	N/A	44.7%	17.7%	74.5%	37.0%	30.9%	N/A
Residents Who Have Provided Input to or Communicated with City On Issue of Importance Within the Past 24 Months	N/A	N/A	N/A	N/A	N/A	61.4%	N/A	55.0%	N/A	N/A
<b>Citizens Connecting with Technology</b>										
Homes with a Broadband Internet Connection	N/A	84.2%	83.7%	N/A						
<b>Efficient and Well Maintained Roads</b>										
Citizen Satisfaction with the Flow of Traffic	N/A	36.0%	N/A	39.6%	N/A	40.2%	N/A	51.6%	N/A	50.4%
Commute Time	22.2	23.0	22.5	22.9	23.4	22.4	22.6	23.6	23.8	N/A
Streets Meeting the Minimum Physical Condition Rating	79.0%	74.0%	73.0%	74.5%	76.0%	79.0%	82.0%	82.0%	81.0%	N/A
Lane Miles in the Two Lowest Grades for Transportation Efficiency	N/A	21.6%	21.6%	21.6%	20.3%	20.2%	19.9%	20.0%	19.0%	N/A
<b>Transportation Alternatives</b>										
Residents Who Commute Using Alternative Forms of Transportation	18.8%	18.5%	18.2%	16.6%	17.5%	17.4%	18.2%	N/A	N/A	N/A
Bike Score	N/A	46	N/A							
Walk Score	N/A	31	N/A							

## 2040 Community Outcome Comparisons

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Violent Crime Rate	2014	1.4	4.2	5.1	6.0	2.5	2.4	4.3
Property Crime Rate	2014	21.9	27.9	39.3	50.6	25.1	32.8	30.8
Homes with Broadband Internet Connection	2014	83.7%	85.6%	74.0%	69.0%	68.0%	76.4%	77.6%
Commute Time in minutes)	2014	23.8	25.4	22.3	23.5	26.4	22.3	22.9
Residents who Commute Using Alternative Transport	2014	18.2%	13.6%	22.6%	19.5%	18.8%	17.5%	16.8%
Walk Score	2015	31	21	44	35	14	30	32

## Learning Community

“We have a comprehensive approach to formal education and broader learning opportunities for citizens at all stages of life that supports their ability to learn, grow and prosper. We believe in and support an educational continuum that begins at birth and lasts a lifetime. Individuals, families, government, and businesses know and accept their roles preparing citizens to be successful throughout their lives.”

- Virginia Beach 2040 Committee Report

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Educated Citizens</b>										
Residents 25 and Older with a Bachelor's Degree	31.0%	31.0%	32.4%	30.9%	31.1%	31.6%	33.3%	32.6%	34.7%	34.7%
Residents Age 25 and Older With a Graduate or Professional Degree	11.0%	11.0%	10.6%	10.0%	10.9%	11.9%	11.3%	11.9%	11.9%	N/A
Residents Age 25 and Older With a High School Diploma or Equivalent	92.0%	92.2%	92.6%	92.8%	93.1%	93.9%	93.1%	94.8%	92.7%	N/A
<b>Students Prepared for Success</b>										
Children Reading at Grade Level by 3rd Grade	N/A	N/A	N/A	N/A	N/A	N/A	73%	74%	73%	N/A
On Time Graduation Rate	N/A	N/A	84.2%	85.3%	85.5%	86.8%	86.9%	88.0%	88.5%	89.8%
High School Graduates with an Advanced Diploma	N/A	N/A	N/A	N/A	54%	56%	56%	57%	56%	N/A
High School Dropout Rate	N/A	N/A	5.5%	6.1%	6.8%	6.2%	5.6%	4.7%	4.8%	5.3%
<b>Children Prepared to Succeed in School</b>										
Children Whose PALS-K Scores Are Meet or Exceed Kindergarten Readiness Levels	81.3%	86.2%	86.8%	88.5%	89.2%	90.0%	90.7%	90.7%	90.9%	90.3%

## 2040 Community Outcome Comparisons

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Residents 25 and Older with a Bachelor's Degree	2014	34.7%	29.3%	25.5%	18.7%	25.0%	25.6%	23.1%
Residents Age 25 and Older With a Graduate or Professional Degree	2014	11.9%	11.6%	11.6%	6.5%	9.2%	10.1%	9.6%
Residents Age 25 and Older With a High School Diploma or Equivalent	2014	92.7%	91.9%	87.3%	84.3%	86.6%	90.1%	88.5%

## Diverse Community

“Our community-wide culture embraces and values all citizens and visitors with regard to ethnicity, national origin, gender, sexual orientation, age, socioeconomic standing, physical abilities, or religious beliefs. We address the processes and norms that ensure engagement, collaboration, fairness, respect, understanding, and trust exists between all populations within the community.”

- Virginia Beach 2040 Committee Report

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Affordable Housing Opportunities</b>										
New Housing Units Constructed that are Affordable	N/A	N/A								
Residents Paying in Excess of 30% of Median Household Income for Housing Expenses - Renters	47.8%	47.8%	48.3%	49.5%	53.5%	54.9%	55.2%	53.1%	52.5%	N/A
Residents Paying in Excess of 30% of Median Household Income for Housing Expenses - Homeowners	30.4%	31.9%	36.3%	35.3%	40.0%	37.8%	35.3%	33.6%	31.4%	N/A
<b>Social Safety Net</b>										
Poverty Rate of Individuals	7.2%	6.4%	6.5%	6.4%	7.5%	8.6%	8.8%	8.8%	8.2%	N/A
Poverty Rate of Children	10.0%	10.0%	9.5%	9.6%	10.5%	12.4%	15.5%	13.0%	11.5%	N/A
Poverty Rate of the Elderly	2.6%	5.4%	4.4%	4.9%	5.0%	5.1%	4.9%	7.2%	6.6%	N/A
Homeless Population	N/A	N/A	N/A	N/A	517	428	440	456	N/A	N/A

## 2040 Community Outcome Comparisons

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Poverty Rate (Individuals)	2014	8.2%	9.5%	22.3%	16.8%	14.3%	14.7%	16.1%
Poverty Rate (Children)	2014	11.5%	13.8%	32.1%	24.2%	25.0%	17.8%	26.5%
Poverty Rate (Elderly)	2014	6.6%	6.9%	16.4%	12.2%	12.5%	11.4%	8.8%
Renters Paying in Excess of 30% of Income for Housing	2014	52.5%	60.5%	56.2%	59.0%	58.6%	61.4%	46.4%
Homeowners Paying in Excess of 30% of Income for Housing	2014	28.9%	30.2%	32.7%	31.7%	30.7%	30.7%	27.1%

## Unique Environment

“We value and enhance our greatest natural assets: a broad array of coastal resources that includes beaches, waterways, farmlands and wetlands. We are a model community for clean air and water, and our commitment to environmental sustainability. Local foods, open space and parks contribute to the overall quality of life and healthy living.”

- Virginia Beach 2040 Committee Report

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Aesthetically Pleasing</b>										
Citizen Satisfaction with the City's Appearance	N/A	95.6%	N/A	94.0%	N/A	94.0%	N/A	92.3%	N/A	91.7%
<b>Clean Drinking Water</b>										
Drinking Water Tests Meeting or Exceeding Federal Standards	N/A	N/A	N/A	N/A	100%	100%	100%	100%	N/A	N/A
<b>Clean Recreational Water</b>										
Number of Annual Beach Advisories	N/A	N/A	N/A	N/A	13	3	5	2	17	N/A
Public Water Access Points per Square Mile	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.53	N/A
<b>Water Conservation</b>										
Treated Water Consumed Per Capita Per Day	77.1	76.2	76.2	75.8	72.5	74.5	68.5	66.9	65.7	N/A
<b>Divert Solid Waste from Landfill</b>										
Recycling Rate	N/A	N/A	N/A	N/A	N/A	N/A	41.2%	39.9%	37.4%	N/A
Solid Waste Per Capita Per Day (in pounds)	2.61	2.58	2.46	2.38	2.45	1.83	1.68	1.63	1.58	N/A
<b>Preserve and Protect Agricultural Land</b>										
Acres of Protected Farmland Per Capita	16.3	16.7	17.1	18.1	18.5	20.0	19.8	20.5	20.4	N/A

## 2040 Community Outcome Comparisons

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Solid Waste Per Capita Per Day (in pounds)	2014	1.6	2.1	1.8	3.8	N/A	2.3	N/A
Recycling Rate	2014	37.4%	15.4%	18.5%	33.2%	18.3%	N/A	N/A
Treated Water Consumed Per Capita Per Day (in gallons)	2014	65.7	69.8	225.1	186.0	74.9	N/A	190.9

## Active Lifestyle

“Cultural and recreational opportunities enhance the regional economy and provide emotional and intellectual opportunities for expression, education and entertainment. Citizens of all ages, individually and as families, experience the natural resources, restaurants, museums, aquarium, recreation centers, and entertainment venues in the region to stimulate, strengthen, and revive the mind, body and spirit.”

- Virginia Beach 2040 Committee Report

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>A Healthy Community</b>										
Age-Adjusted Mortality Rate	N/A	N/A	691.3	707.8	709.4	690.7	686.9	689.3	N/A	N/A
Infant Mortality Rate	10.4%	7.4%	5.8%	5.5%	7.0%	6.9%	6.1%	5.7%	N/A	N/A
Primary Care Physicians per 100,000 Residents	N/A	N/A	N/A	N/A	N/A	87.7	87.7	77.0	77.3	78.1
Obesity Rate for Children	N/A	N/A	25%	25%	27%	28%	28%	N/A	N/A	N/A
Residents Living Within a 10 Minute Walk/Half Mile of a Park	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	62%	N/A
<b>Recreational Open Space</b>										
Acres of Recreational Open Space Per Capita	14.1	15.5	14.9	15.9	16.1	16.7	16.5	16.5	16.4	N/A

## 2040 Community Outcome Comparisons

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Age-Adjusted Mortality Rate	2013	689.3	802.0	932.6	929.4	840.2	838.4	814.9
Infant Mortality Rate	2013	5.7	6.5	14.0	11.6	12.8	9.9	7.7
Primary Care Physicians per 100,000 Residents	2015	78.1	81.0	84.6	41.5	99.8	41.6	63.1

## Thriving Economy

“We have a thriving regional economy that leverages our assets with high employment and dynamic business growth. We educate, attract, and retain a talented and diverse workforce and provide a broad base of employment with an emphasis on high paying jobs.”

- Virginia Beach 2040 Committee Report

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Good Paying Jobs</b>										
Average Weekly Wage	\$645	\$668	\$682	\$697	\$708	\$731	\$759	\$749	\$765	N/A
Median Household Income	\$61,333	\$61,462	\$65,776	\$59,298	\$64,212	\$64,614	\$61,126	\$62,855	\$68,816	N/A
<b>Employment Opportunities</b>										
Unemployment Rate	3.0%	2.8%	3.6%	6.1%	6.4%	6.0%	5.6%	5.2%	N/A	N/A
Jobs in Virginia Beach	178,592	177,493	173,846	165,907	164,040	162,553	164,534	169,390	171,051	N/A
Employment of Virginia Beach Residents	215,051	216,854	217,654	206,585	212,145	215,256	216,247	219,024	220,342	N/A
<b>Favorable Business Climate</b>										
Number of Startups per 100,000 Residents	N/A	135.2	104.6	105.0	95.9	90.2	106.6	120.9	120.9	N/A
Patents per 100,000 Residents	N/A	7.4	7.3	6.2	10.0	6.3	8.0	10.5	N/A	N/A
<b>Year Round Destination</b>										
Overnight Visitation (in millions)	N/A	N/A	5.8	5.3	5.5	5.7	5.9	5.9	6.0	N/A
Visitors to Virginia Beach Traveling from Outside the US	N/A	N/A	8.6%	11.7%	7.9%	6.8%	4.8%	4.7%	5.9%	N/A
Repeat Tourism	75.3%	80.9%	79.3%	78.7%	77.0%	75.2%	72.5%	74.7%	73.7%	N/A
Visitor Spending (Billions)	N/A	N/A	\$1.15	\$1.06	\$1.13	\$1.22	\$1.28	\$1.31	\$1.37	N/A
Summer Visitors Rating Virginia Beach a Great Place to Visit	89.6%	89.9%	91.1%	92.0%	91.8%	93.3%	94.1%	92.7%	98.7%	N/A

## 2040 Community Outcome Comparisons

	Year	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Average Weekly Wage	2014	\$765	\$762	\$951	\$950	\$895	\$872	\$951
Startups per 100,000 Residents	2014	120.9	107.8	87.3	69.2	65.9	86.6	76.9
Median Household Income	2014	\$68,816	\$66,712	\$43,186	\$44,905	\$62,079	\$47,312	\$49,602
Patents Per 100,000	2013	10.5	6.0	4.1	2.1	3.4	0.7	6.0

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# FINANCIAL STRATEGY

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Virginia Beach has a strong financial system. This system is based on sound strategies that guide the financial activities of the government and ensures it continues to be transparent to the public. These strategies provide guidance in both good and bad economic times. They are forward looking with the intent to sustain the community and the organization into the future. They are as follows:

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## Open Government Initiative

The city is committed to financial transparency. The implementation of a new open government initiative is a major step in creating a culture of transparency, participation, and collaboration in government operations.

This will open new lines of communication and cooperation between the city and the public.

This will increase public access to data and information online in a more user friendly and interactive way that will promote accountability and more informed public participation.

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## Internal Process

Internal financial controls including use of city provided equipment will be reviewed annually to ensure adequacy with accepted account procedures.

Financial records and statements will be transparent and open to the public for review via posting to the city's internet website, [www.vbgov.com](http://www.vbgov.com).

Purchases and contracts will be made on a competitive basis to ensure best prices while maintaining quality and diversity.

The city will use an accrual basis for accounting for revenues and expenditures. This accounting will be annually reviewed by an independent outside auditor as required by state law.

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## Capital Improvement Program Practices

Capital requirements will be linked to the adopted Comprehensive Plan and identified over a six year period to allow adequate financial planning.

Infrastructure maintenance is a critical service provided to the community and therefore will be a primary focus of the City's Operating Budget and Capital Improvement Program.

- ➡ Existing resources will go first to the maintenance of existing infrastructure.
- ➡ New projects will require new revenues to support construction, operations and long-term maintenance needs.
- ➡ Fund capital projects first using pay-as-you-go strategy (current local, state or federal revenues and available city fund balance) and only then look to debt financing strategies.

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## Budgetary Practices

Tax and fee levels will be recommended to sustain critical services to the community while being conscious of the impact on the taxpayers.

- ➡ Diversity of revenue sources will be maintained to the extent allowed under the Dillon Rule to ensure economic stability of City services.
  - ➡ Equity among differing taxpayer classes (commercial, homeowner, industrial and non-homeowners) shall be maintained to the extent possible under the law.
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## Budgetary Practices (Continued)

Ensure the city maintains adequate funding to address emergency needs; assure the city's bond holders that funding is available to make bond payments; and to address unforeseen needs to accomplish this, the City maintains:

- A general fund balance between 8-12% of the following years revenues.
- An annual reserve (Reserve for Contingencies) backed by current revenues not to exceed one-half of one percent of the total general fund.

Provides services desired by the community and authorized by City Council at the minimum funding level necessary to accomplish the program's goals.

As a way to meet this requirement, full-time permanent positions must be authorized by the City Council. The City Manager may establish part-time or temporary positions to meet specific requirements.

Transfers or increases of appropriations over \$100,000 require City Council authorization.

Employees of the city and school system will receive adequate compensation, commensurate with their expected duties and comparable job titles.

Health care will be provided with an employer contribution determined by City Council and School Board. Employees will pay the difference between that contribution and the premium amount.

Employees are required to participate in the Virginia Retirement System and the city and school system provides funding according to state law.

Positions may be added or deleted based on service requirements or budgetary constraints, but the city and school system will work with employees to transition to remaining jobs.

Balance the Operating Budget on current revenues only using previous year's balances for one-time purchases either in the Operating Budget or in the Capital Improvement Program, except in times of economic downturn where use of fund balances are needed to prevent draconian service cuts.

City Council dedicated revenues will be reviewed annually as a part of the Operating Budget process and adjustments will be recommended maintaining that revenues are in line with long term program goals. Various revenues were increased by City Council to meet specific goals and are each separately monitored by staff.

Leverage private dollars with local resources to encourage development and job creation that meets the City's long term goal of fiscal sustainability for the community.

- Where possible, redirect new revenues generated by the project to meet public infrastructure demands of the project (Tax Increment Financing or Special Service Districts).
  - Use funding set up in the Economic Development Incentive Program to incentivize expansion of existing businesses or to attract new businesses to encourage job growth in the community.
-

# ESTIMATED GENERAL FUND BALANCE

<b>Beginning Fund Balance at July 1, 2015 (CAFR)</b>	<b>\$150,477,723</b>
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Add: Revenues		
FY 2015-16 General Fund Revenues-Revised Estimate	\$1,041,345,530	
Surplus from Sandbridge TIF	8,000,000	1,049,345,530

<b>Total Fund Balance and Revenues</b>	<b>\$1,199,823,253</b>
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Less: Anticipated FY 2015-16 Expenditures:		
Operating Expenditures	\$559,206,337	
School Operations*	420,402,658	
Other Transfers*	73,650,771	
Contribution to Risk Management Fund	0	
Sheriff Operating Support	0	1,053,259,766

<b>Total Projected Fund Balance at June 30, 2016</b>	<b>\$146,563,487</b>
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Less: Anticipated Uses of Fund Balance:		
Loans, Advances, and Inventory	\$6,850,000	
Encumbrances and Carryforwards	10,000,000	
SPSA	10,062,505	
Grant Funding to be Reappropriated	1,080,998	
School Operating Budget	409,000	
FY 2016-17 Capital Budget	8,012,051	36,414,554

<b>Total Estimated Undesignated Fund Balance at June 30, 2016</b>	<b>\$110,148,933</b>
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## Calculation of Undesignated General Fund Balance Reserve

<b>Projected FY 2016-17 General Fund Revenues**</b>	<b>\$1,063,784,142</b>
<b>Undesignated Fund Balance as a percentage of FY 2016-17 Revenues</b>	<b>10.35%</b>

Notes:

\* Reflects full transfer of budgeted amounts

\*\* Net of Fund Balance Usage

# CHANGES IN UNDESIGNATED FUND BALANCE

	General	Special Revenues	Schools	Enterprise and Utilities	Capital Projects	Internal Services	Total All Funds
Estimated Undesignated Fund Balances at June 30, 2016	110,148,933	25,703,820	2,703,863	131,066,875	-	(14,753,060)	254,870,431
Add: Estimated Reserved Fund Balances at June 30, 2016	36,414,554	22,875,818	26,358,908	68,822,675	-	-	154,471,955
<b>Total Estimated Fund Balances at June 30, 2016</b>	<b>146,563,487</b>	<b>48,579,638</b>	<b>29,062,771</b>	<b>199,889,550</b>	<b>-</b>	<b>(14,753,060)</b>	<b>409,342,386</b>
Add: Estimated FY 2016-17 Revenues	1,063,784,142	226,335,026	870,646,422	213,640,984	57,414,370	211,128,735	2,642,949,679
Less: Estimated FY 2016-17 Expenditures including Fund Balance Use for CIP	1,085,743,333	232,494,640	881,766,699	238,586,345	57,414,370	212,907,098	2,708,912,485
<b>Total Estimated Fund Balances at June 30, 2017</b>	<b>124,604,296</b>	<b>42,420,024</b>	<b>17,942,494</b>	<b>174,944,189</b>	<b>-</b>	<b>(16,531,423)</b>	<b>343,379,580</b>
Less: Estimated Reserved Fund Balances at June 30, 2017	25,511,300	20,954,670	16,722,084	44,377,314	-	-	107,565,368
<b>Total Estimated Undesignated Fund Balances at June 30, 2017</b>	<b>99,092,996</b>	<b>21,465,354</b>	<b>1,220,410</b>	<b>130,566,875</b>	<b>-</b>	<b>(16,531,423)</b>	<b>235,814,212</b>
<b>Change in Undesignated Fund Balances</b>	<b>(11,055,937)</b>	<b>(4,238,466)</b>	<b>(1,483,453)</b>	<b>(500,000)</b>	<b>-</b>	<b>(1,778,363)</b>	<b>(19,056,219)</b>

**Notes:**

(1) Reserved Fund Balances are used to provide funding for future obligations, such as loans, advances, encumbrances, and "pay-as-you-go" funding for the Capital Improvement Program.

(2) The amounts for Gift Funds are incorporated in the respective department funds.

(3) The "Total All Funds" includes Interfund transfers and excludes the use of fund balance in estimated revenues.

(4) The fund balance (i.e., net assets) for Enterprise and Utilities funds are exclusive of property, plant, and equipments. Some of the net assets are reserved to fund either capital projects or future debt payments.

# REVENUE SUMMARY

	FY 2015 Actual	FY 2016 Adjusted Budget	FY 2017 Adopted Budget	% Change
<b>Revenue Source Summary</b>				
Revenue from Local Sources				
General Property Taxes				
Real Estate	481,620,944	528,290,337	542,384,484	2.67
Personal Property	143,818,528	143,202,520	146,979,656	2.64
Total General Property Taxes	625,439,472	671,492,857	689,364,140	2.66
Other Local Taxes				
General Sales Tax	58,164,569	59,780,905	63,160,061	5.65
Utility Tax	43,308,156	43,804,319	42,471,686	-3.04
Business License	44,588,334	46,842,468	46,389,703	-0.97
Automobile License	9,225,176	11,459,845	11,203,452	-2.24
Cigarette Tax	13,707,486	12,474,084	11,853,670	-4.97
Amusement Tax	5,910,149	6,443,446	6,201,490	-3.76
Hotel Room Tax	28,685,908	29,118,287	31,525,371	8.27
Restaurant Meal Tax	59,968,374	60,768,863	64,881,611	6.77
Other Taxes	17,724,187	17,453,648	18,202,776	4.29
Total Other Local Taxes	281,282,340	288,145,865	295,889,820	2.69
Other Local Revenue				
Permits, Privilege Fees, and Regulatory Licenses	5,448,530	5,716,026	6,123,466	7.13
From the Use of Money and Property	10,166,710	9,562,312	10,132,326	5.96
Charges for Services	276,853,121	272,560,460	271,764,109	-0.29
Miscellaneous Revenue	17,131,600	16,232,367	15,972,440	-1.60
Fines and Forfeitures	7,439,300	7,860,800	7,214,394	-8.22
Total Other Local Revenue	317,039,261	311,931,965	311,206,735	-0.23
Revenue from the Commonwealth				
State Shared Sales Tax	70,376,559	71,783,907	74,741,805	4.12
Other Sources from the Commonwealth	378,528,748	386,524,258	400,939,882	3.73
Total Revenue from the Commonwealth	448,905,307	458,308,165	475,681,687	3.79
Revenue from the Federal Government				
Non-Revenue Receipts	109,588,585	113,575,251	113,888,482	0.28
Total Revenues	1,788,592,405	1,845,518,763	1,888,695,754	2.34
<b>Fund Reserves Summary</b>				
Specific Fund Reserves	4,827,255	26,648,764	26,219,032	-1.61
Total Fund Reserves	4,827,255	26,648,764	26,219,032	-1.61
TOTAL FINANCING REQUIRED	1,793,419,660	1,872,167,527	1,914,914,786	2.28

# DEDICATION OF LOCAL REVENUES

Real Estate *		
\$542,384,484 (Rate = 99¢ per \$100 of value)		
Recreation Centers \$18,280,214 (3.476¢)	Agricultural Reserve Program \$2,945,029 (0.56¢)	Outdoor Initiative \$2,471,721 (0.47¢)
Sandbridge TIF \$9,177,724	Town Center TIF \$6,936,483	Multi-Modal Transportation \$21,772,176 (4.14¢)
Sandbridge SSD \$679,891 (additional rate of 6¢)	Town Center SSD \$1,970,578 (additional rate of 45¢)	School Operations & CIP \$21,035,920 (4¢)

Dredging Special Service Districts – Real Estate Rates				
Bayville Creek SSD \$56,594 (additional rate of 36.3¢)	Harbour Point SSD \$16,040 (additional rate of 7.9¢)	Chesapeake Colony SSD \$206,261 (additional rate of 29.13¢)	Old Donation Creek SSD \$68,754 (additional rate of 18.4¢)	Shadowlawn Area SSD \$27,965 (additional rate of 15.94¢)
Gills Cove SSD \$13,507 (additional rate of 6.3¢)	Hurds Cove SSD \$242,475 (additional rate of 43.8¢)			

Personal Property *
\$146,979,656 (Rate = \$4.00 per \$100 of value)
Public Safety Initiative \$11,205,687 (additional rate of 30¢)

Restaurant Meals *			
\$64,881,611 (local rate = 5.5%)			
Tourism Investment Program \$12,475,547 (1.06%)	Open Space \$2,589,265 (0.22%)	Multi-Modal Transportation \$2,589,264 (0.22%)	Tourism Advertising Program \$5,884,692 (0.5%)

Hotels *			
\$31,525,371 (local rate = 8% plus \$1 per room night)			
Tourism Advertising Program \$5,584,187 (1% plus \$1 per room night)	Tourism Investment Program (TIP) \$15,079,811 (5% plus \$1 per room night starting January 1, 2017)	Central Business District TIF \$500,000	Sandbridge SSD \$3,646,502 (6.5% of the tax generated in the Sandbridge SSD)

Other Revenue Dedications				
<b>Amusement</b> \$6,201,490 (local rate = 5% & 10%)	<b>Cigarette *</b> \$11,853,670 (local rate = 75¢ per pack)			<b>Automobile *</b> \$11,203,452 (\$30 vehicles under 4,000 pounds)
Tourism Investment Program \$6,201,490 (100%)	Economic Development Investment Program \$2,528,783 (16¢)	Tourism Investment Program \$790,245 (5¢)	City Operations/Economic Development Biomedical \$790,245 (5¢)	Multi-Modal Transportation \$1,867,242 (\$5)

Other Non-Dedicated Local Revenues			
City Tax on Deeds * \$6,820,299	Bank Net Capital * \$2,604,375	Wills * \$74,659	Business License * \$46,389,703
General Sales * \$61,646,895	Utility Taxes * \$42,471,686	Cable Franchise * \$8,703,443	

\*These revenues are included in the School Revenue Sharing Formula net of dedicated amounts. For information on the school formula see the Appendix Section of the Operating Budget.

# SUMMARY OF FEE & TAX ADJUSTMENTS

Department	Title	Current Fee	Adopted Fee
Public Works	Waste Collection Fee	\$21.36	\$23
Police	Pawnbroker, Secondhand Dealer Permit	\$100	\$200
Police	Precious Metals Permit	\$300	\$550
Libraries	Meeting Rooms Tier 1	\$10	\$20
Libraries	Meeting Rooms Tier 2	\$10	\$30
Libraries	Meeting Rooms Tier 3	\$25	\$40
Courts & Courts Support	Courthouse Maintenance Fee – Civil Action	-	\$2
Parks and Recreation	Safety Camp	\$89	\$94
Parks and Recreation	KidzQuest Registration Fees	\$55	\$65
Parks and Recreation	KidzQuest Late Fees	\$15	\$20
Parks and Recreation	KidzQuest After School	\$86	\$90
Parks and Recreation	KidzQuest Summer	\$94	\$99
Parks and Recreation	Middle School Before School	\$55	\$58
Parks and Recreation	Middle School Summer	\$99	\$104
Parks and Recreation	Recreation Center Camp Late Fees	\$15	\$20
Parks and Recreation	Recreation Center Camp After School	\$130	\$137
Parks and Recreation	Recreation Center Summer Camp	\$135	\$142
Parks and Recreation	Recreation Center Teen Camp	\$145	\$152
Parks and Recreation	Spring Break Camp	\$135	\$142
Parks and Recreation	All Day Camp - Already Enrolled	\$25	\$27
Parks and Recreation	All Day Camp - Not Current Participant	\$35	\$37
Parks and Recreation	Preschool Buddies - AM	\$135	\$142
Parks and Recreation	Preschool Buddies - PM	\$180	\$189
Parks and Recreation	Preschool Buddies - All Day	\$300	\$315
Parks and Recreation	Preschool Buddies - Summer All Day	\$150	\$158
Parks and Recreation	Preschool Buddies - Summer Morning and Afternoon	\$80	\$84
Parks and Recreation	Preschool Buddies - Summer Specialty	\$85	\$89
Parks and Recreation	Kinderbuddies - Morning or After School Only	\$135	\$142
Parks and Recreation	Kinderbuddies - Afternoon Only	\$180	\$189
Parks and Recreation	RISE - School Year	\$86	\$90
Parks and Recreation	RISE - Summer	\$200	\$210
Parks and Recreation	Recreation Center Fees - Pool Parties	\$245	\$265
Parks and Recreation	Recreation Center Fees - Inflatables	\$40	\$50
Parks and Recreation	Recreation Center Fees - Party Package	\$25	\$30
Parks and Recreation	Recreation Center Fees - Room Rental	\$55	\$61
Parks and Recreation	Recreation Center Fees - Gym Rental	\$72	\$73
Parks and Recreation	Recreation Center Fees - Commercial Rental	\$72	\$108
Parks and Recreation	Recreation Center Fees - Group Fitness Class Punch Cards	\$4	\$5
Parks and Recreation	Recreation Center Fees - Monthly Fee	-	\$20
Parks and Recreation	Recreation Center Membership - Adult, Annual, Resident	\$86	\$98
Parks and Recreation	Recreation Center Membership - Adult, Month to Month, Resident	\$12	\$14

<b>Department</b>	<b>Title</b>	<b>Current Fee</b>	<b>Adopted Fee</b>
Parks and Recreation	Recreation Center Membership - Senior, Resident, Annual	\$69	\$79
Parks and Recreation	Recreation Center Membership - Senior, Resident, Month to Month	\$10	\$11
Parks and Recreation	Recreation Center Membership - Youth, Resident, Annual	\$34	\$37
Parks and Recreation	Recreation Center Membership - Non-resident, Annual	\$328	\$374
Parks and Recreation	Recreation Center Membership - Non-resident, Month to Month	\$34	\$36
Parks and Recreation	Recreation Center Membership - Adult Day Pass	\$8	\$9
Parks and Recreation	Recreation Center Membership - Youth Day Pass	\$6	\$7
Parks and Recreation	Recreation Center Membership - Adult Individual Fun Pack	\$59	\$67
Parks and Recreation	Recreation Center Membership - Youth Individual Fun Pack	\$35	\$40
Parks and Recreation	Recreation Center Membership - Adult Fun Pack	\$6	\$7
Parks and Recreation	Recreation Center Membership - Youth Fun Pack	\$4	\$5
Parks and Recreation	Recreation Center Membership - Premier, Resident, Annual	-	\$285
Parks and Recreation	Recreation Center Membership - Premier, Resident, Month to Month	-	\$34
Parks and Recreation	Recreation Center Membership - Premier, Non-resident, Annual	-	\$504
Parks and Recreation	Rec Center Membership - Premier, Non-resident, Month to Month	-	\$47
Parks and Recreation	Equipment Rental Fees - Munden Point Kayak Rental	-	\$5
Parks and Recreation	Shelter Rental Fees - Non-resident		\$40 - 170
Parks and Recreation	Shelter Rental Fees - Cancellation	-	10-25%
Parks and Recreation	Permit Processing Fees - Neighborhood and Small Event	-	\$125
Parks and Recreation	Permit Processing Fees - Medium Event	-	\$250
Parks and Recreation	Permit Processing Fees - Large Event	-	\$350
Parks and Recreation	Wedding Permit Processing Fees - Non-resident Rates	-	\$200-600
Parks and Recreation	Dog Park Fees - Non-resident Rates	-	\$20
Parks and Recreation	Little Island Fishing Pier - Non-resident Rates	-	\$2-35
Parks and Recreation	Youth Sports Registration - Basketball Under Age 6	-	\$30
Parks and Recreation	Youth Sports Registration - Basketball Under Age 8	-	\$45
Parks and Recreation	Youth Sports Registration - Basketball Under Age 10	-	\$55
Parks and Recreation	Youth Sports Registration - Basketball Under Age 12	-	\$65
Parks and Recreation	Youth Sports Registration - Softball Under Age 6	-	\$40
Parks and Recreation	Youth Sports Registration - Softball Under Age 8	-	\$55
Parks and Recreation	Youth Sports Registration - Softball Under Age 10	-	\$65
Parks and Recreation	Youth Sports Registration - Softball Under Age 12	-	\$75
Parks and Recreation	Youth Sports Registration - Flag Football Under Age 6	-	\$40
Parks and Recreation	Youth Sports Registration - Flag Football Under Age 8	-	\$55
Parks and Recreation	Youth Sports Registration - Flag Football Under Age 10	-	\$65
Parks and Recreation	Youth Sports Registration - Flag Football Under Age 12	-	\$75
Parks and Recreation	Youth Sports Registration - Volleyball Under Age 8	-	\$55
Parks and Recreation	Youth Sports Registration - Volleyball Under Age 10	-	\$65
Parks and Recreation	Youth Sports Registration - Volleyball Under Age 12	-	\$75
Parks and Recreation	PAAC Multi-Purpose – Synthetic, M-Th, 3 Hour Minimum	-	\$65/hour
Parks and Recreation	PAAC Multi-Purpose – Synthetic, F-Sun, 4 Hour Minimum	-	\$70/hour

<b>Department</b>	<b>Title</b>	<b>Current Fee</b>	<b>Adopted Fee</b>
Parks and Recreation	PAAC Multi-Purpose – Synthetic, All Fields 2 Consecutive Days	-	\$60/hour
Parks and Recreation	PAAC Multi-Purpose – Natural, M-Th, 3 Hour Minimum	-	\$32/hour
Parks and Recreation	PAAC Multi-Purpose – Natural, F-Sun, 4 Hour Minimum	-	\$35/hour
Parks and Recreation	PAAC Multi-Purpose – Natural, All 8 Fields, 2 Consecutive Days	-	\$23/hour
Parks and Recreation	PAAC Multi-Purpose – Turf, All 8 Fields, 2 Consecutive Days	-	\$55/hour
Parks and Recreation	PAAC Multi-Purpose – Synthetic Turf, Day Camps, M-Th, 5 Hour/Day Minimum	-	\$60/hour
Parks and Recreation	PAAC Softball/Baseball – Up to 8 Hours per Field	\$150	\$175
Parks and Recreation	PAAC Softball/Baseball – More than 8 Hours per Field	\$200	\$225
Parks and Recreation	PAAC Softball/Baseball – Lights per Hour, per Field	-	\$20
Parks and Recreation	PAAC Softball/Baseball – Temporary Fences, per Field	-	\$50
Parks and Recreation	PAAC Softball/Baseball – Temporary Fences for All 8 Fields	-	\$350
Parks and Recreation	PAAC Softball/Baseball – Packing Holes, Hand Raking Between Games, per Field, per Day	-	\$45
Parks and Recreation	PAAC Softball/Baseball – Re-lining per Occurrence	-	\$10
Parks and Recreation	PAAC Softball/Baseball – Re-dragging per Occurrence	-	\$25
Parks and Recreation	City View Park Softball/Baseball – Up to 8 Hours per Field	-	\$150
Parks and Recreation	City View Park Softball/Baseball – More than 8 Hours per Field	-	\$200
Parks and Recreation	City View Park Softball/Baseball – Lights per Hour, per Field	-	\$15
Parks and Recreation	City View Park Softball/Baseball – Temporary Fences, per Field	-	\$50
Parks and Recreation	City View Park Softball/Baseball – Packing Holes, Hand Raking Between Games, per Field, per Day	-	\$45
Parks and Recreation	City View Park Softball/Baseball – Re-lining per Occurrence	-	\$10
Parks and Recreation	City View Park Softball/Baseball – Re-dragging per Occurrence	-	\$25
Parks and Recreation	Bayville – Lining, per Field	-	\$10

# EXPENDITURE SUMMARY

Department Name	FY 2015 Actual	FY 2016 Adjusted Budget	FY 2017 Adopted Budget	%
				Change
Agriculture	3,158,485	4,159,437	5,033,274	21.01
Aquarium and Historic Houses	11,394,608	12,147,006	11,458,683	-5.67
Budget and Management Services	1,546,541	1,576,592	1,600,325	1.51
City Attorney	3,919,348	4,084,743	4,067,393	-0.42
City Auditor	705,959	774,080	774,309	0.03
City Clerk	666,491	589,408	620,309	5.24
City Manager's Office	2,615,030	3,918,120	4,157,600	6.11
City Real Estate Assessor	3,074,664	3,243,217	3,157,536	-2.64
City Treasurer	5,723,392	5,774,330	5,886,194	1.94
Commissioner of the Revenue	4,309,523	4,419,892	4,546,834	2.87
Commonwealth's Attorney	8,044,911	8,734,544	8,863,428	1.48
Convention and Visitors Bureau	19,329,648	20,454,572	20,696,818	1.18
Courts and Courts' Support	5,999,782	6,722,672	6,617,501	-1.56
Cultural Affairs	2,083,670	2,385,031	2,428,100	1.81
Debt Service	47,834,836	49,682,686	50,486,171	1.62
Economic Development	3,042,992	3,849,073	3,929,051	2.08
Emergency Communications and Citizen Services	8,985,750	10,647,261	10,505,102	-1.34
Emergency Medical Services	9,506,391	10,149,239	11,102,408	9.39
Finance	4,707,087	4,820,982	4,825,715	0.10
Fire	49,194,149	49,630,225	51,465,928	3.70
Future C.I.P. Commitments	0	8,000,000	8,000,000	0.00
General Registrar	1,282,285	1,403,878	1,905,803	35.75
Health	3,216,462	3,195,918	3,191,017	-0.15
Housing and Neighborhood Preservation	26,694,209	27,549,713	28,039,987	1.78
Human Resources	3,825,406	4,362,304	4,313,223	-1.13
Human Services	105,470,415	114,606,123	112,694,063	-1.67
Information Technology	21,224,881	21,949,055	23,724,536	8.09
Library	17,560,913	18,453,368	17,752,624	-3.80
Municipal Council	539,318	526,441	525,226	-0.23
Non-Departmental	67,718,066	70,111,506	71,783,536	2.38
Parks and Recreation	46,976,959	50,536,080	53,600,876	6.06
Pay-As-You-Go Capital Projects	48,075,641	58,085,199	57,414,370	-1.15
Planning	12,724,489	15,371,305	27,901,896	81.52
Police	94,339,312	98,548,539	99,060,301	0.52
Public Education	823,046,641	853,325,179	873,080,013	2.32
Public Utilities	89,373,747	103,751,647	105,287,938	1.48
Public Works	121,221,934	156,820,574	157,287,043	0.30
Reserve for Contingencies	0	3,026,101	12,014,851	297.04
Sheriff's Office	41,168,619	43,477,844	45,114,804	3.77
Strategic Growth Areas	10,870,617	11,303,643	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>1,731,173,168</b>	<b>1,872,167,527</b>	<b>1,914,914,786</b>	<b>2.28</b>

# CITY PERSONNEL SUMMARY

Department Name	FY 2015 Actual	FY 2016 Adjusted Budget	FY 2017 Adopted Budget	% Change
Agriculture	12.00	12.00	12.00	0.00
Aquarium and Historic Houses	160.97	164.47	156.75	-4.69
Budget and Management Services	15.00	15.00	15.00	0.00
City Attorney	39.61	39.61	40.61	2.52
City Auditor	6.00	7.00	7.00	0.00
City Clerk	6.00	6.00	6.00	0.00
City Manager's Office	20.50	34.00	36.00	5.88
City Real Estate Assessor	34.29	34.27	34.00	-0.79
City Treasurer	76.83	74.60	74.60	0.00
Commissioner of the Revenue	64.93	64.93	64.93	0.00
Commonwealth's Attorney	86.70	87.43	91.43	4.58
Convention and Visitors Bureau	106.71	106.28	106.28	0.00
Courts and Courts' Support	75.00	75.00	75.00	0.00
Cultural Affairs	3.00	3.00	3.00	0.00
Economic Development	18.00	18.00	18.00	0.00
Emergency Communications and Citizen Services	131.75	131.75	130.75	-0.76
Emergency Medical Services	73.30	75.05	80.05	6.66
Finance	57.00	57.00	57.00	0.00
Fire	485.71	485.71	493.71	1.65
General Registrar	11.86	11.86	12.00	1.18
Health	9.08	9.08	9.08	0.00
Housing and Neighborhood Preservation	62.00	61.00	61.00	0.00
Human Resources	47.00	47.00	47.00	0.00
Human Services	1,103.16	1,094.91	1,094.46	-0.04
Information Technology	183.50	168.00	174.00	3.57
Library	255.00	253.50	251.50	-0.79
Municipal Council	11.00	11.00	11.00	0.00
Parks and Recreation	838.06	830.13	882.30	6.28
Planning	116.00	115.50	139.97	21.19
Police	1,015.76	1,015.76	1,028.76	1.28
Public Utilities	415.00	418.00	414.00	-0.96
Public Works	893.88	902.88	902.88	0.00
Sheriff's Office	525.44	514.44	527.44	2.53
Strategic Growth Areas	18.00	20.00	0.00	0.00
Total City Positions	<u>6,978.04</u>	<u>6,964.16</u>	<u>7,057.50</u>	<u>1.34</u>
Education	<u>10,220.02</u>	<u>10,034.32</u>	<u>10,154.82</u>	<u>1.20</u>
<b>Totals</b>				
Total City Full Time Positions	6,328.00	6,319.00	6,381.00	0.98
Total City Part Time Positions	639.04	634.16	665.50	4.94
Total City Council Members	11.00	11.00	11.00	0.00
Total School Positions	10,220.02	10,034.32	10,154.82	1.20
<b>Total Positions</b>	<b><u>17,198.06</u></b>	<b><u>16,998.48</u></b>	<b><u>17,212.32</u></b>	<b><u>1.26</u></b>

# ADDITIONS & REDUCTIONS - CITY

Department	FTE Changes Between Adopted FY 2015-16 & Adjusted FY 2015-16	#FTE	FTE Changes Between Adjusted FY 2015-16 & Proposed FY 2016-17	#FTE	Total Dept. FTE Variance
Aquarium & Historic Houses			Crew Leader	(1.00)	(7.72)
			Custodial Worker I	(5.00)	
			Custodial Worker II	(1.00)	
			Operations Assistant II	(1.25)	
			Support Specialist II	(0.47)	
			Veterinarian	1.00	
City Attorney			Assistant City Attorney	1.00	1.00
City Manager			Deputy City Manager	1.00	2.00
			Executive Assistant III	1.00	
City Real Estate Assessor			Clerk Typist	(0.27)	(0.27)
Commonwealth's Attorney			Assistant Commonwealth's Attorney	2.00	4.00
			Clerk II	1.00	
			Paralegal	1.00	
Commissioner of the Revenue			Account Clerk I	(2.00)	0.00
			Revenue Agent I	2.00	
Emergency Communications & Citizens Services			Call Taker I	(1.00)	(1.00)
Emergency Medical Services			Media Communications Coordinator I	1.00	5.00
			Paramedic	4.00	
Fire			Fire Fighter Recruit	8.00	8.00
General Registrar			Assistant Registrar II	1.00	0.14
			Assistant Registrar II PT	(0.86)	
Housing & Neighborhood Preservation			Code Inspector II	(1.00)	0.00
			Volunteer Resource Manager	1.00	

Department	FTE Changes Between Adopted FY 2015-16 & Adjusted FY 2015-16		FTE Changes Between Adjusted FY 2015-16 & Proposed FY 2016-17		Total Dept. FTE Variance
		#FTE		#FTE	
Human Resources			Clerk III	(1.00)	0.00
			Administrative Technician	1.00	
			Community Relations Specialist	(1.00)	
			Administrative Specialist I	1.00	
Human Services	Eligibility Worker	2.00	Administrative Specialist	(0.25)	(0.45)
	MH/MR Clinician III	1.00	MH/MR Assistant	(0.20)	
Information Technology			Chief Technology Officer	1.00	6.00
			Information Systems Architect	1.00	
			Systems Analyst II	1.00	
			Systems Engineer II	2.00	
			Microcomputer Systems Analyst I	1.00	
Library			Librarian IV	(1.00)	(2.00)
			Records Technician	(1.00)	
Parks & Recreation			Parks & Recreation Supervisor	3.00	52.17
			Recreation Specialist I	6.50	
			Recreation Specialist II	3.00	
			Parks & Recreation Aide I	(0.83)	
			Parks & Recreation Aide II	1.82	
			Parks & Recreation Aide III	(2.14)	
			Parks & Recreation Aide IV	0.67	
			Office Supervisor	1.00	
			Account Clerk II	1.00	
			Mechanic I	2.00	
			Mechanic II	(2.00)	
			Clerk Cashier	2.00	
			Facility Customer Assistant	8.94	
			Operations Assistant I	5.22	
			Lifeguard	10.00	
			Aquatics Fitness Instructor	2.00	
			Recreation Class Instructor	(0.80)	
			Fitness Instructor	1.20	
			Motor Equipment Operator	2.00	
			Personal Trainer	0.26	
		Activity Center Leader	0.87		
		Activity Center Assistant Leader	7.46		
		Groundskeeper I	(1.00)		

Department	FTE Changes Between Adopted FY 2015-16 & Adjusted FY 2015-16		FTE Changes Between Adjusted FY 2015-16 & Proposed FY 2016-17		Total Dept. FTE Variance
	#FTE		#FTE		
Planning & Community Development			Strategic Growth Area Analyst	1.00	24.47
			Strategic Growth Area Manager	1.00	
			Administrative Specialist	2.00	
			Event Coordinator	3.00	
			General Supervisor	3.00	
			Planner	3.00	
			Accountant	1.00	
			Parking Operations Manager	1.00	
			Office Assistant	1.00	
			Resort Administrator	1.00	
			Resort Special Event Coordinator	1.00	
			Business Application Specialist	1.00	
			Planning Evaluation Coordinator	1.00	
			HVAC Inspector	2.00	
			Development Project Liaison	2.00	
		Account Clerk I	0.47		
Police			Administrative Technician	2.00	13.00
			Police Officer Recruit	9.00	
			Police Sergeant	2.00	
Public Utilities			Meter Reader	(4.00)	(4.00)
Public Works			Accountant III	2.00	0.00
			Administrative Specialist II	1.00	
			Construction Inspector III	1.00	
			Engineer IV	1.00	
			Engineer III	2.00	
			Engineering Technician I	2.00	
			Waste Management Operator I	(1.00)	
			Waste Management Operator II	(1.00)	
			Waste Management Operator III	(5.00)	
		Waste Management Operator IV	(2.00)		
Sheriff's Office			Deputy Sheriff	14.00	13.00
			Deputy Sheriff – Master Deputy	1.00	
			Microcomputer Systems Analyst I	(1.00)	
			Systems Engineer II	(1.00)	

Department	FTE Changes Between Adopted FY 2015-16 & Adjusted FY 2015-16		FTE Changes Between Adjusted FY 2015-16 & Proposed FY 2016-17		Total Dept. FTE Variance
		#FTE		#FTE	
Strategic Growth Area			Strategic Growth Area Analyst	(2.00)	(20.00)
			Administrative Specialist	(3.00)	
			Event Coordinator	(3.00)	
			General Supervisor	(2.00)	
			Planner	(2.00)	
			Accountant	(1.00)	
			Parking Operations Manager	(2.00)	
			Office Assistant	(1.00)	
			Resort Administrator	(1.00)	
			Resort Special Event Coordinator	(1.00)	
			Business Application Specialist	(1.00)	
			Transportation & Transit Manager	(1.00)	
		<b>Total Net New</b>	<b>3.00</b>		

# SCHOOL PERSONNEL SUMMARY

	FY 2012/13 Budget	FY 2013/14 Budget	FY 2014/15 Budget	FY 2015/16 Budget	FY 2016/17 Adopted	Variance
50100 Elementary Classroom	2,115.10	2,084.60	2,162.90	2,049.90	2,038.70	(11.20)
50200 Senior High Classroom	1,022.20	982.60	985.80	926.60	937.00	10.40
50300 Technical and Career Education	225.40	211.45	216.35	216.35	219.35	3.00
50400 Gifted Education and Academy Programs	156.00	156.00	157.00	157.50	159.20	1.70
50500 Special Education	1,178.00	1,178.00	1,178.00	1,177.60	1,192.40	14.80
50700 General Adult Education	20.00	20.00	20.00	20.00	20.00	-
50800 Alternative Education - Renaissance	96.60	96.60	93.60	92.60	92.60	-
50900 Student Activities	30.50	30.50	30.50	30.50	31.00	0.50
51000 Office of the Principal - Elementary	337.00	336.00	336.00	332.00	335.00	3.00
51100 Office of the Principal - Senior High	124.00	122.00	127.00	137.00	141.00	4.00
51200 Office of the Principal - Technical and Career Education	7.00	7.00	7.00	8.00	8.00	-
51300 Guidance Services	209.40	209.60	206.60	205.20	210.40	5.20
51400 Social Work Services	31.00	31.00	31.00	31.00	34.00	3.00
51500 Media and Communications	15.00	15.00	15.00	15.00	18.00	3.00
51700 Teaching and Learning Support	51.00	51.00	47.00	47.00	53.00	6.00
51710 Instructional Professional Growth and Innovation	8.00	8.00	8.00	8.00	6.00	(2.00)
51800 Special Education Support	32.00	32.00	32.00	32.00	36.00	4.00
51900 Gifted Education and Academy Programs Support	19.50	20.00	20.00	20.00	19.00	(1.00)
52000 Media Services Support	200.50	196.50	196.50	196.50	195.50	(1.00)
52100 Planning, Innovation, and Accountability	19.00	19.00	19.00	18.00	17.00	(1.00)
52200 Middle School Classroom	761.40	740.75	753.65	724.85	733.85	9.00
52300 Remedial Education	104.50	106.50	70.50	73.00	75.00	2.00
52400 Office of the Principal - Middle Schools	115.00	112.00	112.00	130.00	134.00	4.00
52500 Homebound Services	1.00	1.00	1.00	1.00	1.00	-
52600 Technical and Career Education Support	8.60	9.00	9.00	9.00	9.00	-
52700 Student Leadership	7.00	7.00	9.00	9.00	9.00	-
52800 Psychological Services	38.00	38.00	38.00	38.00	44.00	6.00
52900 Audiological Services	4.00	4.00	4.00	4.00	4.00	-
53100 School Leadership	8.00	8.00	10.00	11.00	11.00	-
53200 Alternative Education	15.00	15.00	15.00	16.00	16.00	-
<b>Instruction Total</b>	<b>6,959.70</b>	<b>6,848.10</b>	<b>6,911.40</b>	<b>6,736.60</b>	<b>6,800.00</b>	<b>63.40</b>
54100 Board, Legal, and Governmental Services	12.00	12.00	12.00	12.00	12.00	-
54200 Office of the Superintendent	7.00	7.00	8.50	5.50	5.00	(0.50)
54300 Budget and Finance	43.00	43.00	43.00	43.00	44.00	1.00
54400 Human Resources	47.30	47.30	47.30	46.30	44.30	(2.00)
54500 Internal Audit	4.00	4.00	4.00	4.00	4.00	-
54600 Purchasing Services	13.00	13.00	13.00	12.00	12.00	-
54700 Professional Growth and Innovation	6.00	6.00	5.50	5.50	8.00	2.50
55000 Benefits	15.50	15.50	16.50	16.50	17.50	1.00
55200 Health Services	131.00	131.00	131.00	132.00	133.00	1.00
<b>Administration, Attendance and Health Total</b>	<b>278.80</b>	<b>278.80</b>	<b>280.80</b>	<b>276.80</b>	<b>279.80</b>	<b>3.00</b>
56100 Management	27.00	27.00	27.00	27.00	27.00	-
56200 Vehicle Operations	354.69	354.69	354.69	353.69	362.69	9.00
56250 Vehicle Operations - Special Education	122.56	122.56	122.56	122.56	122.56	-
56300 Vehicle Maintenance	56.00	56.00	56.00	56.00	56.00	-
56400 Monitoring Services	106.88	106.88	106.88	106.88	106.88	-
<b>Pupil Transportation Total</b>	<b>667.13</b>	<b>667.13</b>	<b>667.13</b>	<b>666.13</b>	<b>675.13</b>	<b>9.00</b>
57100 Facilities Planning and Construction	6.00	6.00	6.00	6.00	7.00	1.00
57200 School Plant	197.00	197.00	197.00	197.00	198.00	1.00
57300 Distribution Services	23.50	23.50	23.50	22.50	22.50	-
57500 Custodial Services	709.00	716.00	728.00	738.00	738.00	-
58100 Safety and Loss Control	197.00	197.00	198.00	199.00	199.00	-
58200 Vehicle Services	4.00	4.00	4.00	4.00	4.00	-
58300 Telecommunications	3.00	3.00	3.00	3.00	2.00	(1.00)
<b>Operations and Maintenance Total</b>	<b>1,139.50</b>	<b>1,146.50</b>	<b>1,159.50</b>	<b>1,169.50</b>	<b>1,170.50</b>	<b>1.00</b>
61600 Instructional Technology	-	110.00	110.00	92.00	93.00	1.00
64900 Office of Technology	-	7.00	7.00	6.00	6.00	-
68400 Technology Maintenance	-	71.00	71.00	72.00	77.00	5.00
<b>Technology Total</b>	<b>-</b>	<b>188.00</b>	<b>188.00</b>	<b>170.00</b>	<b>176.00</b>	<b>6.00</b>
<b>School Operating Fund Total</b>	<b>9,045.13</b>	<b>9,128.53</b>	<b>9,206.83</b>	<b>9,019.03</b>	<b>9,101.43</b>	<b>82.40</b>
Green Run Collegiate Instruction	-	-	24.80	32.90	39.30	6.40
Green Run Collegiate Administration, Attendance and Health	-	-	-	-	-	-
Green Run Collegiate Pupil Transportation	-	-	-	-	-	-
Green Run Collegiate Operations and Maintenance	-	-	-	-	-	-
Green Run Collegiate Technology	-	-	-	-	-	-
<b>Green Run Collegiate Fund Total</b>	<b>-</b>	<b>-</b>	<b>24.80</b>	<b>32.90</b>	<b>39.30</b>	<b>6.40</b>
<b>General Fund Total</b>	<b>9,045.13</b>	<b>9,128.53</b>	<b>9,231.63</b>	<b>9,051.93</b>	<b>9,140.73</b>	<b>88.80</b>

# SCHOOL PERSONNEL SUMMARY

	FY 2012/13 Budget	FY 2013/14 Budget	FY 2014/15 Budget	FY 2015/16 Budget	FY 2016/17 Adopted	Variance
Adult Basic Education Funds	5.00	5.00	5.00	5.00	5.00	-
DoDEA MCASP	-	3.50	4.00	-	-	-
DoDEA MCASP Operation Pride	-	-	3.00	3.00	2.00	(1.00)
DoDEA SFLEP	-	1.00	2.00	-	-	-
DoDEA Special Education	-	-	-	1.00	1.00	-
MTSS-B Impact Evaluation Study	-	-	-	-	1.20	1.20
Preschool Incentive	5.00	5.00	5.00	5.00	5.00	-
Title I, Part A	141.00	123.00	118.00	116.00	122.00	6.00
Title I, Part D - Subpart 1	1.00	0.50	0.50	-	-	-
Title I, Part D - Subpart 2	2.00	1.00	1.00	1.00	1.00	-
Title II, Part A	34.00	28.00	24.50	26.00	24.00	(2.00)
Title III, Part A - Language Acquisition	1.00	1.00	1.00	1.00	1.00	-
Title VI, Part B (IDEA)	385.50	381.50	306.50	306.50	253.00	(53.50)
<b>Federal Grants Total</b>	<b>574.50</b>	<b>549.50</b>	<b>470.50</b>	<b>464.50</b>	<b>415.20</b>	<b>(49.30)</b>
Early Intervention Reading Initiative (PALS)	1.00	1.00	1.00	1.00	1.00	-
Jail Education Program	1.00	1.00	1.00	1.00	1.00	-
Juvenile Detention Home	11.00	11.00	11.00	11.00	11.00	-
VA Initiative for At-Risk Four-Year-Olds	-	-	-	-	80.00	80.00
<b>State Grants Total</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>	<b>13.00</b>	<b>93.00</b>	<b>80.00</b>
Opportunity, Inc. - STEM	1.00	1.00	1.00	1.00	1.00	-
<b>Local Grants Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>-</b>
<b>Categorical Grants Total</b>	<b>588.50</b>	<b>563.50</b>	<b>484.50</b>	<b>478.50</b>	<b>509.20</b>	<b>30.70</b>
Cafeterias	492.89	492.89	490.89	490.89	490.89	-
Health Insurance	6.50	6.50	6.50	6.50	6.50	-
Risk Management	5.00	5.00	5.00	5.00	6.00	1.00
Technology*	187.00	-	-	-	-	-
Textbooks	1.50	1.50	1.50	1.50	1.50	-
<b>Other Funds Total</b>	<b>692.89</b>	<b>505.89</b>	<b>503.89</b>	<b>503.89</b>	<b>504.89</b>	<b>1.00</b>
<b>Categorical Grants and Other Funds Total</b>	<b>1,281.39</b>	<b>1,069.39</b>	<b>988.39</b>	<b>982.39</b>	<b>1,014.09</b>	<b>31.70</b>

\*Technology (fund 106) category shifted to the General fund effective FY 2013/14.

# DEMOGRAPHICS

		1980	1990	2000	2014
<b>Gender:</b>					
	Male	50.8%	50.8%	49.5%	49.2%
	Female	49.2%	49.2%	50.5%	50.8%
<b>Age:</b>					
	Under 18	30.7%	28.0%	27.5%	22.8%
	65 and Over	4.5%	5.9%	8.4%	12.3%
	Peak Earning Years (age 35 – 54)	23.1%	24.9%	30.5%	26.4%
	Median Age	26.9	28.9	32.7	35.2
	Dependency Population (under 18 & 65 and over)	35.2%	33.9%	35.9%	35.1%
<b>Race:*</b>					
	White	86.5%	80.5%	71.4%	67.2%
	Black/African American	10.0%	13.9%	19.0%	19.4%
	American Indian/Alaskan Native	0.2%	0.4%	0.4%	0.2%
	Asian/Hawaiian/Pacific	2.5%	4.3%	5.0%	6.6%
	Other Race	0.7%	0.9%	1.5%	1.9%
	Two or More Races	na	na	2.7%	4.6%
	Hispanic	2.0%	3.1%	4.2%	7.7%
<b>Households:</b>					
	Family Household	79.2%	75.4%	71.8%	70.5%
	Married Couple Family	66.6%	62.9%	55.7%	51.8%
	Female Head of Household	10.3%	9.5%	12.4%	13.5%
	Households with Children under 18	Na	44.8%	42.1%	36.4%
	Housing Occupancy: Owner	64.2%	62.5%	65.6%	63.6%
	Housing Occupancy: Renter	35.8%	37.5%	34.4%	36.4%
	Average Household Size	2.97	2.82	2.70	2.65
	Average Family Size	3.35	3.21	3.21	3.10
<b>Health Insurance</b>	% with Health Insurance Coverage	na	na	na	90.3
<b>Marital Status:</b>					
	Single, Never Married	26.5%	24.7%	25.5%	30.8%
	Married	61.0%	58.4%	57.1%	51.0%
	Separated	3.0%	5.4%	3.2%	2.9%
	Widowed	4.0%	4.0%	4.7%	4.9%
	Divorced	5.5%	7.6%	9.5%	10.4%
<b>Median Household Income</b>		\$20,203	\$36,271	\$48,705	\$68,816
<b>Median Family Income</b>		\$21,809	\$39,122	\$53,242	\$78,677

	1980	1990	2000	2014
Per Capita Income	\$10,836	\$20,652	\$30,633	\$49,898
Poverty:				
Persons	8.9%	5.9%	6.5%	8.2%
Families	7.7%	4.3%	5.1%	6.9%
Children under 18	13%	7.6%	8.6%	11.0%
65 and Over	10.3%	8%	4.7%	6.6%
Female Head of Household	38.9%	20.2%	18.9%	21.9%
Female Householder with Children	45.8%	26.5%	23.1%	26.6%
Housing Expenses:				
Owner Expenses Exceeding 30% of Income	26.3%	30.7%	27.4%	28.9%
Renter Expenses Exceeding 30% of Income	37.8%	39%	37.9%	52.5%
Percent of Homeowners Mortgage Free	11.1%	11.4%	13.9%	22.4%
Educational Attainment:	80%	88%	90.4%	92.7%
High School Graduate	22.4%	25.5%	28.1%	34.6%
College Graduate				
Labor Force:				
Civilian Labor Force Participation Rate	58.3%	62.5%	63.2%	64.0%
Civilian Female Labor Force Participation Rate	54.6%	63.5%	62.9%	61.7%
Percent of Labor Force in Armed Forces	18.2%	18.6%	13.3%	6.3%
Percent Unemployed	5.3%	4.7%	4.1%	5.3%
Transportation-Related:				
Percent Who Drive Alone	67.5%	78.4%	82.0%	82.9%
Percent Who Car Pool	21.2%	12%	10.8%	8.0%
Percent Who Use Public Transportation	1.7%	0.8%	0.7%	0.8%
Percent Who Work at Home	1.1%	3.3%	2.8%	3.2%
Mean Travel Time (minutes)	21.9	22.7	23.9	23.8

\*Totals may not equal 100% due to rounding.