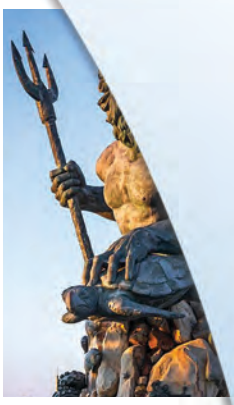
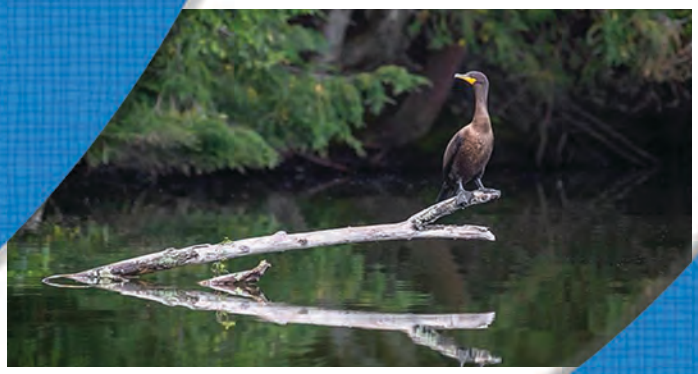


Proposed

Executive Summary

Fiscal Year 2020-21

City of Virginia Beach Resource Management Plan



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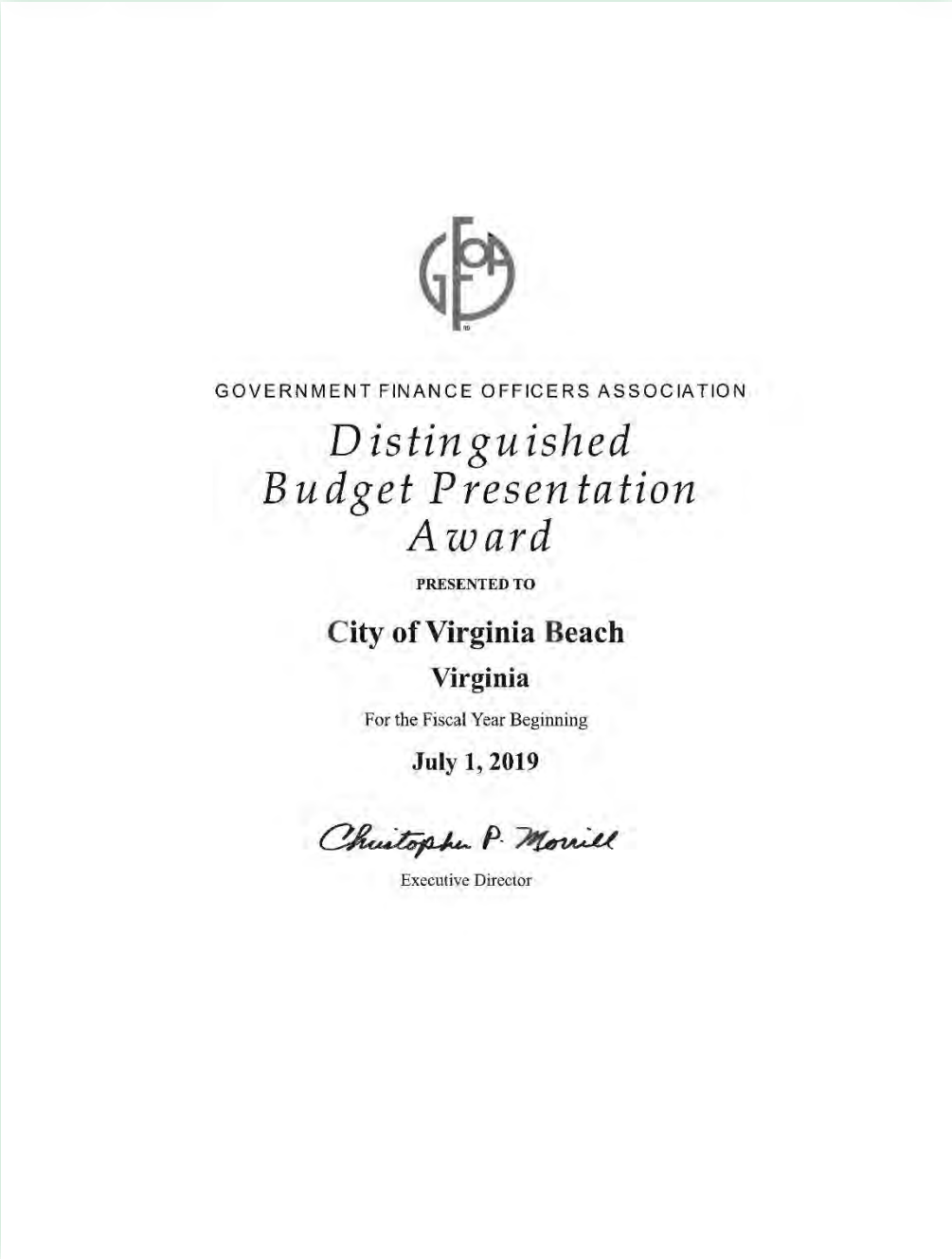
DISTINGUISHED BUDGET AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the **City of Virginia Beach, Virginia** for its annual budget for the fiscal year beginning **July 1, 2019**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, financial plan, operations guide, and 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.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Virginia Beach

Virginia

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morrill

Executive Director

ACKNOWLEDGEMENTS

The Department of Budget and Management Services expresses its gratitude to every department for their thoughtful submission of budgetary needs. A special thank you goes to the Acting City Manager and Deputy City Managers who spent many hours sorting through a variety of complex issues. As with any proposed budget, our objective is to meet the goals as defined by City Council, and we appreciate their vision for our City's future. The reader will notice the Executive Summary, Operating Budget, and Capital Improvement Program link City services, programs, and projects to City Council's goals.

Finally, we want to express our sincere appreciation to the staff of the Department of Budget and Management Services. Their dedication, professionalism, competence, and positive attitudes are unsurpassed:

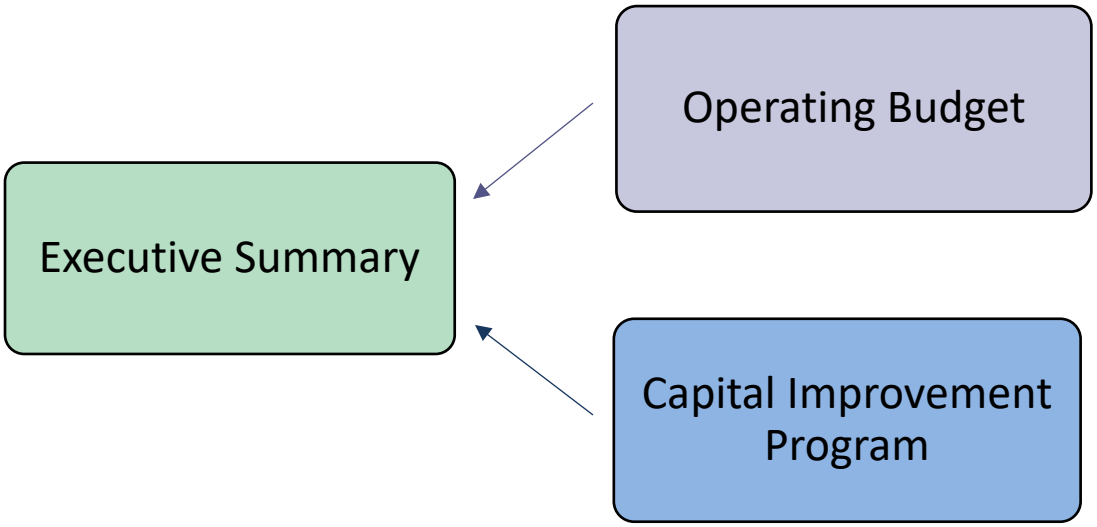
Jacqueline Conley, Michael Evans, Alex Gottschalk,
Kaitlyn James, Beth Kavanaugh, Crystal Skinner,
Jesse Stephenson, Brandi Swansen, Adrienne Stadler

Sincerely,

Kevin M. Chatellier, Acting Co-Director
Jonathan L. Hobbs, Acting Co-Director
Budget and Management Services

OVERVIEW

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.

Operating Budget

This volume provides detailed information on the City's anticipated spending needs for the upcoming fiscal year, beginning July 1st and ending June 30th. It provides detailed discussions of revenues and appropriations for each department.

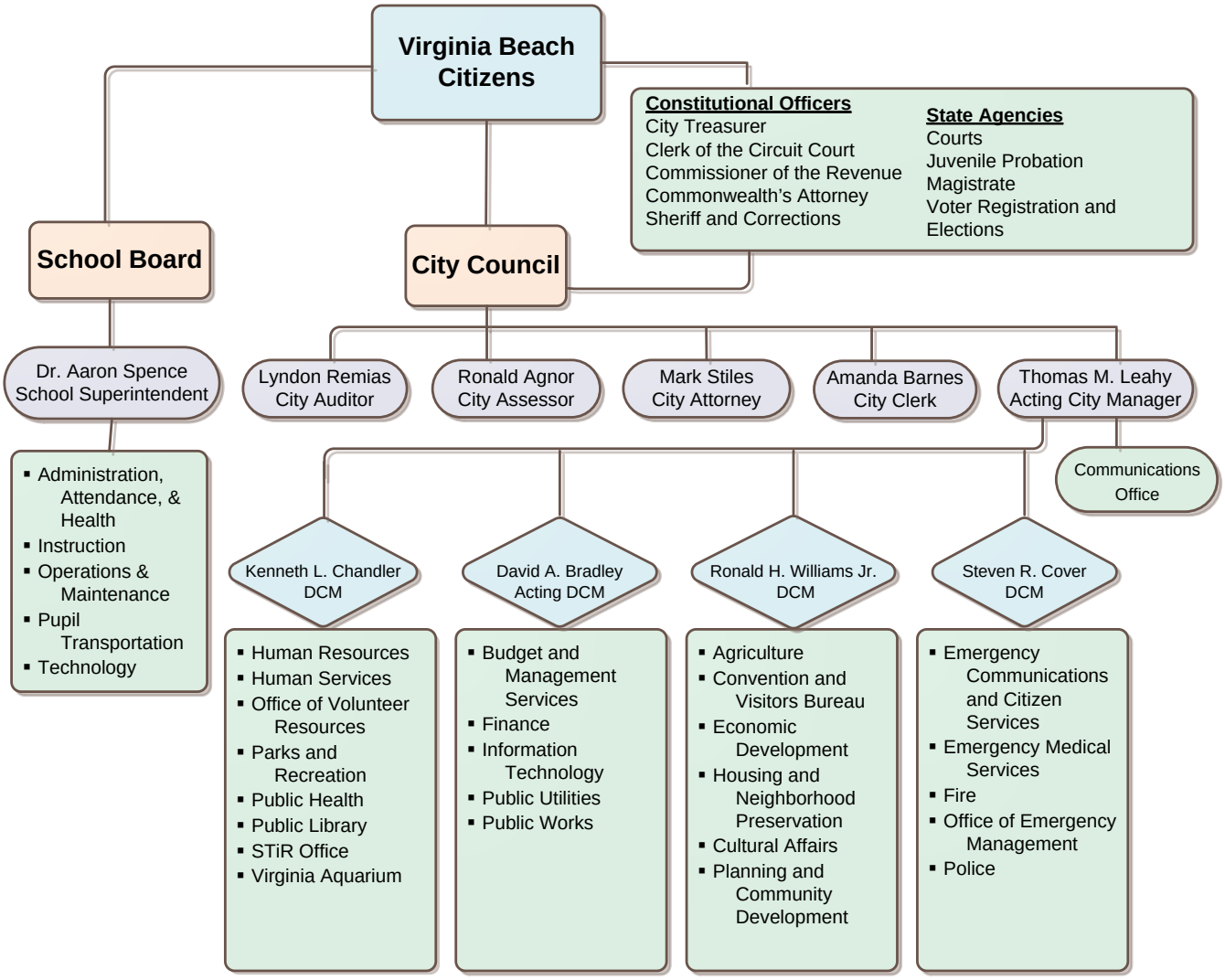
Capital Improvement Program (CIP)

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 functional areas: Roadways, Buildings and Assets, Coastal, Economic and Tourism Development, Schools, Parks and Recreation, Water Utilities, Sewer Utilities, Storm Water Utilities, and Information Technology. Within each functional area, each project page includes a brief description of the project, a financing plan, and a location map, if applicable.

CITY ORGANIZATION & INFORMATION

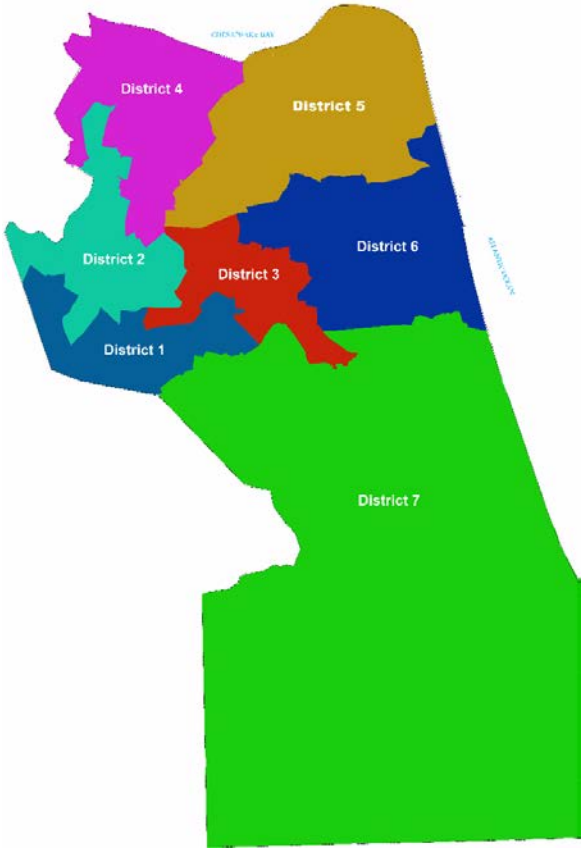
The City of Virginia Beach was chartered as a municipal corporation by the General Assembly of Virginia on January 1, 1963. The City operates under a Council-Manager form of government. The 11-member City Council is the City's legislative body. The City Manager is appointed by Council and acts as Chief Executive Officer and, through City staff, the City Manager implements policies established by Council.

Virginia Beach has 258.7 square miles of land and 51.3 square miles of water. As of FY 2019-20, there was a population of 452,643 residents, of which 302,515 are registered voters. Per the City Real Estate Assessor, the estimated number of residences in the City for FY 2020-21 is 182,128.



CITY COUNCIL

The 11-member City Council is the City's legislative body. Members of Council serve four-year terms and are 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.



→ Robert M. "Bobby" Dyer, Mayor

→ James L. Wood, Vice-Mayor, District 5-Lynnhaven

→ Jessica P. Abbott, District 2-Kempsville

→ Michael F. Berlucchi, District 3-Rose Hall

→ Barbara M. Henley, District 7-Princess Anne

→ Louis R. Jones, District 4-Bayside

→ John D. Moss, At-Large

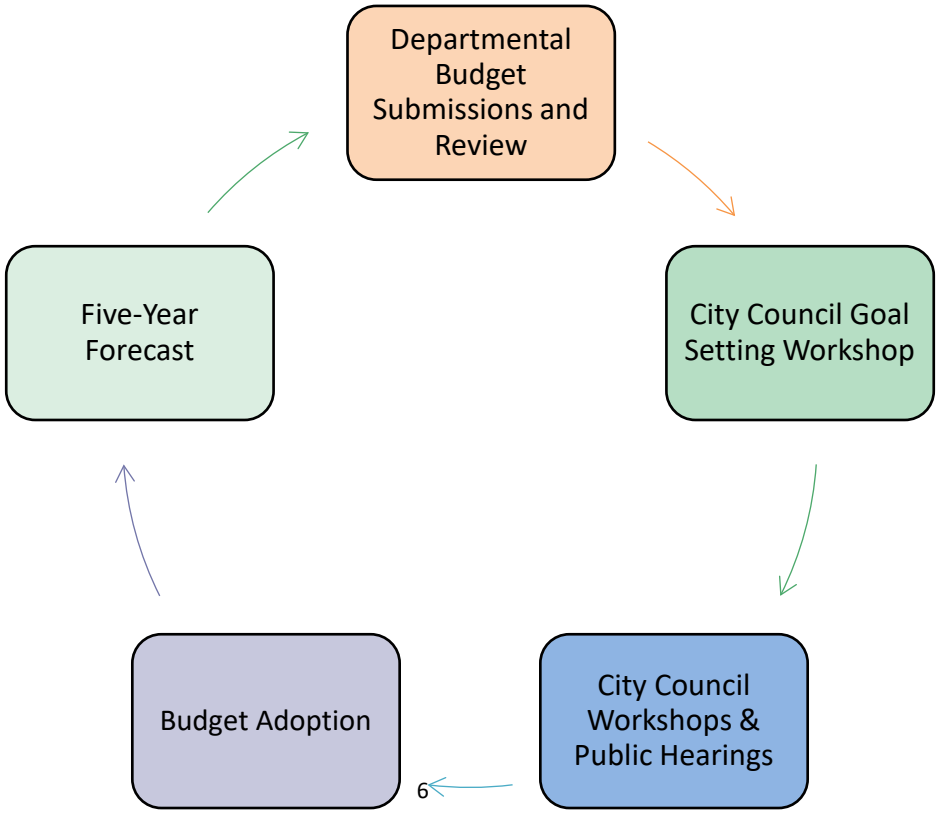
→ Aaron R. Rouse, At-Large

→ Guy K. Tower, District 6-Beach

→ Rosemary C. Wilson, At-Large

→ Sabrina D. Wooten, District 1-Centerville

The City Charter requires the City Council to adopt an annual budget. Virginia Beach's fiscal year spans from July 1st to June 30th, with a year-round budget planning process which includes:



City of Virginia Beach

VBgov.com

OFFICE OF THE CITY MANAGER
(757) 385-4242
(757) 427-5626 FAX

MUNICIPAL CENTER
BUILDING 1, ROOM 234
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9001

March 24, 2020

The Honorable Robert M, Dyer, Mayor
Members of City Council

Dear Mayor Dyer and Members of Council:

It is my privilege to present this FY 2020-21 Recommended Operating Budget and FY 2020-21 through FY 2025-26 Capital Improvement Plan. It was crafted after painstaking reviews of each department's services and each section of the Capital Improvement Plan (CIP). It considers the host of local, state, and national trends impacting municipal service delivery and the financial realities we face.

As a result, I believe you will find it to be fiscally responsible and responsive to the evolving needs of our city as a whole and the City organization. It directs substantial resources to the City Council's top priorities of Sea Level Rise/Stormwater, Education, Public Safety, Transportation, Economic Development and Affordable Housing and moves us forward in addressing the City Council's 10 Goals:

1. Grow the Local Economy
2. Create a Financially Sustainable City Providing Excellent Services
3. Improve the Transportation System
4. Revitalize Neighborhoods and Plan for the Future
5. Be a Competitive First-Class Resort for Residents, Businesses, and Tourists
6. Be the Safest City in Virginia
7. We Are an Inclusive Community That Is Welcoming and Empowers All
8. Our Community Has World Class Schools and Educational Programs
9. Data and Technology is Used to Enhance Community Livability, Prosperity, and Sustainability
10. City Assets and Infrastructure Are Well Maintained and Meet Community Expectations

Developing budgets requires a complex balancing of needs and services. Some of the needs are long-term, like addressing aging infrastructure, while others emerged more recently, like the organizational needs outlined in the Hillard Heintze report. At the same time, maintaining the high quality of daily services our citizens have told us they value, as illustrated by the results of the 2019 Citizen Satisfaction Survey, remains the backbone of this recommended budget.

When we started the planning process, we asked departments to submit budgets that reflected funding at 98% of the revised FY 2019-20 baseline and each rose to that challenge. This initial step put us in a strong position to zero in on critical needs. As the financial picture became clearer, we were able to not only restore the majority of initial cuts but meet a number of other priority obligations, including adding $5.5 million to address recommendations from the Hillard Heintze report and enhancing funding for projects designed to meet our infrastructure needs in the areas of stormwater, recurrent flooding and sea level rise as well as transportation, communication, technology public safety and facilities maintenance.

The Sandbridge Tax Increment Financing (TIF) district was established in 1998 to provide a back-up means of financing sand replenishment operations for Sandbridge Beach if funding from the Sandbridge Special Service District (SSD) was insufficient to meet the desired replenishment cycle. Due to the maintenance of the beach and the level of investment the City has made in the area, most notably the provision of sanitary sewer infrastructure, real estate assessments in the district have risen 540% since the district was created.

Careful analysis has determined that the SSD generates sufficient revenue for beach replenishment on a five-year cycle, including funding for an emergency push, if needed. By dissolving the TIF, the funding that had been directed to sand replenishment and declared surplus for use in the CIP can now be returned to the General Fund and used in the Operating Budget. Based on future projections of the Special Service District, I am also recommending that the Sandbridge real estate special tax rate be reduced from six to four cents.

I am pleased to present this FY 2020-21 budget without an increase in the real estate tax rate. It does include a 1.85¢ dedication of the real estate tax, associated with eliminating the Sandbridge TIF, for emerging City Council priorities and the fee increase of 3.5¢ per day in the stormwater Equivalent Residential Unit (ERU) City Council previously approved. There are also typical user fee annual adjustments like membership fees to City recreation centers. Taken together, this budget reflects our unwavering commitment to ensuring the city is competitive and viable.

The Executive Summary and full documentation for the FY 2020-21 Recommended Operating Budget and FY 2020-21 through FY 2025-26 Capital Improvement Plan provide the details. Below are some key elements:

Stormwater, Recurrent Flooding, and Sea Level Rise – In response to the City Council's request to increase resourcing and our efforts to combat the impacts of recurrent flooding and sea level rise, we previously created a 15-year capital improvement program plan that generates over $1.3 billion

and will significantly increase our operations and maintenance effort as well as construct numerous recurrent flooding preventative projects. For example, we have added $6 million to the cave-in repair program, $1 million to clean roadside ditches, funding for a new five-person crew for BMP operations and maintenance and $7.4 million for dredging of the Western Branch of the Lynnhaven River.

Public Safety – Virginia Beach continues to have one of the lowest crime rates of any large city in America, despite the fact that we have fewer officers per capita than most cities our size. This budget continues efforts undertaken in the past two budgets to add police officers to the streets by including a proposal to reclassify eight vacant sworn positions to civilian positions. Existing sworn staff, currently fulfilling administrative duties, will be reassigned to field duties, while these newly-hired civilians will fulfill the administrative duties. It continues the workforce development program in the Police and Fire departments as well as the Sheriff's Office and EMS. The second year of the four-year phase-in of pay parity for the Sheriff's Office is also included.

Transportation – While I am recommending delaying a number of projects by a few years to create the capacity necessary to fund the unanticipated 5/31-related projects and the renovations to building 1, 2 and 11, the Roadways section of the CIP includes $256.9 million for a variety of projects. This is second in funding only to Stormwater, which has a six-year CIP of $415.3 million.

Technology – This budget includes funding to expand high-speed Internet access throughout the city, add security access systems to City facilities, replace aging software and network infrastructure as well as increase data security.

Schools – Through use of the revised City and School revenue sharing formula, local funding provided to Virginia Beach City Public Schools (VBCPS) is $459 million. This exceeds the State's Standards of Quality (SOQ) minimum local funding requirement by $259 million. In FY 2020-21, largely in part to City Council's commitment toward education, the VBCPS will complete the implementation of full-day kindergarten at all 55 elementary schools.

Growing the Economy – We are on the cusp of creating the year-round destination needed to make significant progress in maximizing our resort offerings as the preferred coastal city on the East Coast. This budget includes Tourism Investment Program (TIP) Fund-supported projects identified in the Resort Area Strategic Action Plan (RASAP), including a mobility study and a central management entity.

I am recommending establishing a new SWAM Office, dedicating $300,000 for contractual services, and adding a new position to implement the 12 recommendations from the disparity study the City Council approved to promote entrepreneurship, small business start-ups, Small, Women- and Minority Owned (SWaM) business contracting through sheltered bidding, small business information forums and accountability for meeting our subcontractor minority participation goals.

Other Recommendations – The five areas noted above are only part of the array of services provided to the residents and visitors to Virginia Beach. A few examples of additional initiatives include:

- In **Human Services**, we are including funding and additional positions to enhance operations within the Department's Child Welfare Unit and the Mobile Co-Responder Team (MCRT).
- In **Planning**, we are adding zoning inspectors and a planning technician to assist customers and improve service delivery and timeliness of our response, including the new focus on enforcing the City's short-term rental ordinances.
- In **Parks and Recreation**, we are including funding to properly maintain the landscaping at new facilities, funding to provide healthy snacks to all 2,300 participants in the Out of School Time after school programs, and funding for a mobile fitness van that will be accessible to all members of the community, as the vehicle will travel to parks, schools and community events throughout the year Notably, we are also incorporating stormwater features into park development design concepts.
- In **Human Resources**, as part of the recommendations from the Hilliard-Heintz study, the budget includes 15 new FTEs as well as a possible reorganization of positions from their current departments to Human Resources.

Improving Employee Safety and Resourcing Recovery Efforts

The budget includes $5.5 million to implement a number of recommendations presented in the Hillard Heintze report, including funding a new security office, enhancing security, training and centralizing Human Resources, as noted above.

The CIP includes funding for security upgrades to be completed at City owned facilities following a systematic risk-based approach to security measure implementation. These upgrades will be determined and prioritized based on the recommendations from risk assessments conducted throughout city facilities. These assessments will be conducted with the assistance of the Department of Homeland Security and other experts in the field of threat and hazard identification and vulnerabilities.

Employee Pay and Benefits

Recruiting and retaining outstanding employees is one of the most important things we do. As the economy has continued to improve and job markets have become increasingly competitive, the City and Schools must commit to funding salaries that both attract new employees and appropriately recognizes current employees' meritorious work. This budget includes a 2.5% compensation increase for City employees (Virginia Beach City Public Schools has included 3.5% increases for personnel). We also anticipate a 2% increase to employee health insurance premiums while including a 3% increase to the City's portion.

We are programming the use of $5 million in salary savings generated by position vacancies (attrition savings) to assist in delivering this much deserved pay raise. I am also recommending an

enhancement to the City's paid time off accrual and increasing maternity and paternity leave from the current three weeks to six.

FY 2020-21 through FY 2025- 26 Capital Improvement Plan

To address the emergent needs to fund renovations to buildings 1, 2 and 11, this budget proposes delays to several projects in the out-years of the plan. Delaying several projects freed up $29 million of existing CIP funding capacity which was redirected to CIP 3-174, "Operations Facilities Renovations" for this purpose. This enables us to fully fund this need with the addition of $40 million in Public Facility Revenue Bonds in year two of the CIP.

However, we were also able to add other projects that will have significant positive impacts on our community, including $7.2 million for improvements to Pungo Ferry Road, $4 million to address critical deficiencies in the Sportsplex/Field Hockey National Training Center and several projects totaling $6.5 million that are related to the Resort Area Strategic Action Plan (RASAP).

Conclusion

Taken together, this carefully constructed $2.14 billion budget delivers on our continuing commitment to ensure Virginia Beach has the best schools, library system and roads as well as the lowest crime rate, high-quality recreation centers, and the most parks of any city in Hampton Roads. It maintains the quality of everyday city services our citizens and businesses expect while providing the resourcing and staff support necessary to implement thoughtful and reasonable solutions to some of our most intractable issues.

While I have developed greater appreciation for the size and complexity of the City organization over the past seven months as acting city manager, I have developed even greater appreciation and admiration for the City workforce. The men and women who serve this city every day, often under extremely challenging conditions, are the real reason we continue to accomplish so much good work on behalf of the citizens of our community. It has been my distinct honor to work alongside them, not just during the last few months, but throughout my 40-year career.

I look forward to discussing this with you in the coming weeks.

Respectfully,

Thomas M Leahy

Thomas M. Leahy, P.E.
Acting City Manager

SCHEDULE OF WORKSHOPS & PUBLIC HEARINGS

March 24	Budget Presentation to Council	Council Conference Room
	Council Workshop	Council Conference Room
March 31	Council Workshop	Council Conference Room
April 7	Council Workshop	Council Conference Room
April 14	Council Workshop	Council Conference Room
April 21	Council Workshop	Council Conference Room
April 22	Public Hearing	TBD 6:30 p.m.
April 28	Council Workshop	Council Conference Room
	Public Hearing	TBD 6:00 p.m.
May 5	Reconciliation Workshop	Council Conference Room
May 12	Council Votes on Budget	City Council Chambers 6:00 p.m.

MAJOR HIGHLIGHTS OF THE FY 2020-21 RESOURCE MANAGEMENT PLAN

The following section provides an overview of the major priorities within the FY 2020-21 Resource Management Plan. Additional information about most of these items can be found within the Council Goals section of this document, within the Operating Budget document, or within the Capital Improvement Program (CIP) document.

Recovering from the 5/31 Tragedy

The City of Virginia Beach experienced a horrific tragedy on May 31, 2019, and is still recovering from the emotional, physical, and financial impacts of the event. The City Manager's Proposed Operating Budget provides funding for several projects and programs to help the City recover from the event, as well as resources to implement recommendations made as a result of the independent investigation conducted by Hillard Heintze. These recommendations are categorized within the following areas: human resources, public safety, and facility security.

In total, $5.5 million is provided in the FY 2020-21 Proposed Operating Budget and year-one of the CIP to begin implementation of these recommendations. An additional $1.8 million is budgeted for recovery efforts related to lease space to temporarily house over 400 displaced City employees and to support the City's recovery. In the wake of the event, an immediate need emerged to renovate Buildings 1 (City Hall), 2 (Operations Building), and 11 (Police Headquarters and First Police Precinct) within the municipal complex. Total renovation cost estimates are $83 million, $4 million of which was previously funded in FY 2019-20. The FY 2020-21 Proposed CIP fully funds this need and included within the Operating Budget is a plan to support the future debt service associated with bonds sold for these renovations.

Maintaining Citywide Assets and Infrastructure

As an aging city, one of City Council's major priorities is to maintain currently owned assets and infrastructure. The FY 2020-21 Proposed Budget provides additional resources to enhance operations, maintenance, and capital maintenance efforts throughout the City.

Stormwater - Flood Control

The FY 2020-21 Budget continues to address City Council's priority of mitigating the effects of sea level rise and recurrent neighborhood flooding. The six-year stormwater program totals over $415 million and remains the largest section of the CIP. Roughly 58% of the six-year stormwater CIP is to address flooding issues across the City and to begin addressing impacts of sea level rise. Critical for financing of the existing Stormwater CIP is the scheduled Equivalent Residential Unit (ERU) rate increase adopted within the FY 2019-20 Operating Budget. As previously approved, the rate will increase by 3.5¢ in FY 2020-21 and increase by the same amount annually through FY 2024-25.

In order to accelerate flood control projects and provide more resources for capital maintenance, City Council is currently deliberating a potential bond referendum. If passed, the referendum could accelerate more than 25 projects and reduce the existing backlog of stormwater maintenance needs. To support the acceleration of these projects, a dedication of the real estate tax would be required. The Proposed FY 2020-21 Operating Budget and CIP do not reflect

accelerated projects or maintenance schedules that would occur if a stormwater bond referendum were to be approved.

Stormwater - Operations and Maintenance

The budget establishes a new, five-person crew for stormwater BMP maintenance. These positions are important to ensure that the City's stormwater system is maintained in a timely manner, alleviate the current maintenance backlog, and improve water quality. More information about these positions, stormwater operations, and the stormwater CIP can be found in the Council Goals section of this document, the Public Works section of the Operating Budget and the Capital Improvement Program document.

Maintaining City - Owned Facilities and Assets

Adequate maintenance of City assets mitigates the potential for costly future replacement projects. During financially stressed times, municipalities often defer maintenance to address critical needs. As a result of the event on May 31, 2019, the City of Virginia Beach is faced with the emergent need to fund the renovation of municipal Buildings 1, 2, and 11. The FY 2020-21 CIP addresses this unanticipated need without reducing programmed maintenance funding in years one through six of the CIP. In fact, additional resources are provided for renovations to the Correctional Center and the Police Department's Creeds Training Center.

A newly implemented work order and facilities maintenance tracking system will allow for more streamlined service delivery, as well as improved data for decision making. The Operating Budget provides $150,000 for contracted services for data collection and condition assessment of assets for input into the new system. Once complete, this comprehensive database of City assets will allow Public Works to be more efficient and effective at completing work orders, scheduling routine maintenance, and other activities.

Resourcing Emerging City Council Programs and Initiatives

Implementation of the Disparity Study Recommendations

In 2010, the City of Virginia Beach established an aspirational goal of 10% for minority-owned business participation in City contracts. Since that time, this goal has been updated to 12.5%. In 2018, the City conducted a disparity study to better understand whether barriers or discrimination based on race, ethnicity, gender, or military-related disability affected the participation of businesses in City contracts or procurements, regardless of whether those businesses were, or could be, Small, Women, and Minority-Owned (SWaM) businesses. There were 12 recommendations within the study for the City of Virginia Beach to implement in order to better meet set goals. The FY 2020-21 Proposed Operating Budget realigns existing personnel and provides additional staffing and resources to begin implementation of all 12 recommendations. More information can be found at **www.vbgov.com**.

Short-Term Rental Zoning and Enforcement

In 2018, City Council began deliberating local zoning ordinances to regulate short-term rentals. On November 1, 2019, the City's short-term rental regulations went into effect and, for better consistency of the approval process and enforcement of the zoning laws, additional staff are included within the budget. Beginning in FY 2020-21, the Department of Planning and Community Development will have a dedicated staff of five inspectors and one planner for implementation of the program.

Recruitment and Retention

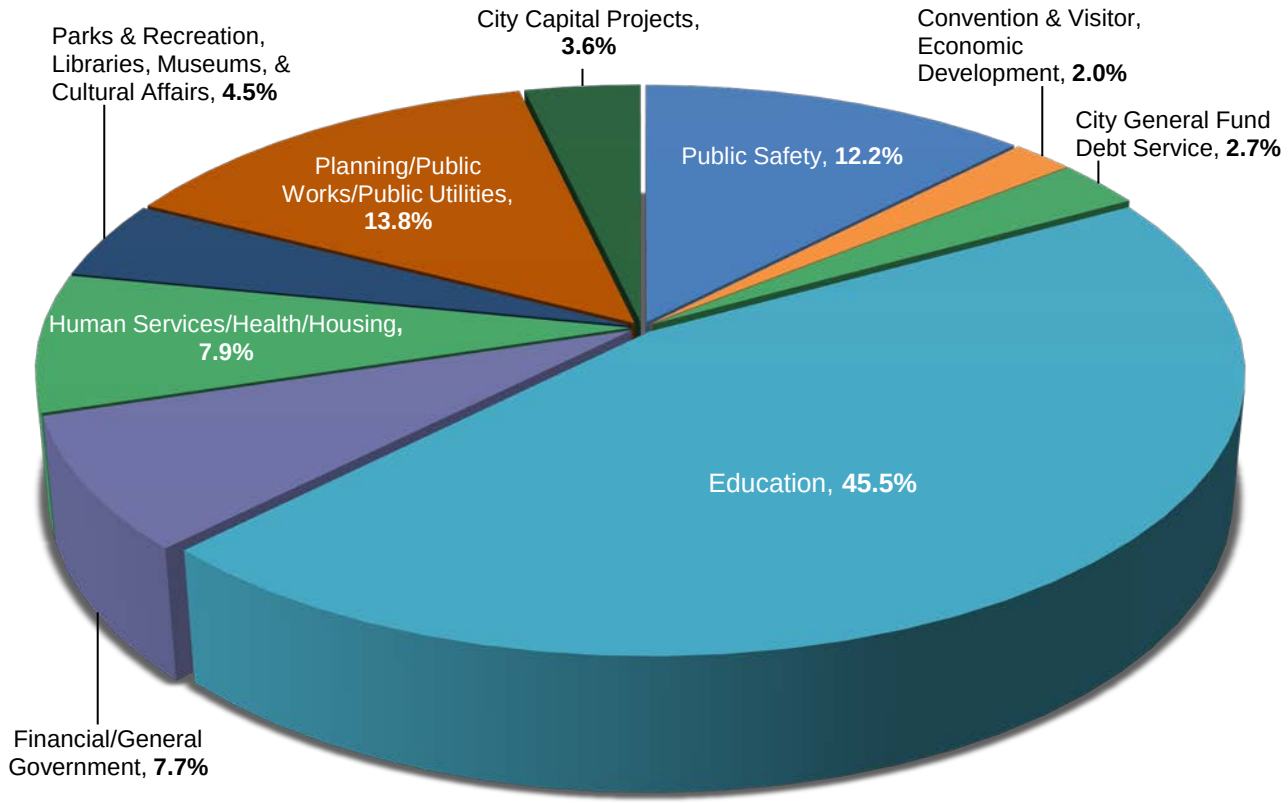
More than ever, hiring and retaining qualified staff is a critical component of service provision and project delivery. As of February 2020, the City has 830 employees eligible for full retirement, indicating that in the coming years, recruitment will remain a high priority. With the City and the nation near full employment, remaining competitive in the job market is critical to recruit applicants. Without adequate staffing levels, the City and Schools would be unable to provide the high level of service expected by residents. The FY 2020-21 Operating Budget demonstrates that the City and Schools remain dedicated to investing in their employees. Both City and Schools are proposing compensation increases (City 2.5%, Schools 3.5%). Other recommendations within the City's budget include: increases in Paid Time Off (PTO), revision of the Maternity/Paternity Leave policy, minimizing the impact of rising healthcare costs for employees, resources to conduct a market salary survey, targeted compensation for hiring and retaining engineers and architects, and the expansion of efforts to provide professional development for the City's workforce.

Education

City Council continues to place public education as a top funding priority. In preparation for the FY 2020-21 Operating Budget, City and School staff collaborated on a revised revenue sharing formula that ensures both the City and the School system will share the benefits of economic growth and enables the two bodies to have more reliable, readily available information earlier in the budget development process. This new formula, adopted by both bodies in November 2019, provides a simplified method of revenue sharing compared with previous formulas. After the exclusion of various dedications, the remaining General Fund local tax revenue is divided, with Schools receiving 46.75% and the City retaining 53.25%. In FY 2020-21, the City continues to provide more local funding than required by the State's Standards of Quality (SOQ) by approximately $259.3 million.

In the FY 2020-21 Operating Budget, Schools will complete the implementation of full-day kindergarten at all 55 elementary schools.

APPROPRIATIONS



FY 2020-21 Operating Budget Total Estimated Appropriations

The City Manager's Proposed FY 2020-21 Net Operating Budget totals $2,145,611,801, which is an increase of 3.1% from the FY 2019-20 Adjusted Budget. Overall, the City's Operating Budget is growing by 2.3% and includes a net increase of 59.81 FTEs. The School's Operating Budget is growing by 4.2% and includes a net increase of 130.4 FTEs. As the pie chart above illustrates, the largest portion of resources is dedicated to the City Council priorities of education (45.5%), infrastructure-related departments (13.8%), and public safety (12.2%).

The City's Operating Budget of $2.1 billion is expressed in terms of the "net budget." The calculation of the net budget involves eliminating the duplication of funding between interfund transfers and the City's internal service funds. Transfer of revenues, such as those from the City's Operating Budget to the School's Operating Budget, and internal service fund charges, such as City Garage charges, would be duplicated if not deducted. This is reflected in the following calculation.

Operating Budget by Appropriation Category

	FY 2019-20 Total City & Schools Adjusted Budget	FY 2020-21 City Budget	FY 2020-21 Schools Budget	FY 2020-21 Total City & Schools Budget	% Change	$ Change
Personnel	944,538,378	418,884,190	550,977,787	969,861,977	2.68%	$25,323,599
Fringe Benefits	342,244,790	150,615,522	213,043,123	363,658,645	6.26%	$21,413,855
Operating Expenses	496,261,784	351,129,263	156,983,692	508,112,955	2.39%	$11,851,171
Capital Outlay	21,304,611	15,137,906	7,725,842	22,863,748	7.32%	$1,559,137
Debt Service	168,463,343	134,060,338	47,873,917	181,934,255	8.00%	$13,470,912
Pay-As-You-Go	80,080,187	78,283,026	500,000	78,783,026	-1.62%	($1,297,161)
Reserves	27,719,634	20,397,195	-	20,397,195	-26.42%	($7,322,439)
Total	**$2,080,612,727**	**$1,168,507,440**	**$977,104,361**	**$2,145,611,801**	**3.12%**	**$64,999,074**

The table above provides a high-level overview of each major appropriation category for both the City and the Schools. Unlike the Schools, the City does not include proposed pay increases within the "Personnel" category of the table. This funding is held in "Reserves" until after the fiscal year begins. Once the fiscal year begins, and the pay increase is a certainty, funds are allocated from the reserve to departments accordingly. When comparing expenditure categories in the table between FY 2019-20 Adjusted and the Proposed FY 2020-21 Budgets, the largest percentage of growth occurs in "Fringe Benefits" (6.26%) and "Debt Service" (8.00%).

Growth in fringe benefit costs is largely attributable to a change in Virginia Beach's Virginia Retirement System (VRS) rate. VRS is primarily funded through employer and employee contributions, as well as investment returns. Every two years – to align with the Commonwealth of Virginia's budget cycle – VRS recalculates its employer contribution rate. This recalculation is based on actuarial reports and an analysis of historical investment returns. Based on historical investment returns, a lower rate of return is anticipated, resulting in the need for increased contributions from localities across the state.

For the City of Virginia Beach, this resulted in a rate increase of 1.75%, which is calculated based upon the salary costs of each full-time employee. While the City's employer contribution was 14.54% for FY 2018-19 and FY 2019-20, the rate for FY 2020-21 and FY 2021-22 is increasing to 16.29%. The fiscal impact to the City's General Fund as a result of this increase is over $5 million. For Virginia Beach Schools, the rate changed from 15.68% to 16.62%. This results in an increase of $4.5 million to the VRS employer contribution in FY 2020-21, for the Schools.

The growth of $13.4 million, or 8% in debt service, is attributable to the $91 million General Obligation (GO) bond sale that occurred in the Fall of 2019 and the projected $186.7 million (excluding refunding) Public Facility Revenue Bond (PFRB) sale, planned for April of 2020. Both of these bond sales result in additional debt service payments for both City ($9.4 million) and Schools ($4.1 million) in FY 2020-21.

The reduction in budgeted reserves is largely attributable to the dissolving of the Sandbridge Tax Increment Financing (TIF) District. In FY 2019-20, $8.5 million was budgeted in a reserve within the Sandbridge TIF. Beginning in FY 2020-21, the Sandbridge TIF will be dissolved, and there will no longer be a budgeted reserve. In addition, the Tourism Investment Program's budgeted reserves have decreased by over $6 million, to account for the fund's increase in debt service costs.

Compensation, Benefits, Recruitment, and Retention

Remaining competitive in the job market is critical to recruiting a diverse pool of applicants. The FY 2020-21 Proposed Operating Budget provides both resources to compensate the existing workforce, as well as several new initiatives intended to position the City as a workplace of choice for prospective employees.

Compensation and Benefits

The FY 2020-21 Operating Budget provides a 2.5% merit increase for full-time City employees and a 2.5% general increase for part-time City employees. For full-time employees, this increase will be based on the midpoint of each employee's salary range. The minimum and maximum of each pay range will be increased by a flat amount, equivalent to 1.25% of the midpoint of each salary range. This will benefit new hires by providing a higher starting salary and those at the top the range with a partial merit increase. For employees at the maximum of their current pay range, any residual amount, up to the 2.5% merit, will be paid as a bonus. The School's FY 2020-21 Operating Budget includes a 3.5% salary increase for school employees. The School's budget did not assume additional State resources to support the 3.5% increase within FY 2020-21.

The proposed budget also continues the implementation of the three-year phase-in of moving all City supervisory positions to the midpoint of their salary range. This policy aims to minimize vertical compression by advancing employees promoted into supervisory classifications to the midpoint of their salary range within three years from the time of promotion. By moving these employees to the midpoint, only subordinates with significant tenure with the City would continue to make more than their supervisor.

Rising healthcare costs are impacting both employers and employees. The City and Schools did not increase employee premiums for health insurance in FY 2019-20; however, due to the rising cost of healthcare, employee health insurance premiums will increase in FY 2020-21. The City and Schools, as employers, will fund a 3% increase for health insurance premiums and employees will see a 2% increase in premium costs beginning in January 2021.

While employee healthcare costs will rise in FY 2020-21, it is important to note that this increase will not supersede any pay raise provided by the City. For example, an employee earning $56,025 – the midpoint of their salary range – could receive up to $1,400 in a merit increase of 2.5%. If this employee is enrolled in the City's most expensive, POS Premier Family healthcare option, their annual premium would increase by only $80 in FY 2020-21, as the increase will not take effect until January 1, 2021. The following table illustrates several examples of position salary midpoints and health insurance options, as well as their applicable increases:

Salaries:	**FY 2019-20**	**FY 2020-21**	**Salary Increase**
Police Officer I Midpoint	$56,025	$57,425	$1,400
Account Clerk I Midpoint	$31,439	$32,225	$786
Engineer III Midpoint	$90,490	$92,752	$2,262
Health Insurance:	**FY 2019-20**	**FY 2020-21**	**Premium Increase**
POS Premier Subscriber Only	$1,266	$1,279	$13
POS Premier Family	$7,961	$8,041	$80

Note: All salary increases are provided at the midpoint of the salary range and are not based on actual salary.

Recruitment, Retention and Initiatives to Fill Vacancies

Both City and Schools are struggling to attract qualified talent to fill vacancies, as well as retain current employees. Schools are finding it difficult to hire and retain teachers. Similarly, the City is finding it difficult in the competitive job market to attract and retain qualified staff across various fields of expertise. These fields of expertise range from public safety professionals like police officers to professionals like engineers. The FY 2020-21 Proposed Operating Budget includes resources and several initiatives to address this critical need.

Market Salary Survey - In FY 2020-21, resources are being provided to conduct a City-wide market salary survey. The purpose of this survey is to gain a sense of where the City of Virginia Beach's pay ranges are compared with the market. The last time a market salary survey was conducted was 2011. Based on the outcome of the survey and pending future implementation of the results, this will be a useful tool to ensure that the salaries offered by the City of Virginia Beach remain competitive with other public entities.

Public Safety Workforce Development and Sheriff Pay Parity - Several initiatives previously implemented will continue. FY 2020-21 will be the second year (third year for the Police Department) of the public safety workforce development program, as well as the Sheriff's Office pay parity initiative. Contingent upon successful completion of a required professional development plan, the workforce development program allows police officers, firefighters, Sheriff's deputies, and paramedics to receive a 5% salary increase after their first three years with the City, a 10% salary increase after six years with the City, and a 5% salary increase after nine years with the City. While the primary focus of this program is career development and training for the City's first responders, it also allows these personnel the opportunity to move through their pay range earlier in their career, which also helps to alleviate horizontal compression and retain staff. The Sheriff's pay parity initiative is a four-year phase in of salary increases to align the Sheriff's Office deputy salaries with that of comparable positions in the Police Department. Sworn Sheriff's deputy supervisors are also included in City's plan to increase supervisors to the mid-point of their pay range.

Despite efforts in recent years to increase the number of sworn police officers, the positions added have ultimately resulted in a higher number of unfilled vacancies. Turnover and vacancies within the Police Department is largely being driven by retirements and the unsuccessful completion of the Police Academy by recruits. The Police Department is proposing to convert eight vacant Police Officer Recruit positions to civilian-type positions. Existing sworn staff, currently fulfilling administrative duties, will be reassigned to field duties, while these newly-hired civilians will fulfill the administrative duties. This will allow experienced police officers to fulfill traditional law-enforcement duties, rather than administrative tasks. This initiative does not require any additional resources, yet it increases the number of police officers on the streets.

Engineer Recruitment and Retention Program - A new initiative is also included within this year's Operating Budget in an effort to mitigate the large number of engineer vacancies across the departments of Public Works, Public Utilities, and Planning and Community Development. To deliver the existing CIP, or any accelerated plan for stormwater improvements associated with a possible bond referendum, it is necessary to attract and retain qualified engineers. In FY 2020-21, funding is provided to increase all city engineer and architect salaries by 5% in order to be more competitive with other public entities such as the Hampton Roads Sanitation District (HRSD), Virginia Department of Transportation (VDOT), and the federal government. In addition, departments have been given the flexibility to use hiring bonuses to fill existing vacancies. The 5% salary increase is intended to help with the recruitment and retention of experienced engineers to perform as project managers to implement complex projects and initiatives particularly for transportation, flood control, storm water regulatory compliance, traffic engineering, facilities construction, and infrastructure rehabilitation.

This initiative also provides funding for professional development to assist qualified Engineer I and Engineer IIs to take the Professional Engineering Examination and career progress to Engineer IIIs. The departments of Public Works and Public Utilities are also expected to work in partnership with the Department of Human Resources to enhance outreach efforts to universities to recruit recent college graduates. In total, this initiative is anticipated to cost $959,000 for 154 positions across the City (including the General Fund, Water & Sewer Enterprise Fund, the Stormwater Enterprise Fund, and the Waste Management Enterprise Fund).

Virginia Beach City Public Schools (VBCPS) - To address recruitment and retention, VBCPS' FY 2020-21 Budget includes $1 million of ongoing funding to provide for additional duty supplements for teachers (athletic coaches, department chairs, etc.) and for increases for early commitment signing bonuses. Additionally, VBCPS is in the process of reviewing the placement of all clerical support positions on the unified pay scale. At this time, the anticipated cost associated with this compensation change would be an additional $1 million.

Employee Benefits

Hybrid VRS employees are typically defined as all employees, with the exception of those eligible for enhanced retirement in hazardous duty positions, who were hired after January 1, 2014. The proposed budget includes an expansion of the monthly amount of paid time off (PTO) accrued by Hybrid VRS employees. It also increases the amount of PTO that can be carried over at the end of the year. The table below summarizes the current policy and the proposed changes:

Service Time in Years	Hours Accrued Monthly		Hours/Days Accrued Annually		Hours/Days Maximum Carryover	
	Current	**Proposed**	**Current**	**Proposed**	**Current**	**Proposed**
0 to < 5	11	12	132/16.5	144/18	176/22	224/28
5 to < 10	13	14	156/19.5	168/21	200/25	248/31
10 to < 15	15	16	180/22.5	192/24	224/28	272/34
15+	17	18	204/25.5	216/27	248/31	296/37

The above proposed changes will result in the accrual of an extra 1.5 days per year and expands the maximum allowable carryover by six days per year for all hybrid employees. The proposed updates to the City's leave policy do not have a direct monetary impact on the Operating Budget, and will provide an additional benefit to more recently hired employees.

The proposed budget also includes the expansion of the City's Maternity/Paternity leave program. The revised program will provide six weeks of paid leave for the birthing and non-birthing parents, as well as adoptive parents. This is an increase of three weeks from the current policy, and Virginia Beach remains the only city in Hampton Roads with a maternity leave program.

In 2019, VBCPS updated their sick leave payout to allow for an increase in the daily rate for sick leave payouts at retirement for VRS Plan 1 and Plan 2 employees. The City's current rate of $28 has not been modified since the 1990's. The City Manager's Proposed Budget does not provide any updates to sick leave; however, future Council action could update the current policy.

Education

The FY 2020-21 School Board Proposed Budget includes a net increase of 130.4 FTEs, to include an additional 120.25 instructional positions. This includes 16 FTEs for kindergarten teacher and teacher assistant positions for the

remaining three schools that will implement full-day kindergarten in the 2020-21 school year; 56.5 FTEs are required due to language in the Governor's budget that eliminates the temporary staffing flexibility that allowed school divisions to increase staffing ratios by an additional student for certain instructional positions; 6 teachers for the expansion of An Achievable Dream Academy; 12 English as a Second Language teachers; 9 FTEs for special education; 8.8 additional school counselors; 2 teaching positions to expand the Advancement via Individual Determination (AVID) program; a gifted resource teacher for Renaissance Academy; an instructional specialist for the new environmental studies program and other changes in FTEs due to enrollment shifts and continued support of instructional programs.

During the 2020/21 school year, VBCPS is adding an additional opportunity for students to its academic programs. The Environmental Studies Program hosted at the Brock Environmental Center will offer high school juniors and seniors an opportunity to expand their understanding of sustainable economics and business innovation, social sustainability, environmental sustainability and natural resource stewardship. The program will prepare students for post-secondary education and provide pathways for students to investigate careers related to the environment and sustainability.

The FY 2020-21 Capital Improvement Program provides funding for an expansion of Lynnhaven Middle School for the An Achievable Dream Academy (AAD). The original An Achievable Dream Academy was opened at Seatack Elementary School during the 2014-15 school year for kindergarten through the second grade. In the 2018-19 school year, the first class of An Achievable Dream students began middle school. As a result of successful implementation of the AAD Program at Seatack Elementary, it was decided that VBCPS would partner with AAD to expand the AAD Program to middle school students. Lynnhaven Middle School has been identified as the ideal local for the expansion of AAD Academy. In order to accommodate the expansion, a new wing needs to be added to Lynnhaven Middle School. Once completed, Lynnhaven Middle will continue to house middle school students (grades 6-8) who are zoned for Lynnhaven Middle, in addition to students enrolled in the An Achievable Dream Academy (grades 6-12). While the AAD Academy will have a separate entrance, the two schools will share the common areas of the facility such as the cafeteria, library, gymnasium, athletic fields, and tennis courts.

Dedication of Resources for Long-term Sustainment

Included within the FY 2020-21 Proposed Operating Budget is a General Fund real estate tax dedication of 1.85¢, or $11.1 million of the real estate revenue to support emerging City Council priorities, as well as recovery from the May 31, 2019 event. This is **not a tax rate increase**, but simply a proposed dedication as a result of eliminating the Sandbridge TIF (to be discussed in the revenue section of this document), that will sustainably address City Council priorities and initiatives. This will also address needs that will continue many years into the future as a result of the event on May 31, 2019.

The following table provides a summary of the newly established dedication. Revenues that are dedicated for a specific purpose are excluded from the Revenue Sharing Formula, and a full list of dedications can be found in the Dedication of Local Revenues section of this document. This newly established dedication allows the Resource Management Plan to address numerous Council priorities and respond to both immediate and future needs without reducing services or raising taxes or fees. The following table provides a summary of these needs grouped within three categories: May 31, 2019 recovery efforts, implementation of Hillard Heintze Report, and City Council initiatives and Priorities.

	Purpose	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
5/31 Recovery	Leases	$1,024,600	$1,024,600	$1,024,600	$1,024,600	$-	$-
	Lease-Buildout	$600,000	$-	$-	$-	$-	$-
	Lease Custodial Costs	$75,000	$75,000	$75,000	$75,000	$-	$-
	Recovery Manager	$109,108	$112,381	$115,753	$-	$-	$-
	BLDG. 1, 2, 11 Debt Service	$-	$-	$3,800,000	$3,710,000	$3,620,000	$3,530,000
Hillard-Heintze	CIP 3-166 Facility Access Systems	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
	CIP 3-183 City Security Enhancements	$2,220,585	$2,977,837	$500,000	$500,000	$500,000	$500,000
	Security Office	$1,000,000	$1,030,000	$1,060,900	$1,092,727	$1,125,509	$1,159,274
	Emergency Training	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000
	Public Safety Bldg. Access	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000
	HR Staffing	$1,490,147	$1,534,851	$1,580,897	$1,628,324	$1,677,174	$1,727,489
	Employee Training	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000
Emerging Priorities	Disparity Study	$396,541	$398,791	$401,041	$403,291	$405,541	$407,791
	Short Term Rental	$253,433	$261,036	$268,867	$276,933	$285,241	$293,798
	MCRT and Child Services	$219,170	$225,745	$232,517	$239,493	$246,678	$254,078
	Building Asset Mgmt.	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000
	Homeless Services Admin Specialist	$68,306	$70,355	$72,466	$74,640	$76,879	$79,185
	Engineer Incentive	$667,230	$687,247	$707,864	$729,100	$750,973	$773,502
	0.5% Compensation	$2,000,000	$2,060,000	$2,121,800	$2,185,454	$2,251,018	$2,318,548
	Total Exp.	**$11,124,120**	**$11,457,844**	**$12,961,705**	**$12,939,562**	**$11,939,012**	**$12,043,666**
	1.85¢ Real Estate Dedication	*$11,124,120*	*$11,457,844*	*$11,801,579*	*$12,155,626*	*$12,520,295*	*$12,895,904*
	Difference	*$-*	*$-*	*$(1,160,126)*	*$ (783,936)*	*$ 581,283*	*$ 852,238*

As reflected in the table, year one cost for these needs are $11.1 million. Over the next six years, these costs are anticipated to grow to $12 million. A real estate tax dedication of 1.85¢ is anticipated to generate adequate revenue to fund these needs over the next couple of years. Due to debt service associated with building 1, 2 and 11, expenditures are anticipated to exceed dedicated revenue in FY 2023 and FY 2024. By FY 2025 and FY 2026, growth in revenue and reductions in other cost recovery efforts are anticipated to result in additional resource capacity. These resources could then be directed to address additional needs identified by City Council.

5/31 Recovery Efforts

In the wake of May 31, 2019, many City employees have been relocated to temporary lease spaced across the City. The FY 2020-21 Budget provides funding for additional leases for the departments of Public Works, Public Utilities, Planning, and Information Technology (IT) related to their relocation from Building 2. In addition to lease payments, funding is provided for the build-out of these spaces, as well as the custodial upkeep of the facilities. To coordinate the recovery efforts between outside agencies and the City, the City has hired a Recovery Manager. The Recovery Manager will serve the role of a liaison between the City of Virginia Beach and Sentara in the operation of the VB Strong Center. This position is critical for the planned recovery efforts to assist City employees impacted by the event and in need of additional support. The FY 2020-21 costs associated with these efforts are reflected within the previous table and total $1.8 million.

In July of 2019, City Council acted to establish CIP project 3-174 "Operations Facilities Renewal and Replacement." This project combined the existing partially funded Building 1 and Building 11 renewal projects with the unexpected renovation of Building 2 under one umbrella project to allow for a single contract to begin design work on the three buildings. When the renovations of each of the buildings are completed, Building 2 is expected to be the Police Headquarters and First Precinct, and Buildings 1 and 11 will house several divisions of Public Works, Public Utilities, IT, and Planning. The total project cost is estimated to be $83 million, with $4 million previously funded in FY 2019-20.

In order to fund this project, several CIP projects are being delayed, ensuring adequate funding and debt capacity is available for this project. Bonds previously allocated for the delayed projects were redirected toward CIP 3-174 "Operations Facilities Renewal and Replacement." As a result of this effort, only $40 million of additional bonds were programmed to fully fund this project. As such, reflected in the previous table is the additional projected debt service anticipated to occur resulting from the $40 million of additional bonds programmed. More detail about changes in project funding and timelines is available in the CIP section later in this document.

Implementation of Hillard Heintze Report

On March 3, 2020, the City Manager presented the City of Virginia Beach's response to the recommendations provided within the Hillard Heintze report. Outlined within the response was that many of the recommendations in the report already exist within the City's policies and procedures. Some of the recommendations can be implemented with limited resources, but several of the recommendations will require a significant amount of resources to implement. The FY 2020-21 Proposed Budget includes $5.5 million to implement recommendations within the following three areas:

Human Resources - The Human Resource department is receiving 15 new FTEs to centralize operations, establishing a Threat Assessment Team, implement a case management system, and conduct training throughout the City. In total, $1.7 million is included within the budget to implement these recommendations.

Public Safety - Additional resources will be included for emergency exercises and to purchase and expand the number of "breach kits" available to public safety personnel for easier access to city facilities. In total, an additional $350,000 will be included within the budget to implement these recommendations.

Facility Security - The budget adds four FTEs and funding for operating costs in order to establish a Facility Security Division within the Office of Emergency Management. This division will prioritize and address facility security issues moving forward. This division will assist in improving physical security, employee and public safety training and education, and overall management of security at City facilities. To compliment this new office, CIP 3-183 "City Security Enhancements" is included within the CIP for the purpose of making structural alterations to existing facilities in need of security improvements. Additional resources are also included within the CIP 3-166 Facilities Access

Systems (previously titled Building Security) to enhance and accelerate installation of electronic locks and other components of the centralized facility access management system. These CIP projects are funded through increased pay-as-you-go financing from the General Fund. In total, an additional $3.5 million is included within the FY 2020-21 Operating Budget and CIP to enhance facility security. These costs are summarized in the table on the previous page. Years two through six of the CIP will also receive additional funding for the implementation of these recommendations. Additional information about these specific projects is provided in the Proposed CIP document.

City Council Initiatives and Priorities

Within the proposed 1.85¢ real estate tax dedication, $3.7 million of the $11.1 million is allocated to implement and better resource several City Council initiatives. City Council places a priority on compensating, recruiting, and retaining qualified staff. Merit increases and incentive programs, like the ones included within the Proposed Operating Budget, have ongoing costs. Providing compensation increases in a sustainable manner is critical to the long-term financial viability of the City.

The Proposed FY 2020-21 Operating Budget includes additional staffing and resources to implement both the Short-Term Rental program and the recommendations of the Disparity Study. Also included are additional positions in the Departments of Housing and Human Services. As the community changes, the manner in which services are delivered must also change. The Department of Housing, through the addition of an FTE, is seeking to better understand the outcome of City homeless services through the use of data and analytics. Information gathered will be used to determine the efficiency of programs or if future modifications need to occur in order to achieve the desired outcome.

Additional resources and positions are also provided in Human Services to enhance operations within the Department's Child Welfare Unit and the Mobile Co-Responder Team (MCRT). Human Services has partnered with Police and Emergency Medical Services to establish a MCRT. The intent of the MCRT is to provide specialized responses to help deescalate tense situations involving citizens in crisis for whom a non-traditional law enforcement response may be best suited. As part of this response, representatives of Human Services accompany Police to the scene of these types of calls.

Budgeting for Attrition

The FY 2020-21 Operating Budget uses the practice of budgeting for attrition for the third consecutive year. Prior to FY 2018-19, the City of Virginia Beach fully budgeted salaries in the General Fund Operating Budget. In that year, City Council made the decision to use attrition savings to balance the budget without increasing taxes or fees, and since that time, the practice has continued. In FY 2018-19, $5.3 million was utilized, in FY 2019-20 $5.1 million, and in the FY 2020-21 Operating Budget $5 million in vacancy savings has been programmed.

In addition to the more traditional mechanism of budgeting for attrition, the City also budgets for attrition by using vacancy savings to fund additional overtime and contracted manpower costs needed to backfill workload due to position vacancies and departmental emergencies. In FY 2019, the General Fund expended $7 million in vacancy savings to cover the use of contracted manpower and overtime above and beyond the amount budgeted for these purposes. The City also uses realized personnel savings in subsequent fiscal years by programming General Fund-Fund Balance to finance the CIP. Any additional use of attrition above what is included in the proposed budget could result in the fund balance of the General Fund falling below 10% of FY 2020-21 estimated revenue and/or reducing the amount of fund balance available for financing the CIP.

REVENUE

Total revenue for the City Manager's Proposed Budget for FY 2020-21 is $2,145,611,801, a 3.1% increase over the Adjusted FY 2019-20 Budget. Total City revenue for FY 2020-21 is estimated at $1,168,507,440, while School revenue is estimated at $977,104,361. This represents a revenue increase of 2.3% for the City, while School revenue is growing at 4.2% when compared to the Adjusted FY 2019-20 Budget.

The table below reflects all major revenue streams included in the FY 2020-21 Proposed Operating Budget. A more in-depth discussion of several of the revenues shown in this table is included later in this section.

FY 2020-21 Operating Budget Total Estimated Revenue

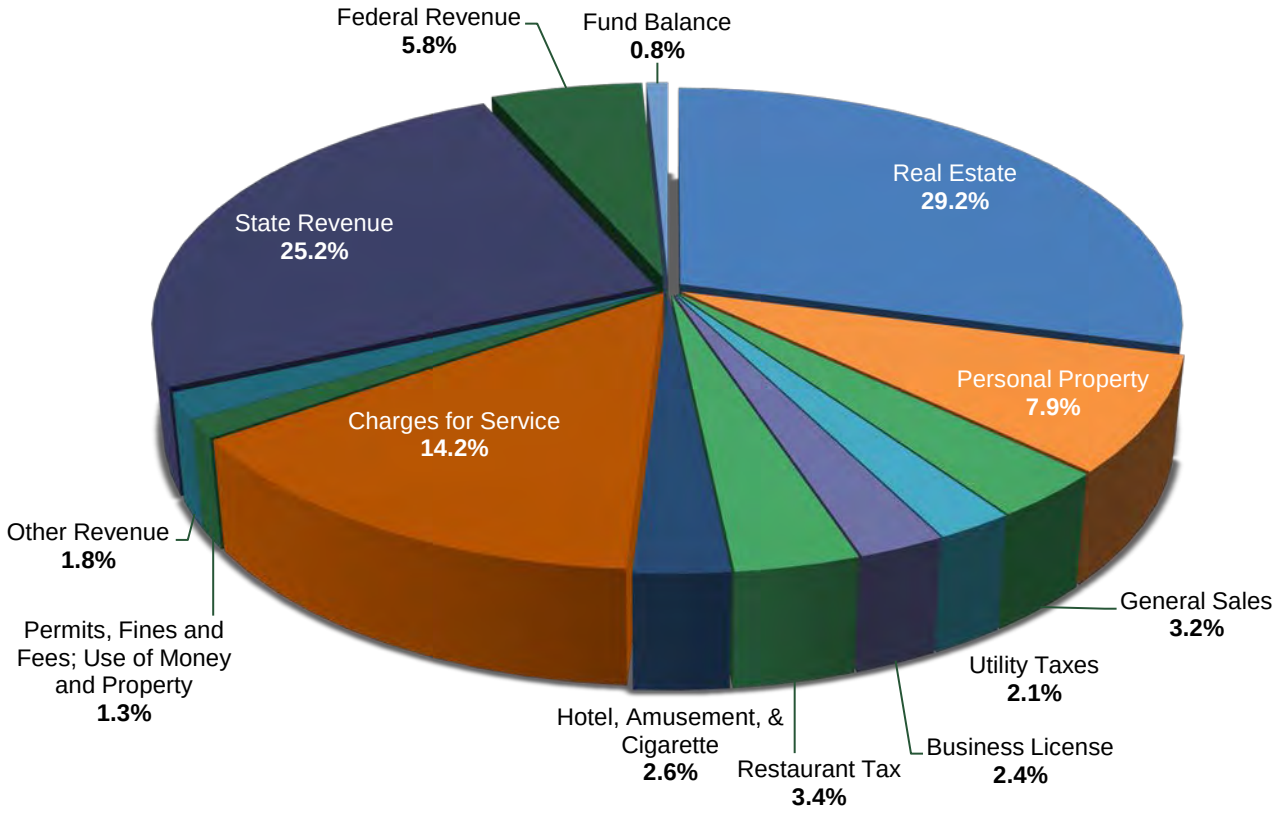
	FY 2019-20 Adjusted Budget	FY 2020-21 City Budget	FY 2020-21 School Budget	FY 2020-21 Total City & School Budget	Percent Change
Real Estate	605,709,974	365,513,654	261,447,864	626,961,518	3.5%
Personal Property	163,497,601	90,257,473	79,240,128	169,497,601	3.7%
General Sales	66,745,446	37,057,286	32,533,861	69,591,147	4.3%
Utility Tax	49,578,224	24,367,670	21,393,213	45,760,883	-7.7%
Automobile License	11,652,769	6,165,313	5,412,739	11,578,052	-0.6%
Business License	51,892,052	27,387,983	24,044,849	51,432,832	-0.9%
Restaurant Tax	70,026,667	51,873,616	22,004,129	73,877,745	5.5%
Amusement Tax	7,019,378	7,223,932	-	7,223,932	2.9%
Hotel Room Tax	37,944,530	35,901,443	3,916,429	39,817,872	4.9%
Cigarette Tax	11,179,170	6,427,995	3,261,475	9,689,470	-13.3%
General Fund Balance	6,239,587	2,655,456	409,000	3,064,456	-50.9%
Other Fund Balance	10,709,695	1,442,239	12,926,135	14,368,374	34.2%
Utility Fees	170,697,301	173,041,016	-	173,041,016	1.4%
Other Revenue	136,907,547	117,859,051	30,522,044	148,381,095	8.4%
Waste Collection Fee	36,898,819	37,398,127	-	37,398,127	1.4%
State Revenue	518,043,947	134,419,661	405,865,920	540,285,581	4.3%
Federal Revenue	125,870,020	49,515,526	74,126,574	123,642,100	-1.8%
Total Operating Budget	**$2,080,612,727**	**$1,168,507,440**	**$977,104,361**	**$2,145,611,801**	**3.1%**

**The City/Schools funding formula can be viewed in the Appendix section of the Operating Budget.*

In recent years, the local and regional economies have experienced steady growth. This is illustrated at the local level by the seventh consecutive year of real estate assessment growth. The Office of the Real Estate Assessor estimates that assessments will increase 3.3% in FY 2020-21, generating $626,961,518 in real estate tax revenue. Growth of this

revenue is critical, as real estate taxes account for 29.2% of all revenue to the City. Revenue from the State and Federal governments account for 25.2% and 5.8%, respectively, with the majority of this revenue supporting Virginia Beach City Public Schools.

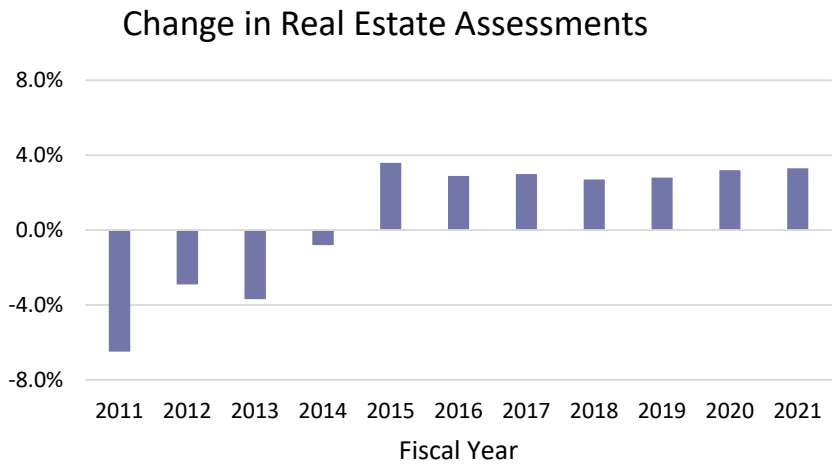
Proportion of Revenue by Type



Real Estate

The real estate tax is the single largest revenue source for the City, generating over a quarter of the City's total revenue and nearly half (47.9%) of the City's General Fund tax revenue. The City Manager's Proposed Budget maintains the current real estate tax rate of $1.0175 per $100 of assessed value. The increase in this revenue in FY 2020-21 is due to growth in assessed value of both residential and commercial properties.

Residential property assessments are expected to increase by 2.44% in the coming year, while commercial properties are expected to increase by 3.25%. In total, real estate assessments are expected to increase 3.3% in FY 2020-21. The largest anticipated increase is for apartment properties, which are expected to see a 12.22% increase in assessed value. This is driven primarily by demand for housing, particularly for luxury apartments, townhouses, and condominiums, which appeal to both younger buyers, as well as older buyers seeking to downsize.



Most real estate tax revenue supports general government operations, including the Schools; however, City Council has identified several priorities that receive a dedication of the real estate tax. These dedications are 2.5¢ for stormwater, 3.476¢ to Parks and Recreation to support City recreation centers, 0.9¢ to the Agricultural Reserve Program (ARP), 0.47¢ to the Outdoor Initiative Program, and the City Manager's Proposed Budget includes a new 1.85¢ dedication to the General Fund to support emerging City Council priorities. A detailed list of the items to be funded by this new dedication is included in the Appropriations section of the Executive Summary.

In addition to these various dedications of the real estate tax, the City has several Special Service Districts (SSD) with increased real estate rates that support enhanced services within specific geographical boundaries. The City also uses Tax Increment Financing (TIF) Districts to fund public improvements in specific geographical areas.

The table below reflects the growth in real estate tax revenue compared to FY 2019-20 and illustrates where that funding is appropriated within the FY 2020-21 budget.

Changes in Real Estate Revenue FY 2019-20 to FY 2020-21

	FY 2019-20	FY 2020-21	Difference
City Operations and CIP	$288,464,850	$ 297,798,905	$9,334,055
Stormwater	14,294,539	15,032,595	738,056
City Council Priorities	-	11,124,120	11,124,120
Schools Operations and CIP	253,301,502	261,447,864	8,146,362
Parks and Recreation	22,562,501	23,727,449	1,164,948
Sandbridge Special Service District	735,502	519,024	(216,478)
Agriculture Reserve Program	5,146,034	5,411,735	265,701
Sandbridge TIF District	10,411,393	-	(10,411,393)
Central Business District TIF District	8,033,042	8,839,635	806,593
Town Center Special Service District	2,111,141	2,390,683	279,542
Dredging Special Service Districts	649,470	669,508	20,038
Total	**$605,709,974**	**$626,961,518**	**$21,251,544**

The previous table reflects the dissolving of the Sandbridge TIF. Real estate revenues previously dedicated to the TIF are now included in the base of revenues to split between the City and Schools and are no longer earmarked specifically for Sandbridge. The $216,478 loss in real estate revenue to the Sandbridge SSD is attributable to the proposed reduction in the real estate special service rate from 6¢ per $100 of valuation to 4¢ per $100.

Sandbridge TIF and SSD

Of the more significant changes in the allocation of revenue included in the City Manager's Proposed Budget, are the recommendations to dissolve the Sandbridge Tax Increment Financing (TIF) District and to reduce the real estate special service rate in the Sandbridge Special Service District (SSD).

Prior to 1990, there was no financial strategy at the local, state, or federal level to fund sand replenishments at Sandbridge Beach to combat erosion that threatened damage to public and private infrastructure. At that time, the federal government did not deem Sandbridge beach replenishment as a priority when determining where along the Atlantic coast should be nourished through hurricane-protection projects managed by the Army Corps of Engineers. However, in 1992, the federal government included Sandbridge in its sand nourishment projects to combat against 100-year storms. This authorization required a cost sharing agreement between the City and the federal government. In order to create a dedicated local revenue source, the Sandbridge Special Service District was established in November of 1994.

The Code of Virginia (Section 15.2-2400-2403.4) authorizes localities to establish Special Service Districts, which are intended to provide enhanced services within a predetermined geographic boundary. The Code of Virginia grants localities the authority to impose additional taxes or rates within the SSD to finance these enhanced services. The SSD

has an additional real estate tax rate of 6¢ per $100 of assessed value. In addition to the increased real estate tax rate, the SSD retains $1 per room night of the total $2 hotel flat tax, as well as 6.5% of the total 9.5% hotel tax collected within the district. The SSD supports sand replenishment, beach access improvements, and a dedicated three-person beach maintenance crew.

In addition to authorizing SSDs, the Code of Virginia (Section 58.1-3245 – 3245.5) authorizes the use of Tax Increment Financing as a means of financing the cost of public improvements in a defined geographic area. The Sandbridge TIF was established in December 1998 as a means to ensure financial sustainability for sand replenishment of Sandbridge Beach should federal funding for the project not be available and Sandbridge SSD funding be insufficient for total project costs. While the SSD imposes a higher tax rate for enhanced service levels, the property owners in a TIF district pay the same real estate tax rate as any other property owners in the City. The TIF generates funding for the district by isolating all revenue generated from assessment growth beyond the base year. Base year assessments of the Sandbridge TIF were established in FY 1997-98 at $206 million, and real estate tax revenue generated on this base amount each year continues to support the General Fund.

It is the City's practice to have the estimated cost of two Sandbridge beach replenishments programmed within the six-year Capital Improvement Program. This ensures that funding is available should the need for an emergency replenishment arise. Together, the TIF and SSD provided a sustainable, long-term financial plan for sand replenishment. Any excess TIF-related revenue beyond the amount needed for beach replenishments has historically been declared surplus and reverted to the General Fund at the end of the fiscal year. Since the establishment of the TIF, real estate assessments in the district have grown 540% to $1.32 billion. This robust growth is attributable in large part to the provision of sanitary sewer infrastructure, as well as the regular sand replenishment cycle and the enhanced beach maintenance crew that is funded through the SSD.

Due to the growth in assessments in the Sandbridge TIF and SSD district, as well as the lodging taxes generated in the district, a portion of the revenue generated in the TIF fund has been declared surplus for each of the past 14 fiscal years.

In FY 2019-20, an audit of the Sandbridge TIF and a financial analysis of the status of the TIF and SSD were conducted. The financial analysis found that the amount of surplus revenue from the TIF has been between $7 million and $9 million of the total $7.3 million to $10.5 million generated by the TIF. Even with this level of annual surplus, there are currently two fully funded beach replenishments within the CIP, CIP 8-026 "Sandbridge Beach Replenishment III" and CIP 8-038 "Sandbridge Beach Replenishment IV". The most recent replenishment will be completed in 2020, under CIP 8-010 "Sandbridge Beach Replenishment II" and the next planned replenishment is expected to occur in 2025.

In FY 2020-21, the total amount of real estate revenue generated from the Sandbridge TIF is estimated at $11.3 million. After the financial analysis was performed, it has been determined that the Sandbridge SSD can fully fund the necessary number of beach replenishments without the support of the Sandbridge TIF. The City Manager's Proposed Operating Budget proposes dissolving the Sandbridge TIF and reducing the real estate special service rate in the Sandbridge SSD from 6¢ per $100 of assessed value to 4¢ per $100 of assessed value. The Sandbridge SSD lodging-based revenue streams generate enough revenue that reducing the real estate rate is possible without impacting the beach replenishment schedule. A discussion of the impact of dissolving the TIF on the Schools' budget is provided in the CIP section of this document.

The Sandbridge TIF is the second of the three TIFs established in the City to be dissolved, indicating that they successfully accomplished their original goals; to enhance the economy and quality of life in Virginia Beach. The Lynnhaven TIF was dissolved in FY 2011-12, after successfully spurring private investment around Lynnhaven Mall. The Town Center TIF, established in 1999, remains in place, continuing to support the growth of Town Center.

Personal Property Revenue

Personal property tax revenue is comprised of taxes assessed on various types of property, including automobiles, business personal property, commercial boats, recreational vehicles, mobile homes, and other pleasure and leisure items. Automobiles and business personal property are the largest sources of personal property tax revenue and are taxed at a rate of $4.00 per $100 of assessed value. Of this amount, some revenue is allocated to Schools through the revenue sharing formula.

Given the number of variables involved in estimating this revenue, as well as the volatility in its historical performance, this revenue can be difficult to predict; however, personal property tax revenue is expected to increase 3.7% in FY 2020-21. Additional information about the variables and assumptions behind this estimate are provided in the Revenue section of the Operating Budget document.

Virginia Beach's vehicle personal property revenue collections come from two sources, a fixed amount from the Commonwealth for implementation of the Personal Property Tax Relief Act (PPTRA) and from the citizens of the City through payment of their personal property taxes. The percentage of residents' personal property tax liability that will be billed annually is determined by calculating the percentage of the eligible tax liability covered by the State reimbursement. The FY 2020-21 Operating Budget includes a State relief percentage of 46.8%, down from 50.1% in FY 2019-20. Accordingly, 53.2% of residents' personal property tax liability will be billed.

Consumer Driven Revenue

Consumer driven revenues are comprised of sales, hotel, meals, and amusement tax revenues, which are primarily influenced by the economic climate and desirability of Virginia Beach as a tourist destination. New projects and events on the horizon, such as the opening of the Virginia Beach Sports Center which will host year-round sporting events will help to drive these revenues in both the peak and shoulder seasons. In FY 2020-21, total revenue from these sources is projected to increase 4.8%.

Stormwater ERU Fee

The City Manager's Proposed Budget includes the 3.5¢ increase in the daily Stormwater Equivalent Residential Unit (ERU) rate adopted by City Council as part of the FY 2019-20 Operating Budget. The FY 2019-20 Operating Budget authorized a 3.5¢ increase in the daily rate annually through FY 2024-25 in order to support an increase in debt service related to stormwater capital improvement projects. This rate increase will change the ERU fee from 49.3¢ daily to 52.8¢, which equates to an additional $12.78 annually, per household. As a result of the 3.5¢ per day ERU fee increase in FY 2020-21, estimated revenue is expected to increase by $3.6 million.

Charges for Service

Charges for service are primarily comprised of enterprise fund fee collections (including the stormwater ERU fee discussed above) offsetting the cost of delivering services and programs. In FY 2020-21, there are no proposed increases to the solid waste fee, water service charges, or sewer service charges. However, the Proposed Budget includes several changes to Parks and Recreation fees. These changes include the elimination of day passes and month-to-month memberships. Instead, Parks and Recreation will implement a 30-day pass for residents and non-residents, as well as increasing annual membership fees by $2 for senior and youth residents and by $3 for all other memberships. Total revenues generated by charges for service, excluding the stormwater ERU fee discussed previously, are estimated to be $312.4 million in FY 2020-21.

State and Federal Revenue

State and federal revenue estimates are based on historical trends, General Assembly budget proposals, gubernatorial recommendations, and congressional action. While these two revenue sources account for approximately 31% of total revenue for the City, the majority of all budgeted state and federal revenue provide funding for Virginia Beach City Public Schools, Human Services, and the Department of Housing and Neighborhood Preservation. Overall, state revenue is expected to increase by 4.3%, while federal revenue is expected to decrease by 1.8%.

VBCPS based their State revenue estimate on the budget, as proposed by the governor in December 2019. The Governor's Budget anticipated that Virginia Beach would be provided with $401.2 million in State revenue in FY 2020-21. The Governor's Budget contained no pay raises in FY 2020-21 but envisioned a new, flexible revenue source for schools based on the legalization of "games of skill." Despite the lack of funding from the State for a pay raise, the Superintendent's Estimate of Needs (SEON) proposed a 3.5% locally funded VBCPS pay increase.

In the amendments to the budget agreed to by the General Assembly (after the School Board approved the SEON), several changes were made to the Governor's proposed budget that will impact VBCPS' revenue. First, the General Assembly Conference Report provides a 2% pay raise in FY 2020-21 for qualifying positions.

Secondly, the General Assembly removed the "game of skill" amount; however, legislators replaced this with an increased amount through a new Infrastructure and Operations Per Pupil Fund. This fund will add the existing Supplemental Per Pupil Lottery payment into the new fund and will increase per pupil allocations. It will also require that a portion of the new fund go to non-recurring expenditures, such as school construction, additions, and renovations. The amount from this fund that is allocated to VBCPS is expected to be similar to the amount of the "game of skill" proposal that was built into the base budget.

In total, the VBCPS will likely receive between $4 million and $5 million in extra direct aid from the Commonwealth above and beyond what was anticipated in the Superintendent's Estimate of Needs.

Use of Fund Balance

The FY 2020-21 Net Operating Budget uses a total of $17.4 million in specific fund reserves, commonly referred to as fund balance. As noted above, internal service funds are deducted from the net budget calculation, and thus any use of their fund balance is not included within the Net Operating Budget of $2,145,611,801. Fund balance results from collecting revenues in greater amounts than expenditures during the fiscal year.

Major uses of fund balance include the use of $8.7 million within the health insurance fund in order to reduce the amount of employee contribution required to implement the health insurance premium increases for both the City and the Schools. In addition to this, the General Fund has programmed $2.2 million in fund balance for the first of two payments to the Commonwealth for a long-term lease of the land adjacent to Camp Pendleton on General Booth Boulevard for the purpose of the Virginia Aquarium's auxiliary parking lot. The City will pay the Commonwealth $2.5 million in both FY 2020-21 and FY 2021-22 for the construction of a new secure gate to the Camp Pendleton State Military Reservation, and in return receive a lease of the land for 50-years with an additional 50-year option available. The City's General Fund programs the use of fund balance for nonrecurring costs.

In FY 2020-21, Virginia Beach City Public Schools have programmed a total use of $13.3 million in fund balance. $5.8 million is from the School Reserve Special Revenue Fund to balance their operating fund. The School Reserve Special Revenue Fund was established by City Council to allow the Schools a mechanism to use reversion funds in subsequent years. Reversion funding results from school revenues, including the local transfer, greater than

expenditures and from appropriations that were not expended during the fiscal year. State Code prohibits the School Operating Fund from maintaining a fund balance and stipulates that all unused appropriations or over realized revenues are to revert to the original source. At the request of the School Board this School Reserve Special Revenue Fund was established and each year the Schools, with city Council approval, may appropriate funding to this Fund for future use.

Annual Tax and Fee Impact

The following graphics summarize the estimated total impact of the FY 2020-21 Operating Budget on a household in Virginia Beach compared to FY 2019-20. Values and totals in bold reflect changes in tax rates or adjustments in values in this Proposed Budget. The bottom-line impact for taxpaying households who own a home valued at the citywide median and own two cars is an additional $82 annually, or $6.83 per month. This amount will vary for each individual taxpayer depending on variables such as home value, vehicle value, the number of cars owned, and consumption choices.

2020

Tax or Fee	Value	Annual
Real Estate Tax	$249,500 (City Median) X $1.0175 per $100 of value	$2,539
Personal Property Tax	$8,200 (City Car Average) X $4 X 49.9% Citizen Share X 2	327
Electricity Utility Tax	$3 per month	36
Gas Utility Tax	$3 per month	36
Water Utility Tax	$3 per month	36
Telecomm Tax	5% on $90 per month phone bill + cable ROW fee + E-911 tax	77
Restaurant Tax	Food Away From Home* ($3,853) X 5.5%	212
Admissions Tax	Participatory* ($75 X 5%) + General Admissions* ($199 X10%)	24
Vehicle License Registration	$30 per car X 2 Cars	60
Stormwater Utility Fee	49.3 ¢ per day X 365 Days	180
Waste Management Fee	$25 per month	300
Water & Sewer	Average cost of a 5,000 Gallon household	717
	Water: $28.91 per month; Sewer $30.81 per month	
	Total	**$4,544**

*Figures come from 2018 BLS Consumer Expenditure Survey for Virginia Beach's median income level.

2021

Tax or Fee	Value	Annual
Real Estate Tax	$**254,200** (City Median) X $1.0175 per $100 of value	**$2,586**
Personal Property Tax	$8,200 (City Car Average) X $4 X **53.2%** Citizen Share X 2	**349**
Electricity Utility Tax	$3 per month	36
Gas Utility Tax	$3 per month	36
Water Utility Tax	$3 per month	36
Telecomm Tax	5% on $90 per month phone bill + cable ROW fee + E-911 tax	77
Restaurant Tax	Food Away From Home* ($3,853) X 5.5%	212
Admissions Tax	Participatory* ($75 X 5%) + General Admissions* ($199 X10%)	24
Vehicle License Registration	$30 per car X 2 Cars	60
Stormwater Utility Fee	**52.8** ¢ per day X 365 Days	**193**
Waste Management Fee	$25 per month	300
Water & Sewer	Average cost of a 5,000 Gallon household	717
	Water: $28.91 per month; Sewer $30.81 per month	
	Total	**$4,626**

*Figures come from 2018 BLS Consumer Expenditure Survey for Virginia Beach's median income level.

Rate Comparisons

Virginia Beach's taxes and fees compare very favorably with other Hampton Roads localities. The following table includes major tax rates and fees that are imposed on residents and visitors and demonstrates that Virginia Beach has among the lowest tax rates in Hampton Roads, while also offering many additional services and programs not provided by surrounding localities.

Selected Tax Rates:

Virginia Beach Proposed FY 2020-21 and Other Cities Adopted FY 2019-20

	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
			In dollar amounts:				
Real Estate (per $100 /A.V.)	**$1.0175**	$1.05	$1.25	$1.30	$1.11	$1.24	$1.22
Personal Property (Vehicles & Business)	**$4.00**	$4.08	$4.33	$5.00	$4.25	$4.50	$4.50
Personal Property (Machinery & Tools)*	**-**	$0.64	$1.70	$1.50	$0.63	$1.23	$1.25
Automobile License Registration	**$30.00**	$23.00	$31.00	$32.00	$26.00	$35.00	$26.00
Cigarette (per pack)	**$0.75**	$0.65	$0.95	$0.95	$0.75	$0.85	$0.85
Solid Waste Fee (per month) ****	**$25.00**	-	$27.01	$29.16	$21.30	$43.88	$28.47
			In percent:				
Meals	**5.5%**	5.5%	6.5%	6.5%	6.5%	7.5%	7.5%
Admissions	**10.0%**	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Hotel	**8.0%**	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

*In Virginia Beach, the rate is one millionth of one cent, essentially zero. The Code of Virginia requires that localities assess and levy all classifications of personal property. With an adopted rate of one millionth of one cent, the City's Treasurer will not issue a nuisance bill. For the other cities, the effective rate is cited, which is a product of the tax rate multiplied by the assessment percentage. Using Chesapeake as an example, their tax rate is $3.20, but they only assess 20% of the value, producing an effective tax rate of 0.64 ¢ ($3.20 X 20%).

**Hampton represents average monthly cost of recyclers and non-recyclers. Newport News represents an average for Standard and Medium Container.

In addition to comparing tax and fees with the other Hampton Roads localities, the City also regularly compares its expenditures per capita as a percentage of per capita income with other jurisdictions. As the table below illustrates, Virginia Beach has the lowest expenditures as a percentage of per capita income (6.07%) when compared to the cities of Hampton Roads.

Relative Measure of Burden Per Capita

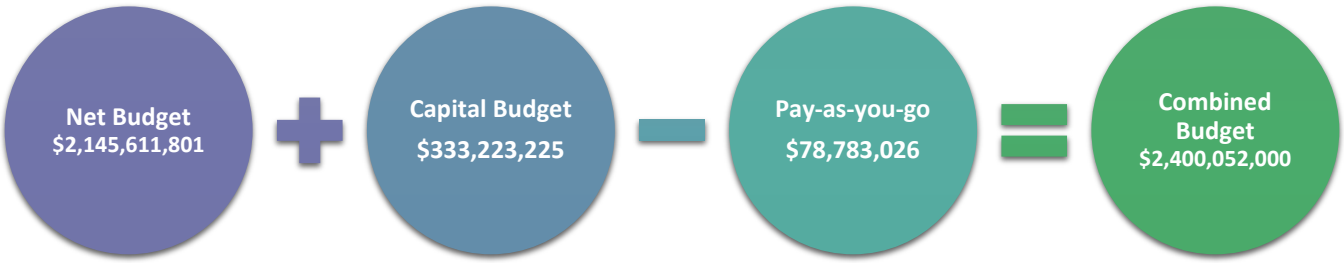
Locality	Per Capita Expenditures as a % of Per Capita Income
Virginia Beach	**6.07%**
Chesapeake	7.10%
Hampton	9.04%
Newport News	9.28%
Norfolk	8.47%
Portsmouth	9.54%
Suffolk	7.13%

Sources: Auditor of Public Accounts, Bureau of Economic Analysis, and the Weldon Cooper Center.

CAPITAL IMPROVEMENT PROGRAM (CIP) SUMMARY

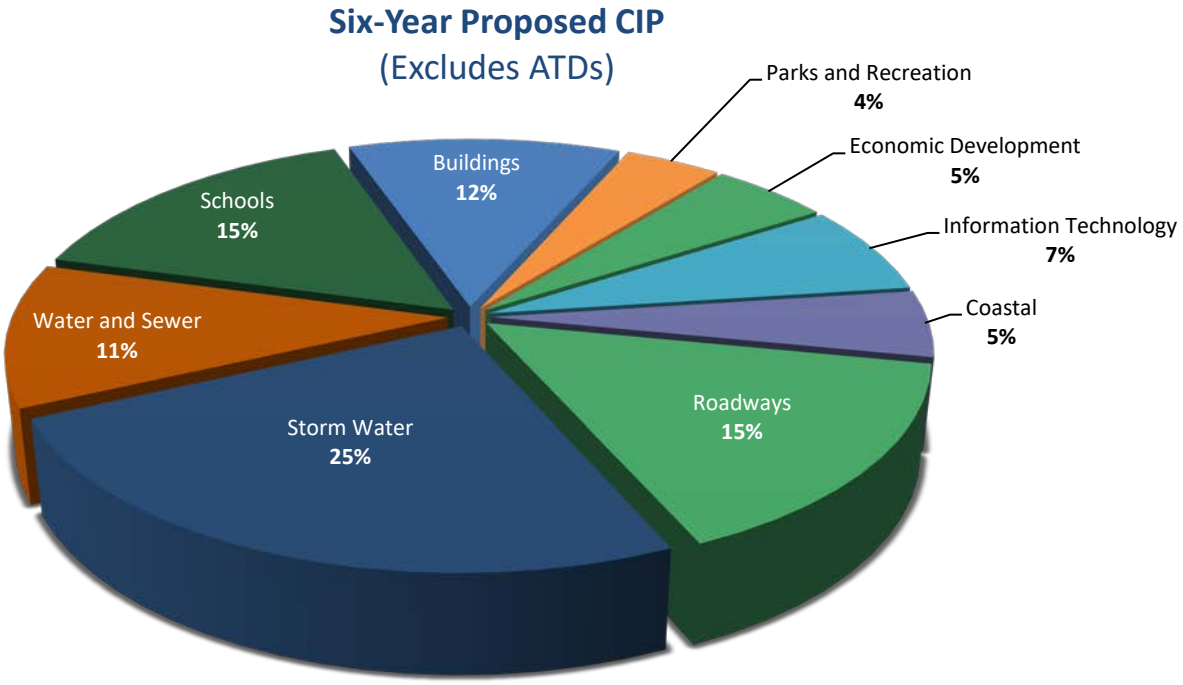
The Capital Improvement Program (CIP) is the City's six-year plan for the acquisition, construction, maintenance, and improvement of facilities and infrastructure. Continued investment in existing assets as well as the strategic planning of new and replacement assets is key to the success of the City.

The CIP serves as the City's framework for establishing priorities, planning future funding, and anticipating the impact of large scale projects on the Operating Budget. Budgeting for the CIP includes appropriations to date as well as the first year (Capital Budget) of the six-year capital improvement program. Years two through six are included for planning purposes only, and are not formally adopted as appropriations by City Council. Planning over a six-year period ensures that projects are appropriately estimated. The FY 2020-21 through FY 2025-26 CIP (including appropriations to date) totals over $3.5 billion. The combined total appropriations for the FY 2020-21 Operating Budget and Capital Budget are shown below.



The combined budget included in the Resource Management Plan for FY 2020-21 is $2,400,052,000. Just as internal service funds and interfund transfers must be subtracted from the Operating Budget to calculate the Net Budget, pay-as-you-go funding must be reduced from the Capital Budget or the funding would be duplicated. Pay-as-you-go is current revenue allocated to fund capital projects. The following table displays the total programmed funding for each section of the CIP.

Project Type	Appropriations to Date	FY 2020-21 Capital Program Budget Year 1	Remaining Years of the Capital Program Budget Years 2 - 6	Programed 6 Year Funding
Buildings and Assets	$190,377,814	$46,335,779	$152,677,072	$389,390,665
Coastal	$80,252,785	$9,376,341	$78,595,445	$168,224,571
Economic and Tourism Development	$254,862,997	$32,664,612	$53,927,472	$341,455,081
Information Technology	$77,700,127	$27,215,380	$90,717,183	$195,632,690
Parks and Recreation	$84,109,509	$16,505,800	$54,061,519	$154,676,828
Roadways	$441,227,387	$48,544,485	$208,362,273	$698,134,145
Schools	$221,152,623	$63,891,000	$195,500,000	$480,543,623
Stormwater	$301,440,903	$62,790,313	$352,500,000	$716,731,216
Utilities	$132,566,001	$25,899,515	$163,449,000	$321,914,516
Total CIP	**$1,783,690,146**	**$333,223,225**	**$1,349,789,964**	**$3,466,703,335**



Buildings and Assets

Following the events of May 31, 2019, there was a need to relocate a significant number of staff members from Building 2 to other locations throughout the City. Staff from Public Utilities, Planning, Public Works, and Information Technology have been relocated to temporary spaces in City-owned facilities or to newly leased spaces as a temporary measure.

While a small amount of funding had been programmed in the FY 2019-20 CIP to renovate Buildings 1 and 11 once the new City Hall was completed, a renovation of Building 2 had not been contemplated as part of the six-year program prior to May 31, 2019. As renovations to Building 2 became imperative as a result of May 31st, City Council approved an $83 million project to address the renovations of Buildings 1, 2 and 11 in order to consolidate work that was now required to renovate an additional building on the municipal campus. The newly created project, CIP 3-174, "Operations Facilities Renovations," received $3 million in appropriations to date and $1 million in fund balance from the General Fund in FY 2019-20 leaving a balance of $79 million to fully fund this new project.

The six-year CIP includes reprogramming of local funding to address the impacts of the May 31, 2019 event. Approximately $29 million in funding from several capital projects has been either redirected or delayed to later years in the FY 2021 through FY 2026 six-year Capital Improvement Program to create capacity for the $79 million needed for renovations of Buildings 1, 2 and 11. The additional funding for these renovations is coming from $40 million of debt financing programmed in year two of the CIP. The departments that were once housed in Building 2 are experiencing gaps in service due to a loss of employees, as well as workforce planning issues. The reallocation of funding to CIP 3-174, "Operations Facilities Renovations," will ensure that these displaced employees can eventually return to the municipal campus and again be located with other members of their department.

In addition to the renovations to Buildings 1, 2, and 11, this section has a number of new projects in the FY 2021 through FY 2026 CIP. Of particular importance is CIP 3-183 "City Security Enhancements," which will fund improvements to City facilties and grounds based on recommendations from the newly established security division in the Office of Emergency Management as well as security and risk assessments. This section also includes increased funding for a number of projects including CIP 3-166, "Facilities Access Systems," which is receiving an additional $300,000 in annual funding ($425,000 annually) to improve employee and citizen safety through the purchase and installation of cameras and secure doors in city owned and leased facilities.

Overall, the Buildings and Assets section of the CIP totals $46.3 million in FY 2020-21 and $199 million over the six-year program (excluding appropriations to date).

Roadways

In order to create Charter Bond capacity to fund the renovations to Buildings 1, 2, and 11, the Roadways section of the CIP will shift programmed funding from several projects into later years of the six-year plan. In most cases, the shift of these projects will delay the start of construction, and therefore completion, of these projects by a year or two; however, the scope of the projects will not be altered or reduced. For example, CIP Project # 2-153, "Elbow Road Phase II-D" will now have a construction start date of July 2026 rather than its previously anticipated July 2025 start date.

Despite some of the reprogramming of projects within this section, a total of $350,000 has been added in each year of the CIP to address a trio of Roadways programs: traffic calming, traffic signal rehabilitation, and traffic signal retiming. In addition, one new project, CIP 2-170, "Pungo Ferry Road Improvements," will be added to the Roadways section. "Pungo Ferry Road Improvements" will begin to receive funds in FY 2024, although at the conclusion of this six-year plan, the project will still have a remaining balance to complete.

In total, the Roadways section will be appropriated $48.5 million in FY 2020-21. Over the entire span of this year's FY 2021-2026 CIP plan, the Roadways section will receive $257 million in programmed allocations.

Schools

The six-year CIP provides $63.89 million for school projects in FY 2020-21 and a total of $259.4 million over the six-year CIP to modernize and replace buildings. The modernization of John B. Dey Elementary School (CIP 1-035) and the replacement of both Thoroughgood Elementary (CIP 1-043) and Princess Anne Middle (CIP 1-056) schools are scheduled to be completed in FY 2020-21. In FY 2020-21, an additonal use of $15 million in Public Facility Revenue Bonds is allocated for the replacement of Princess Anne High School (CIP 1-107). In addition, funding is provided for the expansion of Lynnhaven Middle School (CIP 1-024) to address the growing needs of An Achievable Dream Academy, and various renovation projects. Despite this investment, there remains a large number of unfunded school replacement projects. As with many City-owned buildings, the replacement backlog of schools is growing and the average school will be over 100 years old at the time it is replaced.

Historically, the amount of revenue from the Sandbridge TIF that has been declared surplus each year has been split equally between the City and Schools. In FY 2019-20, all remaining funds within the TIF will be declared surplus at the conclusion of the fiscal year, and both the City and Schools have programmed a portion of this funding for use in FY 2020-21. With the TIF being dissolved, this funding will not be available for use in the City or Schools' Operating Budget or CIP beginning in FY 2021-22. As this funding was programmed by the City as a revenue source in the adopted FY 2019-20 CIP, the City has replaced this funding in the City Manager's Proposed CIP for FY 2020-21 with other means of financing, including fund balance from the General Fund not associated with the Sandbridge TIF. The Schools' proposed CIP for FY 2020-21 included this funding as a means of financing in the non-appropriated years of

the CIP (FY 2021-22 through FY 2025-26) and therefore, an adjustment is required to reduce this source in those fiscal years. In order to replace this funding, the City Manager's proposed CIP includes the programming of fund balance from the School Reserve Special Revenue Fund in years two through six of the CIP.

The School Reserve Special Revenue Fund was established by City Council to allow the Schools a mechanism to use reversion funds in subsequent years. This fund currently has a balance of over $17 million; however, the Schools have included the use of $5.8 million from this fund in their proposed Operating Budget. Even with this amount being appropriated in FY 2020-21, the schools have a sufficient balance in this fund to offset the amount of fund balance from the General Fund programmed in the CIP as a result of the declaration of surplus from the Sandbridge TIF in FY 2021-22, FY 2022-23, and FY 2023-24. It is recommended that additional reversion funds are added to the School Reserve Special Revenue Fund over the next three to four years, providing sufficient resources to cover the ongoing funding issues in the Schools' CIP.

Stormwater

The FY 2020-21 Budget continues to allocate additional resources toward flood control, water quality, and maintenance of the existing stormwater system. One of City Council's focus areas is mitigating the effects of sea level rise, as well as recurrent flooding in neighborhoods across the City. For this reason, the FY 2020-21 six-year CIP increases funding to Stormwater projects by $20.3 million compared to the Adopted FY 2019-20 CIP. Since FY 2016-17, funding to the Stormwater section of the CIP has increased by 206% and it continues to be the largest section of the CIP at $415.3 million over the six-year period.

In response to the pressing need to enhance the current capital maintenance schedule of the stormwater system, the CIP reallocates $5 million in FY 2020-21 and FY 2021-22 to maintenance projects. The funding for the increased maintenance was diverted from existing flood control projects; however, there is no major impact to flood control project timelines as a result of this change in funding. Due to this reallocation of funding, the CIP includes several new projects aimed at improved maintenance: Pinewood Road Culvert Replacement (CIP 7-107), Cave-In Repair Program (CIP 7-083), Roadside Ditch Program (CIP 7-106), and the replacement of the Arctic Avenue Drainage Outfall (CIP 7-103).

The proposed FY 2020-21 six-year program is $415.3 million. The proposed six-year CIP is predicated on the continuation of the 3.5¢ annual increase to the ERU through FY 2024-25. This is in addition to the 2.5¢ real estate dedication, which remains in place.

In order to maximize the use of the ERU rate for Stormwater Capital Improvement Projects, several divisions of Stormwater (Mosquito Control, Street Sweeping, Surface Water Regulatory Compliance and a portion of Operations) were reallocated to the City's General Fund in FY 2019-20. In FY 2020-21, $15 million is budgeted for Stormwater operations within the General Fund including 122 FTEs.

Moving forward, the General Fund will continue to retain a 2.5¢ dedication of the real estate tax to support these operations. This funding model allows for the Stormwater ERU and revenue bonds to be maximized to fully support the Stormwater CIP without general government support, which preserves bond capacity for general government projects such as school modernization, replacement of public buildings, and roadway needs.

Coastal

Like Roadways, the Coastal section of the CIP reduced and delayed projects to ensure funding capacity was available to address the renovations of Buildings 1, 2, and 11. CIP 8-020 "Bay Beach Restoration," CIP 8-036 "Dredge Operations Rehabilitation," and 8-402 "Replacement for the Rudee Inlet Dredge" were each delayed from years one

and two of the CIP until year three, FY 2023. Despite these reductions, the CIP provides funding for dredging of the Western Branch of the Lynnhaven River (CIP 8-039). This project is a continuation of previous maintenance dredging that is required every eight to ten years to ensure the City's main waterway remains navigable for boaters. The most recent dredging was completed in 2016, and the next cycle is expected to begin in 2026.

The Coastal Section of the CIP also encompasses the CIP projects for each of the Neighborhood Dredging SSDs. These projects are funded through an additional real estate tax rate in neighborhoods that want the City to dredge channels beyond the City navigatable waterway. In FY 2020-21, a new neighborhood dredging project has been added, CIP 8-037 "Schilling Point Neighborhood Dredging". Initial dredging for this neighborhood is expected to begin in 2021.

In total, the Coastal section will be appropriated $9.4 million in FY 2020-21 and $88 million over the course of the six-year program.

Economic and Tourism Development

Another of City Council's focus areas is growing the local economy. The Economic and Tourism Development CIP includes multiple projects that support the Resort Area Strategic Action Plan, the Sports Center, and continues support to the Economic Development Incentive Program (EDIP), which provides grant funding to economic development initiatives as approved by the Virginia Beach Development Authority.

The FY 2020-21 CIP also includes a $1.8 million increase in CIP 9-021 "London Bridge Commerce Center Infrastructure Improvements I." This funding will be used to extend the access road to the London Bridge Commerce Center through Navy property to Potters Road since the London Bridge/Potters intersection was determined to be too congested to provide crucial truck access to the park. This bottleneck hindered the development potential of the park, so a solution was developed to increase the access road from Potters to the park by 1,275 linear feet, making these properties more marketable.

The Economic and Tourism Development section of the CIP totals nearly $32.6 million in FY 2020-21 and $86.6 million over the course of the six-year program.

Parks and Recreation

The CIP includes $4 million to address dilapidated conditions at the Sportsplex (CIP 4-080). This funding has been allocated over the six-year program to address structural, mechanical, electrical, and HVAC system issues.

Also included in the Parks and Recreation six-year CIP is $5.2 million for a newly developed open space acquisition and conservation program within the Southern Rivers Watershed (CIP 4-059). The Southern Rivers Watershed has been identified as a nature-based solution within the Sea Level Wise Adaptation Strategy. The study finds there is an opportunity for landowners and residents of properties that border Back Bay, North Landing River, and other creeks and tributaries within the Southern Rivers Watershed in order to conserve the natural assets of the waterway through a conservation easement or by voluntarily selling their property to the City. Benefits of this acquisition program will be tax benefits for landowners conserving the land, conservation of habitat, and providing a water sink during flood and storm events.

In total, the Parks and Recreation section will be appropriated $16.5 million in FY 2020-21 and $70.6 million over the course of the six-year program.

Information Technology

For FY 2020-21, the Information Technology section of the CIP totals $27.2 million, while the total six-year program invests a total of $118 million in communications and information technology related projects. In this year's proposed CIP, additional funding is programmed for the replacement of the City's Human Capital Management (HCM) System through project 3-716 "Enterprise Resource Planning." While this project had received programmed funding in the FY 2019-20 CIP, additional funding of $6.3 million was needed to fully fund the project and this funding is now included in the six-year program.

Implementation of the new HCM will bring best business practices for Human Resources functions, including core HR administration tasks, recruiting, onboarding, learning, payroll, and benefits. It will also introduce automation for performance management and incorporate features such as employee self-service, mobility features, and workflow functionality not available with the current system. The HCM system, along with the new financial platform currently being implemented, will create an integrated Enterprise Resource Planning (ERP) system that will provide access to real-time data, allowing for better awareness and decision making to improve both the human resources and financial functions of the City.

Funding is also added in this section for communications infrastructure replacement, primarily for the replacement of public safety communications infrastructure (CIP 3-719), well as network infrastructure replacement (CIP 3-714), which is primarily for the replacement of routers, servers, and other hardware. This increased funding will ensure that these critical components of communication infrastructure are up to date and able to sustain City operations.

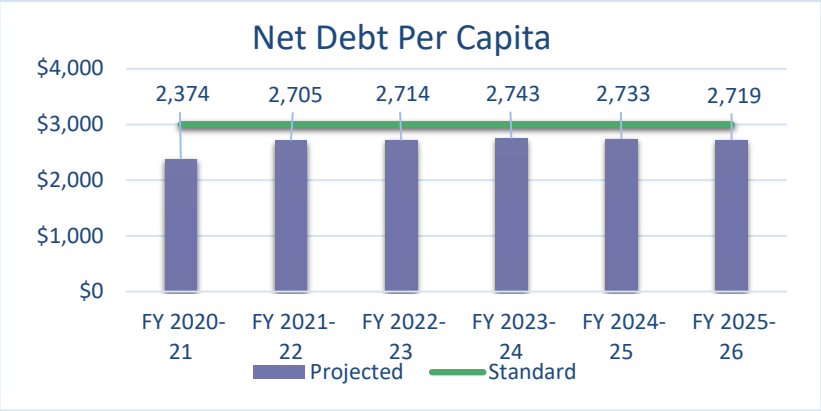
Water and Sewer

The Water and Sewer sections of the FY 2020-21 to FY 2025-26 CIP total $25.8 million in year one, while the six-year program totals $189.3 million. This is a nearly $10 million decrease in programmed funding for FY 2020-21, attributable to operational changes and logistical challenges resulting from the impacts of the May 31, 2019 event. A significant portion of funding reduced in FY 2020-21 was reallocated to future years.

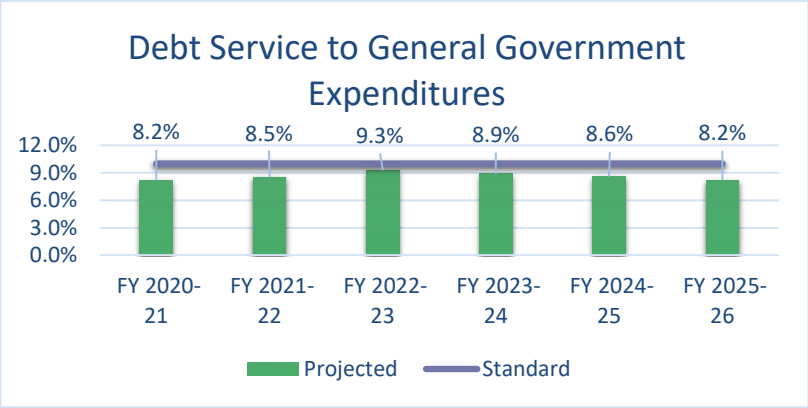
In March of FY 2019-20, City Council approved the creation of two new companion Water and Sewer projects, CIP 5-159 and CIP 6-159, "Public Utilities Office Space Acquisition and Improvements," to facilitate the initial lease and build-out of a temporary space for Public Utilities Business and Engineering Divisions, which are currently located throughout the Municipal Center and at the Landstown Complex.

CIP 5-019 "Advanced Water Metering," was added to the six-year program in order to evaluate options for phased integration of advanced water metering systems that will increase meter reading accuracy, billing accuracy, early detection of meter failure, and faster service restoration. New Sewer projects CIP 6-113 "Various HRSD Coordination" and CIP 6-112 "Sanitary Sewer Force Main Rehabilitation" both focus on rehabilitation of the City's existing sanitary sewer infrastructure. However, CIP 6-113 facilitates a partnership between Public Utilities and the Hampton Roads Sanitation District (HRSD), in which HRSD reimburses Public Utilities for a portion of the cost of partner projects where sanitary sewer changes made by HRSD impact the City of Virginia Beach's sanitary sewer system. CIP 6-112 corrects deficient sanitary sewer force mains identified as high risk by replacing or rehabilitating the existing structure. This is an ongoing project that prioritizes replacement and rehabilitation efforts across the City's aging infrastructure in order to mitigate the likelihood of failures and reduce potential impacts to sanitary sewer service.

Debt and the CIP



The City authorizes bonds to finance large-scale capital improvement projects. To guide the development of the Operating Budget and CIP, the City uses debt indicators to ensure long-term sustainability and overall best practice management of debt. The four major indicators are: net debt per capita, net debt to per capita income, net debt to assessed value, and debt service to general government expenditures. Using data from the City Manager's Proposed FY 2020-21 through FY 2025-26 CIP, projections of the two most restrictive of these indicators are shown on the accompanying graphs.



In addition to the debt indicators, the City uses the following general guidelines for debt management.

- → Bonds will be the last source of funding considered.
- → The City will issue bonds for capital improvements with a cost in excess of $250,000 or which cannot be financed from current revenues.
- → When the City finances capital projects by issuing bonds, it will pay back the debt within a period not to exceed the expected useful life of the projects, generally the City issues debt over a 20-year term for general obligation debt and a 25-year term for revenue bonds.
- → Where possible, the City will develop, authorize, and issue revenue, special fee, or other self-supporting instruments instead of general obligation bonds.
- → The debt structure of the government will be managed in a manner that results in minimal deviation from the City's debt indicators.
- → The City will maintain good communications regarding its financial conditions and will regularly evaluate its adherence to its debt policies.

Means of Financing the CIP

As the following table illustrates, sources of bonds account for the majority (57.6%) of financing in the six-year capital improvement program. The two main types of bonds that are used in the general government CIP are Charter Bonds, which are general obligation bonds backed by the full faith and credit of the City and Public Facility Revenue bonds, which are appropriations backed debt. The strategy of financing the CIP has been to use bonds as the final option once all other sources have been exhausted to minimize the impact of debt service costs. However, it is still necessary to use bonds to accomplish major projects, such as the construction of schools and roads. This CIP includes $163.1 million of debt financing budgeted in FY 2020-21.

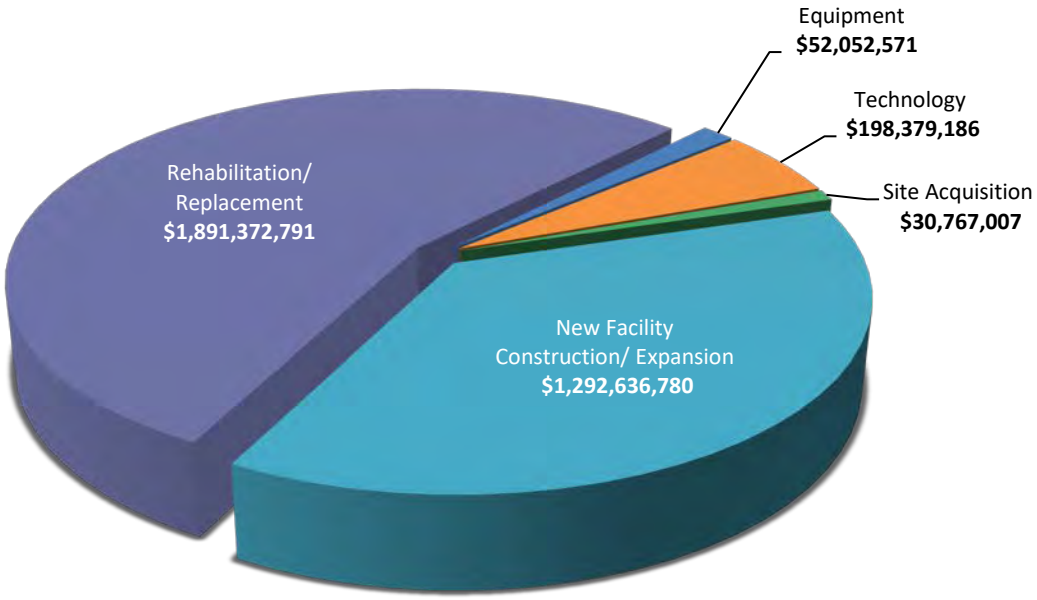
The second largest funding source for the CIP is Pay-As-You-Go financing (pay-go), accounting for 23.6% of the financing for the Capital Budget. Pay-go is cash financing from various funds. Utilizing pay-go ensures the city avoids more costly debt financing. This CIP continues pay-go financing for Council approved real estate dedications for the Outdoor Initiative, Recreation Center maintenance and Special Service Districts.

Funding Sources	FY 2020-21 Year 1	FY 2022 -2026 Years 2-6	Total 6-Year CIP
Debt Financing	$163,095,688	$819,610,266	$982,705,954
Pay-Go Financing	$78,783,026	$339,073,275	$417,856,301
General Fund Fund Balance	$35,922,409	$71,812,037	$107,734,446
Other Fund Balance	$22,850,000	$39,820,000	$62,670,000
State Contribution	$20,135,627	$17,853,162	$37,988,789
Federal Contribution	$2,071,672	$52,968,883	$55,040,555
Other	$10,364,803	$8,652,341	$19,017,144
Total	**$333,223,225**	**$1,349,789,964**	**$1,683,013,189**

CIP Projects by Type

The continued investment in existing assets is a critical component to the City's Capital Improvement Program. Much of the infrastructure in the City of Virginia Beach is over half a century old, and 55% of the total $3.5 billion CIP is dedicated to address maintenance, rehabilitation, and replacement of aging infrastructure, as illustrated in the following graphic.

Total FY 2020-21 -FY 2025-26 Proposed CIP by Category



Though a large amount of the CIP is dedicated to maintaining existing assets, there remains a significant backlog of maintenance and replacement needs. The current recapitalization rate of city-owned buildings is less than one building a year, for an average replacement schedule of nearly 400 years. Currently, 56 of the 389 City-owned buildings are more than 50 years old. In addition, there is currently a $1.4 billion backlog in school replacement needs, and with the current funding program, each school building will be an average of 100 years old at the time of replacement. Further, there is approximately $1.9 billion in unfunded roadway projects, and another $2 to $5 billion in sea level rise related stormwater projects.

ALIGNING THE RESOURCE MANAGEMENT PLAN TO CITY COUNCIL'S GOALS

City Council's vision for the City is to create "A Community for a Lifetime." This simple but powerful statement guides the City in all the programs and services provided. In order to make this vision actionable, City Council meets annually to discuss the goals that will bring their vision into reality. These goals are critical to determining the priorities of the Operating Budget and CIP.

For each goal, City staff has identified a series of high-level community indicators that provide insight into how the community is performing. While the City only has varying levels of influence on the performance of these indicators, they can help identify areas where additional resources may be needed.

Included in the next several pages are the community indicators associated with each of these goals and examples of specific initiatives and projects included in the FY 2020-21 Resource Management Plan that will help achieve these goals.

THE "BIG SIX"

Emerging from their February 2020 retreat, City Council reaffirmed their commitment to improving outcomes related to the "Big Six" priority areas. In addition to City Council's ten goals, Council continues its focus on mitigating the impacts of stormwater and recurrent flooding, ensuring community safety, providing excellent educational opportunities, improving transportation and mobility, growing the local economy, and creating affordable housing opportunities throughout the City.

The City Manager's Proposed Budget for FY 2020-21 includes funding that targets each of these focus areas. In an effort to demonstrate the alignment of resources allocated in the budget and CIP to these City Council focus areas, the following icons will be displayed highlighting this alignment throughout this section of the Executive Summary.

Stormwater and Recurrent Flooding

Public Safety

Education

Transportation

Grow the Economy

Affordable Housing

I. Grow the Local Economy

A growing economy provides citizens with jobs and opportunities to support their families. It also helps to expand and diversify the tax base, which provides the necessary revenue for the City to provide services and amenities. Economic strength and diversity are also key components of being a resilient community.

While the City has a role in the growth of the economy, there are a multitude of external factors that contribute to the achievement of this goal. The table below includes some of the performance metrics that the City monitors when assessing the local economy.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Average Monthly Employment	212,145	215,118	215,892	218,514	220,150	218,915	219,722	223,267	225,695	229,321
Average Monthly Unemployment Rate	6.50%	6.10%	5.70%	5.40%	4.90%	4.30%	4.00%	3.50%	2.90%	2.70%
Average Weekly Wage	$708	$731	$759	$749	$765	$783	$789	$805	$823	$837
Median Household Income	$64,212	$64,614	$61,126	$62,855	$68,816	$67,281	$71,117	$72,586	$77,059	N/A
Residents Satisfied with the Job Opportunities in Virginia Beach	N/A	73.7%	N/A	78.3%	N/A	76.9%	N/A	73.4%	N/A	81.0%
Number of Startups per 100,000 Residents	95.9	90.2	106.6	120.9	120.9	130.1	106.5	93.2	99.5	N/A
Average Monthly Jobs	164,022	162,574	164,585	169,419	171,026	173,655	176,470	178,341	178,196	178,062
Median Single-Family Home Value	N/A	N/A	N/A	$242,700	$239,400	$247,200	$252,300	$260,100	$281,500	$286,500
Individuals in Poverty	7.50%	8.60%	8.80%	8.80%	8.20%	7.90%	7.90%	8.00%	6.90%	N/A

*Figures represent an average of available data.

Please note with the table above and those on subsequent pages, data is provided when available and the years noted in these tables are calendar years unless specified otherwise.

Cultural Affairs Event Coordinator

The Department of Cultural Affairs is adding a full-time Event Coordinator as part of the FY 2020-21 budget. The department does not currently have the manpower to actively market their rentable properties, so website listings and positive word of mouth are the only methods in which venues available for special event rental are currently being advertised. This event coordinator will be responsible for marketing event venues, working with potential clients, and providing special event day-of-coordination.

The Cultural Affairs Department expects to see an increase in revenue from special event rentals with the addition of this events coordinator, as their main focus will be branding and marketing the use of properties under the purview of Cultural Affairs for events. This position will also collaborate with programming staff on department events, when appropriate, to ensure the themes and logistics of the event are reflective of the department's vision.

Sports Center

Construction on the Virginia Beach Sports Center is well underway with a scheduled opening in November of 2020. The 285,000 square foot facility will feature 12 regulation basketball courts that will be convertible to 24 volleyball courts, an articulated track, and multi-purpose flooring options which can support gymnastics, wrestling, cheering, dance, and other sports. The building is located across the street from the Virginia Beach Convention Center.

The Virginia Beach Convention Center was originally designed for high-end conferences and meetings, but the facility has been adapted to meet the demand for an indoor sports venue at the Oceanfront. Not only will the Sports Center be a better suited venue for these types of events, it will also free up the Convention Center to book more traditional events such as trade shows and industry conferences, which are better suited for its amenities. Although the Sports Center has yet to open, there are already three years of bookings in place which will increase visitation and spending at the Oceanfront. The Sports Center is especially important to increasing visitation during the shoulder season since many sports leagues run during the winter months which will drive spending on hotels, restaurants, and entertainment at the Oceanfront.

The total cost to build and furnish the Sports Center was over $68 million. This budget includes an additional $420,000 to provide the necessary technology needs for the Sports Center. The Sports Center is owned by the City of Virginia Beach; however, the City has partnered with Eastern Sports Management to handle the daily operations, as well as local programming, league play, and business operations.

This budget also includes staffing and equipment to support the opening of the Sports Center in order to fulfill the City's agreement with Eastern Sports Management. The Sports Center adds approximately 6.7 acres of parking, turf, bedding plants, storm water retention ponds and lighting fixtures that will be maintained by the City's Convention Center grounds crew. In order to maintain the property at expected levels, two Groundskeeper I positions, along with new equipment and supplies have been added to the Convention and Visitors Bureau's Operating Budget. Additionally, a Sports Manager of Events position has been added to the Convention and Visitors Bureau's Operating Budget, to oversee the Sports Marketing division, coordinate events and act as the liaison between the client and venue.

Former Dome Site Redevelopment Progress Continues

On November 19, 2019, City Council approved the development agreement for Atlantic Park on the former Dome site, a 10.35-acre property located between 18th and 20th streets. This development agreement is between the City of Virginia Beach Development Authority and Atlantic Park, Inc., an affiliate of Venture Waves, LLC. One of the partners in the development is entertainer, producer, and Virginia Beach native, Pharrell Williams.

As part of the overall planned development, the City will construct an entertainment venue (CIP 9-053 "Dome Site Entertainment Venue") that can accommodate up to 3,500 people. This venue will be able to host several different events, including live musical performances, comedic acts, sporting events, spoken word events, and speaking engagements. In addition to the entertainment venue, the City will also provide streetscape improvements (CIP 9-

050 “Dome Site Streetscapes”) and public parking spaces (CIP 9-065 “Dome Site Parking”) through the acquisition of 1,935 parking spaces in multiple garages with mixed use development.

All three of these projects will support the estimated $325 million Atlantic Park project, which will include more than 200,000 square feet of unique retail and restaurant space, 150,000 square feet of office space, 426 residential units, and a Wave Garden Surf Park. Collectively, these attractions will allow Atlantic Park and the Oceanfront area to become a year-round destination for tourists and locals alike, a long-term goal of the City of Virginia Beach.

Funding Included to Implement Several RASAP Recommendations

City Council adopted the Resort Area Strategic Action Plan (RASAP) in December 2008. The plan was designed to affect the future development of the Virginia Beach Oceanfront over a 10-year period. Since its adoption, a great deal of development has occurred in the resort area.

Moving into the next decade, RASAP goals have been redefined to envision and plan for the development of the Oceanfront by 2030. The RASAP 2030 Vision aims to address seven goals through various projects including efforts to address sea level rise and mobility planning. This budget includes multiple projects to support RASAP efforts.

$500,000 is budgeted in the first year of the CIP for project 9-073, “Resort Mobility Planning.” This funding will be used to fund mobility planning efforts in the Resort Strategic Growth Area. The 2008 RASAP plan recommended traffic and parking management. Additional trolley and shuttle routes were added in 2015; however, since then, the resort area has continued to grow. The updated mobility plan will address traffic flow, transit services, parking, shared-ride services, micro-mobility options, curbside management and active transportation. An extensive public outreach with residents, business, and visitors will be needed to identify priorities and ensure the mobility plan outcomes will generate a net gain for the community.

In addition, CIP 9-081, “Strategic Growth Area Projects,” and CIP 9-074, “Atlantic Avenue Street Improvements,” include funding to advance initiatives established through the RASAP update including sense of arrival/gateway improvements, and streetscape improvements throughout the resort. Funding for many resort area projects comes from the Tourism Investment Program (TIP), which is primarily supported by hotel, amusement, and restaurant taxes, as well as other revenue sources. This dedicated funding stream was established in FY 1993-94 to provide funding for tourism related projects.

II. Maintain a Financially Sustainable City Providing Excellent Services

The City of Virginia Beach provides excellent and varied services 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.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Pounds of Solid Waste Produced per Capita per Day - FY	2.45	1.83	1.68	1.63	1.58	2.52	2.55	2.18	2.07	2.08
Recycling Rate	39.30%	44.60%	41.20%	39.90%	37.40%	31.70%	34.70%	N/A	N/A	N/A
Water Consumption per Capita (Gallons per Day) - FY	72.5	74.5	68.5	66.9	65.7	64.2	68	69.3	68.4	66.9
Residents Who Agree they Can Conveniently Access City Services	N/A	93.80%	N/A	95.40%	N/A	94.60%	N/A	92.10%	N/A	93.00%
Residents Who "Overall" Are Satisfied with City Services	N/A	91.00%	N/A	93.80%	N/A	94.00%	N/A	90.70%	N/A	90.00%
Resident Satisfaction with the Courtesy of City Employees	N/A	91.30%	N/A	92.10%	N/A	91.00%	N/A	85.80%	N/A	89.00%
City of Virginia Beach Bond Rating (Moody's, Standard & Poor's, Fitch)	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Operating Expenditures Per Capita	$4,037	$3,846	$3,930	$3,953	$3,960	$4,055	$4,128	$4,214	$4,334	$4,421
Number of Volunteer Hours (In Millions)	N/A	1.4	1.4	N/A	1.4	1.3	1.2	1.2	1.1	1.1

Implementation of Enterprise Resource Planning System

The City is currently in the final stages of the implementation of a new Enterprise Resource Planning (ERP) system for financials which is scheduled for a staggered rollout through FY 2020-21. The current Oracle E-Business Suite (EBS) is the backbone of all the City's financial and human resources functions; however, EBS is nearly 20 years old and rapidly approaching the end of its useful life as Oracle has announced the impending end of support for the system.

To assist with the implementation and rollout of the new ERP financials system, the City has contracted with an Oracle implementation specialist to ensure a seamless transition from the old system to the new. Several new financial modules are scheduled to go live at the start of the new fiscal year in July 2020 while the budget module will soon follow in October of 2020. Currently, the system is in the testing phase to make sure that all data loaded into the new ERP is accurate and that all functionality needed across the City is available at launch. In addition to the enhanced usability and security that a new, cloud-based financial system will bring compared to the current, 18-year-old system, the new ERP will also streamline existing workflows and automate many manual processes to save the organization time and money.

Financial Specialist

The FY 2020-21 budget includes funding in the Finance Department for an additional Financial Specialist position to augment staffing in the Payroll division. The division has faced a steadily increasing workload in recent years since hybrid (a designation of the Virginia Retirement System) Plan employees, short- and long-term disability, retirements, and maternity claims have all increased. Hybrid employees require additional records and service from Payroll compared to their Virginia Retirement System (VRS) Plan 1 and 2 counterparts and the hybrid-exclusive, short- and long-term disability program also requires much more paperwork than the division is currently equipped to handle. Over the past year and a half, the number of Hybrid Plan employees has increased by 73%, while health/maternity claims have increased nearly 50% over the past three years. An additional Financial Specialist will provide Payroll with the staffing capacity to deal with the increased workload and turnaround documents in a reasonable amount of time.

Real Estate Assessor Additional Staffing

The Office of the Real Estate Assessor is receiving one additional Real Estate Appraiser position in FY 2020-21. The Office also received one appraiser position in FY 2019-20, which brought the total number of appraisers to 22 citywide. These 22 appraisers have been responsible for assessing 158,586 taxable parcels across the City, meaning that each appraiser assessed an average of over 7,200 parcels each year. The number of taxable parcels is expected to climb to 159,086 in FY 2020-21, which will increase the workload of existing staff.

With the addition of this new appraiser, the City will now have 23 appraisers and the number of taxable parcels per appraiser will be approximately 6,916. This will help ease the workload on existing staff, allowing them to ensure uniformity and equity in the assessment of both residential and commercial properties across the City. This addition will also assist the Office in continuing to meet International Association of Assessing Officers (IAAO) technical standards and ensuring that each taxable property in the City is physically assessed no less than once every six-years.

III. Improve the Transportation System

Improving the transportation system requires improving connectivity, providing alternative modes of transportation, and maintaining the infrastructure that allows citizens to travel to destinations as efficiently as possible.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Citizen Satisfaction with the Flow of Traffic	N/A	40.2%	N/A	51.6%	N/A	50.4%	N/A	40.3%	N/A	41.0%
Percent of Lane Miles in the Two Lowest Grades for Transportation Efficiency – City Roads	20.3%	20.2%	19.9%	20.0%	19.0%	19.6%	19.0%	19.0%	19.0%	18.0%
Street System Meeting the Minimum Physical Condition Rating – City Roads	76%	79%	82%	82%	81%	81%	80%	80%	83%	83%
Bikeability Score	N/A	N/A	N/A	N/A	46	N/A	46	N/A	41	44
Percent of Residents Who Commute Using Alternative Forms of Transportation	17.5%	17.4%	18.2%	18.7%	17.1%	16.3%	19.5%	17.4%	17.8%	N/A
Walkability Score	N/A	N/A	N/A	N/A	31	N/A	33	N/A	33	33
Commute Time (in Minutes)	23.4	22.4	22.6	23.6	23.8	24.1	23.4	23.3	23.7	N/A
Resident Satisfaction with the Planning and Construction of New City Roads	N/A	59.1%	N/A	70.2%	N/A	71.7%	N/A	55.1%	N/A	61.0%

Pungo Ferry Road Improvements

Recurring flooding from rainfall and wind-driven weather events has led to periodic closures of Pungo Ferry Road. Pungo Ferry Road is surrounded by wetlands and is the only east-west connector in the southern part of the City and any closure requires motorists to take a 19-mile detour. The FY 2020-21 through FY 2025-26 Capital Improvement Program includes $7.2 million in programmed funding to support improvements for this roadway (CIP 2-170).

This project will elevate and widen two miles of Pungo Ferry Road between Blackwater Road and the west side of the Pungo Ferry Road Bridge. Improvements will also be made to the shoulder along Pungo Ferry Road, where the wetland areas can extend up to the edge of the pavement. The City expects that these improvements will minimize flooding on the roadway, thereby reducing the number of road closures and increasing safety.

Increased Funding for Roadway Programs

The FY 2020-21 through FY 2025-26 Capital Improvement Program includes funding for the rehabilitation and retiming of traffic signals across the City. The coastal conditions in the City can take a heavy toll on infrastructure, including traffic signals, making restoration or replacement necessary. The Traffic Signal Rehabilitation project (CIP 2-410) will fund the replacement of deteriorated traffic signal foundations, damaged or deteriorated signal poles and mast arms, traffic signal controllers, and outdated traffic signal interconnections. This project will also allow the City to conduct structural testing on traffic signal poles in the resort area, where the coastal climate can accelerate deterioration.

The City has also increased funding for a Traffic Signal Retiming project (CIP 2-155), which will upgrade the traffic signal systems at 14 major intersections along Indian River Road, to an adaptive traffic signal system. Upgrades will

also be made along other major thoroughfares in the City, including Kempsville, Witchduck, and Newtown Roads, as well as in the Town Center area. It is estimated that these adaptive signal systems will improve travel time for motorists by more than 10 percent, which can equate to a 40 to 60 second reduction in delay per vehicle. This will not only help reduce travel times, but will improve congestion, traffic flow, and air quality in these areas.

In FY 2020-21, and in each subsequent year of the CIP, an additional $50,000 has been programmed to CIP 2-183, "Traffic Calming," bringing the total yearly appropriations to $250,000. The Traffic Calming Program is designed to improve the safety of the City's residents on neighborhood streets by installing traffic calming devices such as speed tables. The program is intended to address speeding concerns in residential neighborhoods and the goals of the program is to achieve slower motor vehicle speeds, increase safety for pedestrian and bicyclists, and to reduce cut-through traffic on residential streets. This additional funding will allow for more neighborhoods to be included within the program.

Roadway Projects Nearing Completion

The City is nearing completion on the improvements to the intersection at Indian River Road and Kempsville Road. This intersection accommodates over 100,000 vehicles each day, making it the single most congested intersection in the City. The new intersection maintains all six lanes on both Indian River Road and Kempsville Road; however, improvements have been made in the way motorists make a left turn at the intersection. Using "Indirect Left Turns" and "Displaced Left Turns," the City was able to create a continuous flow intersection that improves traffic flow, overall safety, and intersection capacity. This $23 million project is expected to be fully completed in July 2020 through project 2-418 "Indian River Road/Kempsville Road Intersection Improvements".

In addition to soon-to-be-completed improvements at the Indian River Road-Kempsville Road intersection, the City has completed another top priority as it relates to traffic needs. Phase two of the construction on Witchduck Road has been completed, providing a six-lane divided roadway from I-264 to Virginia Beach Boulevard. This widened road will better support the 50,000 vehicles that use this stretch of Witchduck Road each day. In addition to improvements to the traffic flow, this project also included aesthetic improvements, such as a wide outside lane for cyclists, new benches, tree wells, and the relocation of aerial utilities to an underground duct bank.

IV. Revitalize Neighborhoods & Plan for the Future

Neighborhoods are where we live, work and play. They need to be safe with proper neighborhood amenities.

	2010	2011	2012	2013	2014	2015	2016	2017	**2018**	**2019**
Residents Reporting That Their Neighborhood is a Safe Place to Live	N/A	92.0%	N/A	90.7%	N/A	90.2%	N/A	86.4%	N/A	96.0%
Resident Satisfaction with the Appearance of Their Neighborhood	N/A	88.0%	N/A	91.3%	N/A	90.4%	N/A	89.9%	N/A	90.0%
Resident Satisfaction with the Overall City Appearance	N/A	94.0%	N/A	92.3%	N/A	91.7%	N/A	96.3%	N/A	92.0%
Resident Satisfaction with City Efforts to Protect Natural Resources, the Environment, and Open Space	N/A	80.2%	N/A	81.3%	N/A	79.1%	N/A	69.9%	N/A	74.0%
Resident Satisfaction with the City's Planning for Residential Development	N/A	64.7%	N/A	72.2%	N/A	71.9%	N/A	57.7%	N/A	68.0%
Percent of City Population with Walkable Park Access	N/A	N/A	62.0%	63.0%	62.6%	56.9%	58.0%	58.0%	60.6%	64.0%
Acres of Parkland per 1,000 Residents	77.6	77.7	57.8	N/A	55.7	55.6	54.9	54.9	54.0	54.0
Overall Real Estate Assessment Average Change	3.46%	5.54%	3.09%	5.29%	2.22%	1.93%	1.94%	2.79%	2.21%	3.3%

New Positions and Program to Support Citywide Water Quality

The Department of Public Works oversees a comprehensive program to control potential stormwater pollution that flows directly into our local waterways from the City's municipal separate storm sewer system (MS4). The City is regulated under a stormwater permit issued by the Virginia Department of Environmental Quality which allows the City to discharge stormwater from its MS4 system directly into local waterways. Under this permit, the City must implement a series of programs intended to reduce pollutants entering the MS4 which will improve and protect the water quality in the City's waterways.

To respond to the increased workload associated with these programs, the City Manager's Proposed Budget includes funding for two additional engineers for the Water Quality Division of Public Works. These two positions are part of a multiyear phase-in of positions that will support the Stormwater Quality monitoring program and management of water quality improvement projects, the Stormwater Pollution Prevention Training Program, the City Facility Good Housekeeping Program, and the administration of the Virginia Stormwater Management Program, and Virginia Erosion and Sediment Control Program for Capital Improvement Projects. The City's current MS4 permit is effective from July 1, 2016 to June 30, 2021 and the requirements for the issuance of future permits are currently unknown.

In addition to the new positions, the FY 2021 to FY 2026 Capital Improvement Program provides initial funding for a newly created "Stormwater Green Infrastructure Project" (CIP 7-104). As part of the Comprehensive Sea Level Rise and "Recurrent Flooding Analysis" (CIP 7-030), green infrastructure, has been identified as part of the long-term stormwater resiliency solutions for the City of Virginia Beach. According to the EPA, green infrastructure uses vegetation, soils, and other elements and practices to restore some of the natural processes required to manage water and create healthier urban environments. The benefits of green infrastructure include, but are not limited to:

water quality improvements, controlling of erosion, reduction of flood elevations by slowing the flow of tidal impacts, and establishing valuable habitat for water dependent animals. This program will be used for the design, acquisition, and construction of green infrastructure throughout the City. This program will also identify potential grant opportunities and apply for assistance from the state government, federal government, and various not-for-profit agencies.

Additional federal funding for stormwater and sea level rise related projects could become available as the City in partnership with the US Army Corps of Engineers, completes a Comprehensive Coastal Storm Risk Management Study. This study is funded through "USACE Regional Coastal Storm Risk Management Study" (CIP 7-105) and will perform an analysis of various strategies to combat sea level rise and recommend a strategy moving forward. This study is required to receive federal funding for assistance with sea level rise adaptation strategies.

Investments into Stormwater Operations and Maintenance

The Operating Budget provides funding for the addition of a five-person Stormwater Management Facilities (SWMF) crew that will be responsible for performing routine maintenance on specialty type SWMFs that include infiltration trenches, dry detention ponds, bio-infiltration systems, specialized proprietary systems, and wet retention ponds. These positions are important to ensure that the city's stormwater system is maintained in a timely manner, to alleviate the backlog of maintenance, and improve water quality.

The FY 2021 CIP redirects a total $10 million of funding from flood control projects ($5 million in FY 21 and $5 million in FY 22) to capital maintenance projects in order to increase the effectiveness of the existing stormwater system. This includes several new projects aimed at improved operations and maintenance: Pinewood Road Culvert Replacement, Cave-In Repair Program, Roadside Ditch Program, and replacement of the Arctic Avenue drainage outfall. This additional capital maintenance funding will help reduce the eight-month cave in repair backlog to a goal of two months, and the current one-year backlog for roadside ditch cleaning. The roadside ditch program currently has no planned cycle, but long-term sustained funding will achieve a ten-year cycle to clean the City's 550 miles of ditches.

New Stormwater Project to Assist Homeowners

This year's Capital Improvement Program provides funding for a new "Parcel Level Flood Mitigation Program" (CIP 7-119). This project was created in response to City Council's direction in FY 2019-20 to "establish a site acquisition policy and action plan of potential future uses of those properties related to flood mitigation." City departments, to include Public Works, the Office of Emergency Management, and others, will form a taskforce and develop a viable and scalable program to provide property owners with flood mitigation options. This taskforce will work to establish a process for application, review, selection, and implementation of an integrated program in accordance with the recommendations in the Sea Level Wise Adaptation Strategy Report. The program will eliminate or reduce future flood damage to existing structures located in the Community Floodplain, as shown on the FEMA Flood Insurance Rate Maps by offering financial and technical assistance to owners to complement the programs currently in place through the federal government. This program will also assist the City of Virginia Beach with moving up a class in the National Flood Insurance Program's Community Rating System, which would provide an additional five percent discount on flood insurance policies.

V. Be a Competitive, Sustainable, Year-Round Destination for Residents, Businesses, & Tourists

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 sandy beaches, salty air, and world class amenities. The forward-looking CIP continues to make this City Council goal an on-going reality.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Days with Beach Advisory	13	3	10	4	19	1	1	5	4	3
Citizen Satisfaction with the City's Museums, Aquarium, and Cultural Arts Activities	N/A	94.4%	N/A	95.6%	N/A	96.5%	N/A	96.3%	N/A	93.0%
Overnight Visitation (In Millions)	5.5	5.7	5.9	5.9	6.0	6.4	7.1	10.1	N/A	N/A
Repeat Tourism	75.2%	72.5%	74.7%	73.7%	76.8%	75.6%	75.8%	75.0%	N/A	N/A
Summer Visitor Satisfaction Rating	91.8%	93.3%	94.1%	92.7%	93.7%	92.5%	92.9%	N/A	N/A	N/A
Residents Who are Satisfied with the Public Beaches in the City	N/A	88.2%	N/A	89.1%	N/A	88.3%	N/A	87.5%	N/A	86.0%
Hotel Room Demand (Summer)	N/A	N/A	N/A	N/A	N/A	N/A	775,204	781,741	782,392	783,467
Hotel Room Demand (Shoulder Season)	N/A	N/A	N/A	N/A	N/A	N/A	1,501,526	1,514,105	1,518,728	1,570,656

Enhanced Short-Term Rental Program

On November 1, 2019, the City's Short-Term Rental ordinance went into effect, establishing the guidelines by which homeowners can rent out their property through companies such as Airbnb. In the months since, over 100 applications have been submitted for inclusion in the short-term rental program. To ensure greater oversight of the program, be in a better position to advise decision-makers such as the Planning Commission and City Council about the program, and to be more responsive to any potential amendments to short-term rental governance, the Department of Planning and Community Development will add a planner in this year's budget that is exclusively dedicated to short-term rentals. In addition, Planning will add three zoning inspectors to the two inspectors funded in last year's budget. The new inspectors are essential for timely yet thorough assessments of all properties in the short-term rental program, as well as investigating properties operating outside of the established

guidelines. It is anticipated that the flow of short-term rental applications will continue over the next few years, therefore having additional inspectors in place will help maintain an efficient process, even as demand and participation increases. In addition, due to the massive influx of applications, City Council has directed City staff to revisit the short-term rental policy to streamline the approval process within the current year.

EMS Lifeguards at Sandbridge Beach

Beginning in FY 2020-21, Virginia Beach Emergency Medical Services (VBEMS) will provide lifeguard coverage during the shoulder season months of May, September, and October. Previously, lifeguard coverage was only provided from Memorial Day in May to Labor Day in September. This meant that VBEMS only responded to calls for emergencies as they occurred, and lifeguards were not on duty to proactively notify beachgoers of potentially unsafe conditions. This can be troublesome, as the beaches remain popular destinations after Labor Day, when conditions can be more dangerous due to tropical weather activity. This change will mean that the lifeguard coverage in Sandbridge will now mirror that of the resort area.

Something in the Water

The City hosted the inaugural Something in the Water festival in April 2019. It is clear that the 2019 Something in the Water festival was a success and had a positive economic benefit to the City. According to Old Dominion University's 2019 State of the Region Report, one of the most significant impacts was on demand for hotel rooms. When comparing the last weekend in April of 2018 with the last weekend in April of 2019, hotel occupancy in Virginia Beach experienced a 10.4% increase and hotel revenue achieved a 47.8% increase.

VI. Be the Safest City in the Nation

Virginia Beach has long been recognized as one of the safest cities of its size in the country and one of the City Council's top priorities is maintaining this distinction. To make Virginia Beach the safest City in the nation, people, be they residents, guests, or just passing through, must feel safe anywhere, at any time.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Age Adjusted Mortality Rate	690.7	686.9	689.3	691.3	692.8	674.7	675.6	667.6	648.3	N/A
Property Crime Rate	30.4	27.9	26.5	25.3	21.9	22.3	22	19.5	17.6	17.7
Violent Crime Rate	1.9	1.8	1.7	1.5	1.4	1.3	1.4	1.4	1.4	1.4
Infant Mortality Rate	7.0%	6.9%	6.1%	5.7%	4.4%	5.6%	5.1%	4.6%	5.7%	N/A
Low Birth Weight Babies	7.9%	8.2%	8.5%	7.2%	7.6%	8.1%	7.6%	8.5%	8.5%	N/A
Primary Care Physicians per 100,000 Residents	N/A	87.7	87.7	77.0	77.3	77	76	75	75.5	75
Cardiac Arrest Survival Rate	N/A	45%	36%	33%	41%	41%	38%	37%	37%	53%
Fire Deaths Per 100,000	0.2	0.7	0.9	1.1	1.3	0.9	0.9	0.9	0.6	0.4
Virginia Beach is a safe place to live	N/A	94.6%	N/A	94.8%	N/A	94.0%	N/A	88.0%	N/A	96.0%
My Neighborhood is a safe place to live	N/A	92.0%	N/A	90.7%	N/A	90.2%	N/A	89.0%	N/A	96.0%

The Property Crime Rate and the Violent Crime Rate shown are calculated using data compiled by the Virginia State Police and published in *Crime in Virginia.* The State Police reports in an Incident Based Reporting format, while the Virginia Beach Police Department uses the Uniform Crime Reporting format. While UCR reports the most serious crime occurring during an incident, IBR counts all crimes occurring during the event. For example, if a Murder and Rape occurred on the same victim during the same "event," both would count towards IBR, while UCR only the murder would be counted. Data for 2010-2018 are reflected with IBR, but due to unavailability of data from VA State Police, 2019 data is reflected using UCR.

Civilianization of Police Officers

In an effort to maximize the specialized training and skills of existing sworn Virginia Beach police officers, the Police Department has identified administrative and planning positions currently held by sworn officers and has proposed the reclassification of several of these existing positions to civilian positions. The duties and responsibilities currently assigned to these sworn officers do not require specialized training and can be performed by non-sworn personnel. The conversion of these positions will build upon an initiative launched in FY 2019-20 and will include administrative officers at each police precinct, special events planners, and one of the two police public affairs officers. In FY 2020-21, the Police Department will reclassify eight vacant positions to civilian administrative and planning positions and these civilians will replace the sworn police officers currently in these functions. This will allow the existing sworn officers to be reassigned elsewhere in the department and enable them to perform duties that align with their law enforcement training and experience. The exchange will enhance the City's ability to provide a safe community and deliver quality police services. The positions to be hired include four administrative technicians, two public safety planners, a media and communications coordinator, and an accountant.

Correctional Center Upgrades

The Virginia Beach Correctional Center is the largest jail in Virginia, with an average daily population of approximately 1,400 inmates. Those housed at the Correctional Center include inmates awaiting trial, those serving misdemeanor sentences of one year or less, or those awaiting transfer to the Virginia Department of Corrections. While at the Correctional Center, the Sheriff's Office provides inmates with meals, medical and mental health care, visitation, education services, rehabilitative programs, and work opportunities. In order to ensure the Sheriff's Office is able to provide the proper care and security for all inmates, various improvements to the facility are needed.

The original facility was constructed in 1979, with expansions completed in in 1994 and 2005. The City has programmed $1 million with project 3-070 Corrections Center Renewal and Replacement in the FY 2020-21 through FY 2025-26 Capital Improvement Program to address the rehabilitation and renewal projects needed throughout the Corrections Center. These projects include much needed infrastructure and security upgrades, such as upgrades to plumbing, gas, and electrical systems, as well as improvements to the visitation area.

Creeds Training Center

In 2009, the Virginia Beach Police Department opened the Law Enforcement Training Facility in Creeds. This facility was developed to provide the City's law enforcement officers with specialized training in tactical driving. When constructed, the facility included a defensive driving track, a skid pad, and an administration building with classrooms. Later phases included buildings constructed using metal shipping containers, in which police could conduct simulation training exercises. These facilities were constructed on runways and parking aprons used for military aircraft during World War II. Due to its age, the original concrete has started to delaminate and crumble, posing a significant risk for injury to officers.

The FY 2020-21 through FY 2025-26 Capital Improvement Program includes $250,000 in programmed funding to study the Police Department's needs at the Creeds Training Center through project 3-182 Creeds Training Center Renovations. This study will make maintenance and recapitalization recommendations to preserve essential training and to improve site safety. The maintenance of operations at this facility is essential, as approximately 800 Virginia Beach Police Department students receive law enforcement training at this facility each year. The Police Department also conducts joint training with thousands of other students from other municipalities, as well as state and federal agencies.

VII. Be an Inclusive Community that is Welcoming and Empowers All

Virginia Beach strives to be a city in which all its residents feel welcome and empowered to engage in their community. To this end, the City is working to bolster the range of services offered to residents to ensure that all their various needs are met while engaging with the public to build awareness and ensure the equitable access to all City services and programs.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Homeless Population	517	428	440	456	440	419	389	349	243	260
Poverty Rate - Children	10.5%	12.4%	15.5%	13.0%	11.5%	11.9%	10.8%	10.6%	9.2%	N/A
Poverty Rate - Elderly	5.0%	5.1%	4.9%	7.2%	6.6%	3.5%	5.1%	5.6%	4.2%	N/A
Poverty Rate -Individuals	7.5%	8.6%	8.8%	8.8%	8.2%	7.9%	7.9%	8.0%	6.9%	N/A
Residents who are Satisfied with City Services for Needy or Homeless Families	N/A	72%	N/A	75%	N/A	73%	N/A	55%	N/A	60%
Residents Who are Satisfied with City mental health and intellectual disability Services	N/A	83%	N/A	79%	N/A	81%	N/A	69%	N/A	68%
Renters Paying in Excess of 30% of Median Household Income for Housing Expenses	53.5%	54.9%	55.2%	53.1%	52.5%	54.5%	49.7%	51.5%	49.3%	N/A
Homeowners Paying in Excess of 30% of Median Household Income for Housing Expenses	37.8%	35.3%	33.6%	31.4%	28.9%	29.3%	33.2%	34.1%	29.4%	N/A
Human Rights Campaign Municipal Equality Index (Max Score: 100)	N/A	N/A	17	32	47	31	47	54	50	77

Small, Women, and Minority (SWaM) Owned Business Office

Increasing the City's support of SWaM businesses has been a longstanding priority of City Council and the FY 2020-21 budget addresses this with the creation of a SWaM Office. The office will be a division of the Department of Finance and will focus on increasing local support of SWaM businesses by analyzing the City's current expenditures from minority owned businesses, breaking down barriers to entry for minority firms to work with the City, and identifying the market sectors with the most potential for increased SWaM spending. The office will have nearly $400,000 in appropriations in FY 2020-21, which includes funding for the annual disparity study to benchmark the City's progress toward increased SWaM support, the implementation of the Social Impact Measurement Model (SIMM), and a full-time financial specialist position dedicated to the SWaM initiative. With these additional resources, the City will be able to begin implementation of all 12 recommendations from the 2018 Disparity Study.

Homeless Services Administrative Specialist

The City has placed a high priority on addressing homelessness in recent years, culminating in the opening of the Housing Resource Center in FY 2018-19. While these efforts have helped the community work towards the goal of making homelessness brief and non-recurring, there have been significant community concerns regarding the increase in panhandling and perceived homelessness. In order to address these concerns, the Department of Housing and Neighborhood Preservation is working to better understand the outcomes of the City's

homeless services. As a part of this effort, a Homeless Services Administrative Specialist has been added to the FY 2020-21 budget to provide analytical and reporting support to ensure that the funding for these programs is being used as effectively as possible to have the greatest possible impact on the community.

Mobile Co-Responder Team

In November 2018, the City of Virginia Beach launched a pilot Mobile Co-Responder Team (MCRT) through its Human Services, Police, and EMS Departments. The intent of the MCRT is to provide specialized responses to help deescalate tense situations involving citizens in crisis for whom non-traditional law enforcement response may be best suited. As part of this response, representatives of Human Services accompany Police to the scene of a call. In its first year, the MCRT responded to 722 calls. Of these, over 40% ended with referral to health or human services while only 10 total (1.4%) resulted in an arrest. To build upon the success of the pilot year, Human Services will receive two full-time staff members who are dedicated solely to the MCRT. Currently, Human Services uses staff, as available, from its Emergency Services Unit to join police officers at designated times. These two new positions will allow for more responses as well as follow-up visits that will ensure referred citizens are able to access the services that were recommended to them at the time of an initial MCRT response.

VIII. Have World Class Schools and Educational Programs

The City is renewing its commitment to provide the highest quality education to children while creating numerous opportunities for lifelong learning and growth for residents of all ages. To achieve this goal, the City is collaborating with the school division to ensure students are prepared for success, while also working throughout the community to provide a broad range of cultural activities for all residents.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
High School Dropout Rate	6.8%	6.2%	5.6%	4.7%	4.8%	5.3%	4.7%	4.5%	3.8%	3.0%
On-time High School Graduation Rate	85.5%	86.8%	86.9%	88.0%	88.5%	89.8%	91.3%	91.9%	93.4%	93.9%
Percent of Children Reading at Grade Level by 3rd Grade	N/A	N/A	73%	74%	73%	75%	76.8%	76.2%	75.8%	74.2%
Percent of Children Whose PALS-K Scores Meet or Exceed Kindergarten Readiness Levels	89.2%	90.0%	90.7%	90.7%	90.9%	90.3%	88.7%	89.0%	88.0%	88.0%
Percent of High School Graduates with an Advanced Diploma	54.0%	56.0%	56.0%	57.0%	56.0%	58.0%	57.3%	56.6%	56.7%	55.9%
Resident Satisfaction with the City's Public School System	N/A	86%	N/A	88%	N/A	86%	N/A	84%	N/A	82%
Percent of High Schools that are Blue Star Certified	N/A	N/A	N/A	8.1%	81.8%	90.9%	90.9%	83.3%	75.0%	90.9%
Residents Age 25 or Older With a Bachelor's Degree	31.6%	33.3%	32.6%	34.7%	34.7%	32.8%	35.0%	35.3%	37.7%	N/A
Residents Age 25 or Older With a Graduate or Professional Degree	10.9%	11.9%	11.3%	11.9%	11.9%	11.1%	12.3%	13.1%	14.4%	N/A
Residents Age 25 or Older With a High School Diploma or Equivalent	93.1%	93.9%	93.1%	94.8%	92.7%	93.0%	93.4%	93.6%	94.3%	N/A
Residents Age 25 or Older Without a High School Diploma or Equivalent	6.9%	6.1%	6.9%	5.2%	7.3%	7.0%	6.6%	6.4%	5.8%	N/A
Percent of Virginia Beach preschool centers receiving early literacy story times and deposit collections through outreach library service	N/A	N/A	N/A	N/A	25.0%	36.0%	38.0%	57.0%	57%	61.3%
Percent of youth with library cards	N/A	N/A	N/A	N/A	N/A	N/A	N/A	36.0%	37.7%	85.2%
Number of VA Quality Rated preschool centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30	39	34

Library Modernization Continues

The second phase of library renovations is expected to be completed within FY 2020-21. These renovations will expand and enhance children's areas, story time areas, special services areas, tween areas, teen areas, study rooms, and public computer use areas at Great Neck, Oceanfront, Pungo-Blackwater, and the Windsor Woods Libraries. Additionally, the Library continues to expand upon technology training and hands on experience using 3-D printers, robotics classes, coding for all ages, and soon will introduce programming for drones and digital media station. In FY 2020-21 the Libraries will also partner with Information Technology to update and modernize their integrated library system which will ensure the Libraries' primary software system meets all functional and security expectations while also providing for the increase in capabilities provided by newer software. The FY 2020-21 Operating Budget also provides funding for one additional FTE within the Public Library system. This position will expand outreach and literacy programs at the Oceanfront Library.

Libraries and Schools Partner to Increase Student Access to Library Resources

Beginning in the summer of 2019, Virginia Beach City Public Schools and the Virginia Beach Public Library partnered to provide year-round digital public library access to all 67,000 K-12 students. VBCPS and VBPL's partnership to provide public library access to all VBCPS students is the latest in a long line of successful partnerships that maximize learning opportunities and resources for Virginia Beach children. Other collaborations include the Summer Reading Challenge and the Fifth Grade Battle of the Books. In addition, VBPL staff members provide outreach to Title I and other school sites, bringing library programs and activities to students who might not otherwise be able to visit the library. The student library account partnership stems from the Urban Libraries Council's "Leaders Library Card Challenge," a national effort to ensure that every child enrolled in school has access to the valuable learning resources available at public libraries.

Investments in Public Education

Within the FY 2020-21 Operating Budget, Virginia Beach City Public Schools have added a total of 130.4 positions. An instructional specialist added at the Brock Environmental Center will help implement a program that will offer high school juniors and seniors a unique opportunity to expand their understanding of sustainable economics and business innovation, social sustainability, environmental sustainability, and natural resource stewardship. The program will prepare students for post-secondary education and provide processes and pathways for investigating careers related to the environment and sustainability.

The FY 2020-21 Capital Improvement Program provides funding for an expansion of Lynnhaven Middle School for the An Achievable Dream Academy (AAD). The original An Achievable Dream Academy was opened at Seatack Elementary School during the 2014-15 school year for kindergarten through the second grade. In the 2018-19 school year, the first class of An Achievable Dream students began sixth grade at Lynnhaven Middle School. As a result of successful implementation of the AAD Program at Seatack Elementary it was decided that VBCPS would partner with AAD to expand the AAD Program to grades 7-12.

A new wing at Lynnhaven Middle School is necessary to accommodate the expansion of the program. Once completed, Lynnhaven Middle will continue to house middle school students (grades 6-8) who are zoned for Lynnhaven Middle as well as students enrolled in the An Achievable Dream Academy (grades 6-12). While the AAD Academy will have a separate entrance, the two schools will share the common areas of the facility such as the cafeteria, library, gymnasium, athletic fields, and tennis courts.

IX. Leverage Data and Technology to Enhance Community Livability, Prosperity, and Sustainability

One of the most important ways to ensure continued growth for the City is to foster technological innovation and create a globally competitive, network infrastructure. To attract the best companies to stimulate the local economy and provide high paying jobs, the City must provide the best quality broadband services and become a leader in data driven decision making and transparency.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Percent of Households with a Broadband Internet Connection	N/A	N/A	N/A	84.2%	83.7%	84.8%	89.6%	90.9%	87.8%	N/A
Resident Satisfaction with the Opportunity to Share Ideas or Opinions Before the City Makes Important Decisions	N/A	62%	N/A	70%	N/A	68%	N/A	63%	N/A	70%
Residents voting in Elections for Local Office	44.7%	17.7%	74.5%	37.0%	30.9%	23.0%	66.0%	43.0%	56.0%	39.0%
Resident Satisfaction with the Level of Communication the City has with them	N/A	73%	N/A	75%	N/A	75%	N/A	70%	N/A	76%

Presidential Election

The next Presidential Election will occur on November 3, 2020. Voter Registration and Elections is anticipating voter turnout for the 2020 election to exceed that of the 2016 Presidential Election. This elevated turnout would be due to legislation expected to be signed into law by Governor Northam that would allow for no-excuse, absentee voting for 45 days leading up to an election and would establish Election Day as a State holiday. Both of these pieces of legislation have the potential to expand access to voting and would impact the workload of the Voter Registration and Elections Office. In addition to the presidential election, five of the eleven Council members are up for re-election in November of 2020, including the Mayor. Also, the City is considering a bond referendum to be held at the same time, indicating the possibility of major voter turnout in the upcoming election cycle

Because of the new laws, the City expects to see a significant increase in absentee voting. The number of registered voters is also expected to increase, from the 302,515 the City currently has, to 315,000 when the election occurs in November 2020. In order to accommodate these additional voters, the City has allocated $451,480 to cover the anticipated cost of the Presidential Election. These funds will help support increased personnel costs associated with both temporary and permanent existing staff. Staff will be responsible for assisting voters prior to Election Day via the City's call center, and on Election Day at the City's poling locations. They will also be responsible for processing absentee ballots as they are received.

Additional Positions for New Timekeeping System

The FY 2020-21 budget includes funding in Information Technology for two Systems Analyst positions to support the upcoming deployment of the enterprise timekeeping and scheduling system. Currently, the City does not have a centralized system to track time and attendance and many departments still rely on physical time sheets. Without a timekeeping system, it is possible for employees to over or under-report their hours because it is very difficult to manually validate every claim. In addition, a flexible scheduling system is necessary to ensure that the City's 24/7 operations, including Police, Fire, EMS, and Public Works have sufficient coverage for all shifts.

The two scheduling and timekeeping positions will become subject matter experts on the system before it goes live in February of 2021 so they can assist with its rollout and serve as the primary point of contact for any issues or maintenance requests over the life of the system. The City has hundreds of worksites spread across Virginia Beach and each of these must have a nexus with the timekeeping and scheduling system so having two dedicated positions to support this system will be critical to its effective implementation.

Human Capital Management System Now Fully Funded

In addition to the new financial system, which will go live in FY 2020-21, the CIP provides $13.9 million in funding for the replacement of the City's enterprise resource planning (ERP) system for human capital management (HCM). This new HCM system will vastly improve and modernize Human Resource functions across the City including recruiting, onboarding, payroll, performance evaluations, etc. The modernized software will eliminate numerous manual processes and integrate several systems into one unified software, which will improve the efficiency and effectiveness of Human Resources. Both the ERP Financial and Human Resource systems will be integrated and improve overall efficiencies.

X. Modernize City Assets and Infrastructure

Protecting the City's natural resources and infrastructure is one of the most important goals of the organization. To ensure that these assets continue to provide the services required by residents, the City strives to enhance and plan for the future needs of its roads, stormwater systems, buildings, and water resources.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Percent of Drinking Water Tests Meeting or Exceeding Federal Standards	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Acres of Protected Farmland per 1,000 Residents	18.1	18.5	20.0	19.8	20.5	20.4	20.4	20.5	21.4	21.6	21.8
Public Open Space per 1,000 Residents	15.9	16.1	16.7	16.5	16.5	16.4	15.6	15.6	15.6	15.6	15.6
Residents Satisfied with the Condition of the Streets in their Neighborhood	81%	N/A	78%	N/A	81%	N/A	81%	N/A	76%	N/A	78%
Resident Satisfaction with the Maintenance of Existing City Roads and Bridges	63%	N/A	61%	N/A	69%	N/A	71%	N/A	66%	N/A	68%

Modernization of Public Works Technology Systems

Maintaining city owned property is a critical component of the mission of the Department of Public Works. Long-term maintenance reduces cost of service and prevents the need for costly replacement projects. In addition to the number of maintenance CIP projects for City buildings and infrastructure, the Department of Public Works maintains City buildings on a day to day basis. In partnership with Information Technology, the Department has purchased a replacement system to the 20-year-old asset management software. This new system has replaced several manual processes and allows for a comprehensive database of all aspects of City-owned facilities that currently did not exist within the City. The FY 2020-21 Resource Management Plan provides additional funding for consulting services to capture all elements of city buildings which will allow decision makers the ability to make well-informed decisions when planning projects and responding to work orders.

Courthouse Sound System Upgrade

The sound systems in the courtrooms in the Virginia Beach Circuit Court were installed when the Courthouse was originally constructed in 1994. Due to the age of the sound system, it is becoming increasingly difficult to find parts for and repair the system. This can greatly limit the usability of a courtroom when repairs are needed, as repairs can take between three and five months. Over the last three years, the Circuit Court has on average commenced 15,636 cases per year. Due to case volume, it is essential that all ten courtrooms remain functional.

In FY 2020-21, the City will begin reviewing the best options to replace the outdated sound systems in order to ensure that the courtrooms can remain operational. Once complete, the new sound system will be compatible with the recently installed assisted listening system, which accommodates individuals with hearing impairments. In addition, individual audio systems will be installed in each of the ten courtrooms. This will ensure that, in the event of a system failure, only one of the courtrooms will be affected.

Marsh Pavilion Grand Reopening

The Owls Creek Marsh Pavilion at the Virginia Aquarium closed for renovations in January 2019 and remained closed throughout FY 2019-20. The Marsh Pavilion is now nearing completion and is expected

to reopen to the public in May 2021, over Memorial Day weekend. This newly renovated and expanded facility will be rebranded as the South Building and will house the Aquarium's Veterinary Care Center and the Darden Marine Animal Care Center. Renovations to the existing facility will include new exhibit areas, including an area where Aquarium guests can observe the Aquarium's husbandry and medical staff as they care for animals in the new Veterinary Care Center. There will also be an exhibit area where guests can role-play as scientists and help sick or injured animals. Outside of the new facility, there will also be enhancements to the outdoor trail, including a new theater.

In order to ensure the Virginia Aquarium and Marine Science Center remains a year-round destination for tourists and residents alike, ongoing investments are being made in the Aquarium's marketing efforts. The City will be making a $50,000 investment in FY 2020-21 in the Aquarium's marketing campaigns to make residents and tourists aware of these new and exciting experiences at the Virginia Aquarium.

Urban Forestry

This budget includes $50,000 in additional funding for the City's Urban Forestry Management Program. The goal of the Urban Forestry Management Program is to maintain neighborhood street tree pruning as well as roadway street tree plantings throughout the city. Preventative tree maintenance is essential to a healthy urban forestry. Trees that are cyclically maintained in neighborhoods generally live longer and provide physical, environmental, economic, and health benefits important to the citizenry of Virginia Beach. With approximately 3.2 million trees estimated in Virginia Beach, the urban tree canopy contributes to economic savings and environmental benefits for residents. Among the key annual savings and benefits to Virginia Beach citizens, stormwater runoff reduction and property value increases are the most significant.

Stormwater Green Infrastructure

The FY 2020-21 through FY 2025-26 CIP has incorporated "Green Infrastructure" into the City's strategy to combat future sea level rise. As part of the Comprehensive Sea Level Rise and Recurrent Flooding Analysis (CIP 7-030), green infrastructure, sometimes called natural and nature-based features, has been identified as part of the long-term stormwater resiliency solutions for the City. A newly established CIP 7-104 "Stormwater Green Infrastructure" will be used for the design, acquisition, and construction of green infrastructure throughout the City. Multiple non-profit organizations and federal/state departments could provide grant assistance for installation of green infrastructure. This program will identify potential grant opportunities and apply for assistance when green infrastructure locations are identified that meet the requirements for the grants.

TRANSPARENCY INITIATIVES CONTINUE

Connecting citizens to resources that link the Resource Management Plan to City Council goals is critical to citizen engagement in funding decisions. Transparency allows citizens to have open dialogue with their elected officials at levels unprecedented in previous years. Below are five initiatives that Virginia Beach operates in order to promote transparency and civic engagement.

Open Budget

The most detailed information about the City's Resource Management Plan is available on the Open Budget portal. Open Budget provides access to the City's Budget information at the same detail level used by City staff. Citizens are able to access information about specific revenue and appropriation categories in summary or line-item form. It is important to note that this software reports the City's Operating Budget at the gross budget level, which means that certain expenditures and revenues will be counted multiple times across the various funds and projects.

Resource Link:
https://analyzer.vbgov.com/public/dashboard/b8e582e7-02f9-4fe9-acd7-74f2c8e6c431?fiscal_year=2020

Open Performance Initiative

The Open Performance portal was created to provide access to performance metrics organized by City Council goals. The measure included are key performance indicators that can be used to track the City's progress in meeting those goals. Community outcome and departmental performance metrics are included in the Open Performance dashboard to illustrate how well the City is accomplishing its objectives.

Resource Link:
https://opencity.vbgov.com/open-performance/

Balancing Act and Taxpayer Receipt

In an effort to increase transparency and more effectively communicate the City's budgetary decisions to citizens, the City's Budget and Management Services Department 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 factors that impact funding decisions of a major City.

Balancing Act allows anyone to create their own budget by allocating funds to 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 can personalize the 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.

Resource Links:
http://virginiabeachva.abalancingact.com
http://virginiabeachva.abalancingact.com/taxreceipt

Open Data

In 2016, the City Manager appointed a multi-agency board to develop policies requiring departments to identify and collect relevant data in a usable format. Use of data analysis to identify inefficiencies and improve processes is an expectation of 21st Century governments. The Open Data initiative is intended to facilitate and promote the use of data to efficiently provide city services and communicate with citizens. City staff use collected data to conduct analysis, look for potential problems, improve processes, evaluate various methods of service delivery, and create business opportunities. In addition, the same data is available on the Open Data platform for citizens to view and use to conduct analysis. Open Data allows citizens to find data about their City government without having to file cumbersome Freedom of Information Act requests. They may also find new ways to use City data to start businesses, write mobile applications, and help identify other opportunities for the City to improve.

Resource Link:
https://data.vbgov.com

Open GIS

In conjunction with the City's Open Data portal, Virginia Beach has an online Open GIS portal that serves as an informative dashboard and a mapping and spatial analysis tool. With the Open GIS portal, citizens are able to map information related to administrative boundaries, demographics, City parks and recreational resources, residential and commercial properties, public safety, planning and community development, transportation, public utilities, and elevation. The purpose of this resource is to provide information on City resources available to citizens and give geographic context to the impact of capital projects, particularly those related to transportation and flood mitigation.

Resource Link:
https://gis.data.vbgov.com/

Economic Indicator Report

In FY 2018-19, the Department of Budget and Management Services released a digital Economic Indicator Report that provides a synthesized overview of national, regional, and local economic trends. The purpose of this report is to educate and engage citizens in economic processes that impact the region. Information provided by the Economic Indicator Report helps citizens understand the data and policies the City monitors in order to make strategic decisions related to the Resource Management Plan as well as monitor the economy for future downturns.

Resource Link:
https://www.vbgov.com/government/departments/budget-office-management-services/Pages/economic-indicator-report.aspx

FINANCIAL STRATEGY

Virginia Beach has a strong financial system. This system is based on sound strategies that guide the financial activities of the government and ensure it continues to be transparent to the public. These strategies provide guidance regardless of the economic climate. They are forward looking with the intent to sustain the community and the organization into the future.

City/School Revenue Sharing Formula

The City/School Revenue Sharing Formula expired on June 30, 2018. In July 2018, the City Manager recommended an extension to the existing funding formula through June 30, 2019 and subsequently, local revenue for FY 2019-20 was allocated according to the same policy.

During the fall of 2019 a working group with both City and School staff was established to make recommendations on revisions to the revenue sharing formula before the FY 2020-21 budget process.

The City Manager and Superintendent met to define specific guidelines that would be used to review revenue sharing formula options that were developed by the working group. The criteria used are as follows:

→ Ensure information is available early in the budget process

→ Facilitate long-term planning

→ Simplify the current formula

→ Share growth in the tax base

→ Fairness and equity for both City and Schools

City and School staff developed three alternatives. Each alternative was reviewed utilizing the formula guidelines. Based on compatibility with the criteria, the use of a straight revenue sharing formula emerged as the best option for both the City and Schools. The straight revenue sharing formula is calculated as follows:

→ The base from which the computation derives includes all local, non-dedicated, General Fund tax revenues consistent with the current formula.

→ Multiply the sum of all of these revenues 46.75%.

→ The result is the City's contribution to Schools.

Based on the Policy adopted by City Council and the School Board, the City/School Revenue Sharing Formula will remain in effect until June 30, 2024, at which time it will be reviewed and considered for reauthorization.

Internal Process

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

Financial records and statements will be transparent and open to public review via the City's website, **www.vbgov.com.**

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

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

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 first go to the maintenance of existing infrastructure.

→ New projects will require new revenues to support construction, operations and long-term maintenance needs.

→ Fund capital projects using a pay-as-you-go strategy first (current funding strategy is local revenues first, followed by state or federal revenues and finally available City fund balance) and only then look to debt financing strategies.

Budgetary Practices

Taxes and fees 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.

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 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 in a given year.

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

Employees of the City and Schools will receive adequate compensation, commensurate with their expected duties and comparable job titles.

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

Eligible employees are required to participate in the Virginia Retirement System and the City and School system provides funding according to state law. All full-time employees are required to contribute 5% of their annual salary toward their retirement account; in accordance with VRS retirement provisions. This is handled through a pre-tax payroll deduction.

Positions may be added or removed based on service requirements or budgetary constraints, but the City and School system will work with employees to transition those whose positions were removed to available positions.

Balance the Operating Budget with 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 when the use of fund balance is needed to prevent drastic service cuts.

City Council dedicated revenues will be reviewed annually as a part of the Operating Budget process and adjustments will be recommended to ensure that revenues are in line with long-term program goals. Revenues that were increased by City Council to meet specific goals are 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 the expansion of existing businesses or to attract new businesses in order to encourage job growth in the community.

ESTIMATED GENERAL FUND BALANCE

At June 30, 2020

Beginning Fund Balance at July 1, 2019 (CAFR)*		**$211,828,049**
Add: Revenues		
FY 2019-20 General Fund Revenues-Revised Estimate	$1,185,613,655	
Surplus from Sandbridge TIF	13,722,694	1,199,336,349
Total Fund Balance and Revenues		**$1,411,164,398**
Less: Anticipated FY 2019-20 Expenditures:		
Operating Expenditures	$646,439,536	
Attrition	$5,140,801	
School Operations**	466,727,465	
Other Transfers**	98,650,453	1,216,958,255
Total Projected Fund Balance at June 30, 2020		**$194,206,143**
Less: Anticipated Uses of Fund Balance:		
Loans, Advances, and Inventory	$10,934,636	
Encumbrances and Carryforwards	10,000,000	
Aquarium Parking Lease	2,270,795	
Human Services	250,000	
Community Services Board	2,901,470	
Aquarium Marsh Pavilion	134,661	
School Operating Budget	409,000	
FY 2020-21 Capital Budget	35,922,409	
Attrition	5,000,000	67,822,971
Total Estimated Unassigned Fund Balance at June 30, 2020		**$126,383,172**

Calculation of Unassigned General Fund Balance

Projected FY 2020-21 General Fund Revenues* **	**$1,227,180,468**
Unassigned Fund Balance as a percentage of FY 2020-21 Revenues	**10.30%**

Notes:

**The total General Fund balance reported in the FY2019 CAFR was $230,579,796. This included $17,299,308 for the School Reserve Fund and $1,452,439 in Trust and Gift funds that are reported with the General Fund in the CAFR but not included in the number above.*

*** Reflects full transfer of budgeted amounts*

**** Net of Fund Balance Usage*

REVENUE SUMMARY

	FY 2019 Actual	FY 2020 Adjusted Budget	FY 2021 Proposed Budget	% Change
Revenue Source Summary				
Revenue from Local Sources				
General Property Taxes				
Real Estate	586,407,785	605,709,974	626,961,518	3.51
Personal Property	159,441,951	163,497,601	169,497,601	3.67
Total General Property Taxes	745,849,736	769,207,575	796,459,119	3.54
Other Local Taxes				
General Sales Tax	65,851,817	66,745,446	69,591,147	4.26
Utility Tax	47,636,483	49,578,224	45,760,883	-7.70
Business License	49,146,113	51,892,052	51,432,832	-0.88
Automobile License	11,260,550	11,652,769	11,578,052	-0.64
Cigarette Tax	10,568,721	11,179,170	9,689,470	-13.33
Amusement Tax	6,757,044	7,019,378	7,223,932	2.91
Hotel Room Tax	37,127,572	37,944,530	39,817,872	4.94
Restaurant Meal Tax	69,278,647	70,026,667	73,877,745	5.50
Other Taxes	11,550,925	11,704,971	12,181,712	4.07
Total Other Local Taxes	309,177,872	317,743,207	321,153,645	1.07
Other Local Revenue				
Permits, Privilege Fees, and Regulatory Licenses	5,533,212	6,081,945	6,091,781	0.16
From the Use of Money and Property	23,868,614	14,832,295	15,467,762	4.28
Charges for Services	279,987,064	292,135,831	305,242,333	4.49
Miscellaneous Revenue	10,970,372	11,194,384	10,791,854	-3.60
Fines and Forfeitures	6,087,834	5,442,719	5,581,049	2.54
Total Other Local Revenue	326,447,096	329,687,174	343,174,779	4.09
Revenue from the Commonwealth				
State Shared Sales Tax	76,320,888	78,981,847	81,310,283	2.95
Other Sources from the Commonwealth	422,269,104	439,062,100	458,975,298	4.54
Total Revenue from the Commonwealth	498,589,992	518,043,947	540,285,581	4.29
Revenue from the Federal Government	113,763,159	125,870,020	123,642,100	-1.77
Non-Revenue Receipts	3,109,515	3,111,522	3,463,747	11.32
Total Revenues	1,996,937,370	2,063,663,445	2,128,178,971	3.13
Fund Reserves Summary				
Specific Fund Reserves	0	16,949,282	17,432,830	2.85
Total Fund Reserves	0	16,949,282	17,432,830	2.85
TOTAL FINANCING REQUIRED	1,996,937,370	2,080,612,727	2,145,611,801	3.12

DEDICATION OF LOCAL REVENUES

Real Estate * $588,229,612 (Rate = $1.0175 per $100 of assessed value)	
Recreation Centers $20,901,321 (3.476¢)	Agricultural Reserve Program $5,411,735 (0.90¢)
Outdoor Initiative CIP $2,826,128 (0.47¢)	General Fund Storm Water Operations $15,032,595 (2.5¢)
City Council Priorities $11,124,120 (1.85¢)	Town Center TIF $8,839,635
Special Service Districts	
Sandbridge SSD $519,024 (additional rate of 4¢)	Town Center SSD $2,390,683 (additional rate of 45¢)
Bayville Creek SSD $72,380 (additional rate of 47.2¢)	Harbour Point SSD $26,659(additional rate of 12.0¢)
Chesopeian Colony SSD $203,021 (additional rate of 29.13¢)	Old Donation Creek SSD $70,359 (additional rate of 18.4¢)
Shadowlawn Area SSD $31,025 (additional rate of 15.94¢)	Hurds Cove SSD $213,124 (additional rate of 43.8¢)
Gills Cove SSD $13,624 (additional rate of 6.3¢)	Schilling Point $39,316 (additional rate 40.4¢)
Personal Property * $169,497,601 (Rate = $4.00 per $100 of value)	

Restaurant Meals * $73,877,745 (local rate = 5.5%)		
Tourism Investment Program $14,209,347(1.06%)	Open Space $5,898,220 (0.44%)	Tourism Advertising Program $6,702,522 (0.50%)

Hotels * $39,817,872 (local rate = 8% plus $2 per room night)			
Tourism Advertising Program $6,534,467 (1% plus $1 per room night)	Tourism Investment Program (TIP) $19,938,685 (5% plus $1 per room night)	Central Business District TIF $500,000	Sandbridge SSD $4,467,331 ($1 per room night plus 6.5% of the tax generated in the Sandbridge SSD)

Other Revenue Dedications			
Amusement $7,223,932 (local rate = 5% & 10%)	**Cigarette *** $9,689,470 (local rate = 75¢ per pack)		**Automobile *** $11,578,052 ($30 vehicles under 4,000 pounds)
Tourism Investment Program $7,223,932 (100%)	Economic Development Investment Program $2,067,087 (16¢)	Tourism Investment Program $645,965 (5¢)	

Other Non-Dedicated Local Revenues		
City Tax on Deeds * $8,020,428	Bank Net Capital * $4,061,214	City Tax on Wills * $100,070
Business License * $51,432,832	General Sales * $69,591,147	Utility Taxes * $45,760,883

*These revenues are included in the School Revenue Sharing Formula net of certain 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	Proposed Fee
General Government	Sandbridge SSD - Real Estate Tax Rate	6¢	4¢
Public Works	Storm Water ERU	49.3 ¢ per day	52.8 ¢ per day*
Parks and Recreation	Recreation Center - Annual Adult Resident Membership	$104	$107
Parks and Recreation	Recreation Center - Annual Non-Resident Membership	$396	$399
Parks and Recreation	Recreation Center - Annual Premier Resident Membership	$299	$302
Parks and Recreation	Recreation Center - Annual Premier Non-Resident Membership	$534	$537
Parks and Recreation	Recreation Center - Annual Senior Resident	$84	$86
Parks and Recreation	Recreation Center - Annual Youth Membership	$39	$41
Parks and Recreation	Recreation Center - Resident 30-Day Pass	N/A	$21
Parks and Recreation	Recreation Center - Non-Resident 30-Day Pass	N/A	$43
Parks and Recreation	Recreation Center - Adult Day Pass	$9	N/A
Parks and Recreation	Recreation Center - Month-to-Month Adult Resident	$14	N/A
Parks and Recreation	Recreation Center - Month-to-Month Non-Resident	$36	N/A
Parks and Recreation	Recreation Center - Month-to-Month Premier Resident	$34	N/A
Parks and Recreation	Recreation Center - Month-to-Month Premier Non-Resident	$47	N/A
Parks and Recreation	Recreation Center - Month-to-Month Senior	$11	N/A
Parks and Recreation	Youth Tackle Football Team Registration Fee	$225	$250
Parks and Recreation	Youth Basketball Team Registration Fee	$125	$150
Parks and Recreation	Youth Volleyball Registration Fee	$125	$150

**This increase was approved by City Council as part of a six-year plan in the Fiscal Year 2019-20 Operating Budget*

EXPENDITURE SUMMARY

Department Name	FY 2019 Actual	FY 2020 Adjusted Budget	FY 2021 Proposed Budget	% Change
Agriculture	4,211,463	5,621,278	6,139,093	9.21
Budget and Management Services	1,324,879	1,471,293	1,481,002	0.66
City Attorney	4,514,581	4,629,701	4,714,680	1.84
City Auditor	890,286	952,832	909,398	-4.56
City Clerk	538,543	577,780	588,615	1.88
City Manager's Office	2,510,171	2,883,265	2,887,764	0.16
City Real Estate Assessor	3,164,920	3,385,454	3,335,264	-1.48
City Treasurer	5,856,668	6,481,256	6,405,639	-1.17
Commissioner of the Revenue	4,738,128	4,900,473	5,083,207	3.73
Commonwealth's Attorney	9,445,896	10,378,812	10,633,965	2.46
Communications Office	1,782,454	1,823,324	1,869,170	2.51
Convention and Visitors Bureau	27,799,926	28,778,832	29,481,293	2.44
Courts and Courts' Support	6,767,746	7,248,208	7,386,479	1.91
Cultural Affairs	2,778,094	3,257,607	3,615,505	10.99
Debt Service	52,509,563	54,414,230	58,848,123	8.15
Economic Development	5,586,451	5,686,391	6,249,663	9.91
Emergency Communications and Citizen Services	9,133,655	11,138,999	11,537,249	3.58
Emergency Medical Services	12,617,688	13,086,152	13,815,674	5.57
Finance	6,285,289	7,150,624	7,419,721	3.76
Fire	58,186,769	59,237,497	60,017,789	1.32
Health	3,713,720	3,486,450	3,690,510	5.85
Housing and Neighborhood Preservation	31,063,729	34,879,147	36,506,875	4.67
Human Resources	4,794,788	5,170,567	7,300,218	41.19
Human Services	117,937,832	126,975,490	129,910,234	2.31
Information Technology	25,640,924	27,725,065	28,458,326	2.64
Library	17,232,867	18,714,162	19,052,579	1.81
Municipal Council	602,888	663,050	663,242	0.03
Non-Departmental	39,254,109	35,673,103	37,676,887	5.62
Office of Emergency Management	664,953	592,110	1,679,690	183.68
Parks and Recreation	54,426,081	58,492,189	60,287,908	3.07
Pay-As-You-Go Capital Projects	72,071,819	79,358,646	78,283,026	-1.36
Planning and Community Development	23,868,695	24,853,640	26,046,022	4.80
Police	99,188,135	104,396,374	106,609,127	2.12
Public Education	887,977,006	938,186,488	977,104,361	4.15
Public Utilities	113,762,277	115,988,263	116,879,582	0.77
Public Works	135,818,549	150,477,553	152,184,072	1.13
Reserve for Contingencies	0	5,532,947	12,494,059	125.81
Sheriff's Office	49,277,045	50,685,114	50,967,675	0.56
Special Finance Department	32,182,714	50,882,117	41,513,860	-18.41
Strategy, Transparency, Innovation & Resiliency Office	688,832	633,793	633,311	-0.08
Virginia Aquarium	10,818,123	12,395,023	13,014,370	5.00
Voter Registration & Elections	2,228,589	1,747,428	2,236,574	27.99
TOTAL EXPENDITURES	1,943,856,843	2,080,612,727	2,145,611,801	3.12

CITY PERSONNEL SUMMARY

Department Name	FY 2019 Actual	FY 2020 Adjusted Budget	FY 2021 Proposed Budget	% Change
Agriculture	9.00	9.00	9.00	0.00
Budget and Management Services	14.00	14.00	14.00	0.00
City Attorney	42.61	43.61	43.61	0.00
City Auditor	8.00	8.00	8.00	0.00
City Clerk	6.00	6.00	6.00	0.00
City Manager's Office	20.00	20.00	20.00	0.00
City Real Estate Assessor	34.00	35.00	36.00	2.86
City Treasurer	74.60	77.60	77.60	0.00
Commissioner of the Revenue	65.53	64.93	65.73	1.23
Commonwealth's Attorney	97.83	103.83	103.83	0.00
Communications Office	20.50	20.50	20.50	0.00
Convention and Visitors Bureau	120.28	120.28	123.28	2.49
Courts and Courts' Support	75.00	75.00	74.63	-0.49
Cultural Affairs	4.00	13.70	14.50	5.84
Economic Development	20.00	21.00	21.00	0.00
Emergency Communications and Citizen Services	137.75	137.75	137.75	0.00
Emergency Medical Services	89.55	97.55	99.30	1.79
Finance	59.00	61.00	63.00	3.28
Fire	523.21	539.83	541.23	0.26
Health	9.08	7.38	7.38	0.00
Housing and Neighborhood Preservation	80.00	80.00	82.00	2.50
Human Resources	50.00	52.00	70.00	34.62
Human Services	1,178.45	1,191.70	1,192.70	0.08
Information Technology	193.00	193.00	196.00	1.55
Library	253.00	253.00	253.50	0.20
Municipal Council	11.00	11.00	11.00	0.00
Office of Emergency Management	6.00	7.00	11.00	57.14
Parks and Recreation	886.53	886.53	887.53	0.11
Planning and Community Development	137.00	141.00	146.00	3.55
Police	1,048.46	1,059.86	1,059.86	0.00
Public Utilities	415.00	415.00	415.00	0.00
Public Works	938.88	952.88	961.88	0.94
Sheriff's Office	536.82	536.82	539.50	0.50
Strategy, Transparency, Innovation & Resiliency Office	6.00	6.00	6.00	0.00
Virginia Aquarium	151.20	137.25	140.50	2.37
Voter Registration & Elections	12.00	12.00	12.00	0.00
Total City Positions	7,333.28	7,411.00	7,470.81	0.81
Education	10,333.42	10,488.12	10,618.52	1.24
Totals				
Total City Full Time Positions	6,672.00	6,764.00	6,821.00	0.84
Total City Part Time Positions	650.28	636.00	638.81	0.44
Total City Council Members	11.00	11.00	11.00	0.00
Total School Positions	10,333.42	10,488.12	10,618.52	1.24
Total Positions	**17,666.70**	**17,899.12**	**18,089.33**	**1.06**

CITY ADDITIONS & REDUCTIONS

Department	FTE changes between Adopted FY 2019-20 & Adjusted FY 2019-20	# FTEs	FTE changes between Adjusted FY 2019-20 & Adopted FY 2020-21	# FTEs	Total Dept. FTE Variance
Virginia Aquarium			Museum Educator I	1.00	3.25
			Laboratory Technician I	1.00	
			Veterinary Technician	1.00	
			Account Clerk II	0.25	
City Treasurer	Account Clerk II	1.00			0.00
	Account Clerk III	1.00			
	Account Clerk Supervisor	1.00			
City Real Estate Assessor			Real Estate Appraiser I	1.00	1.00
Commissioner of the Revenue			Account Clerk II	0.80	0.80
Convention & Visitors Bureau			Resort Special Events Coordinator	1.00	3.00
Courts and Court Services			Judicial Assistant	0.63	-0.37
			Juvenile Probation Officer	(1.00)	
Cultural Affairs	Account Clerk II	0.95	Account Clerk III	0.05	0.80
			Recreation Specialist I	1.00	
			Account Clerk	(0.25)	
Emergency Management	Public Safety Resources Coordinator	1.00	Public Safety Analyst	4.00	4.00
Emergency Medical Services			Beach Lifeguard	1.75	1.75
Finance			Financial Specialist	2.00	2.00

Department	FTE changes between Adopted FY 2019-20 & Adjusted FY 2019-20	# FTEs	FTE changes between Adjusted FY 2019-20 & Adopted FY 2020-21	# FTEs	Total Dept. FTE Variance
Fire	Account Clerk II	1.00	Storekeeper III	0.80	1.40
			Public Safety Training Specialist	0.60	
Housing			Administrative Specialist II	1.00	2.00
			Office Assistant II	1.00	
Human Resources			Safety Engineer	2.00	18.00
			Human Resource Analyst III	9.00	
			Account Clerk III	2.00	
			Human Resources Coordinator	3.00	
			Human Resources Assistant	1.00	
			Nurse II	1.00	
Human Services	Clerk I	0.65	Family Services Specialist	2.00	1.00
	Office Assistant II	1.00	BH/DS Clinician	2.00	
	Administrative Technician	(0.75)	Social Services Supervisor	(1.00)	
	BH/DS Behavior Specialist I	2.00	Eligibility Worker	(1.00)	
	BH/DS Clinician II	8.00	BH/DS Assistant	(1.00)	
	BH/DS Clinician III	6.00			
	Licensed Practical Nurse	1.00			
	Administrative Technician	1.00			
	BH/DS Assistant	(1.00)			
	Clerk III	0.75			
Information Technology			Distribution Clerk I	1.00	3.00
			Systems Analyst II	2.00	
Library			Library Assistant Supervisor	1.00	0.50
			Account Clerk II	(0.50)	
Parks and Recreation			Administrative Technician	1.00	1.00
			Aquatics Fitness Instructor	1.00	

Department	FTE changes between Adopted FY 2019-20 & Adjusted FY 2019-20	# FTEs	FTE changes between Adjusted FY 2019-20 & Adopted FY 2020-21	# FTEs	Total Dept. FTE Variance
			Recreation Specialist I	1.12	
			Account Clerk II	1.00	
			Parks and Recreation Aide I	(2.12)	
			Facility Customer Assistant	(0.70)	
			Activity Center Leader	(0.30)	
Planning & Community Development			Code Inspector I	3.00	5.00
			Planner I	1.00	
			Planning Technician I	1.00	
Public Works	Laborer	(1.00)	Maintenance Supervisor	2.00	9.00
			Clerk I	1.00	
			Motor Equipment Operator I	2.00	
			Motor Equipment Operator II	2.00	
			Motor Equipment Operator III	2.00	
			Engineer III	2.00	
			Engineer III	(2.00)	
Sheriff's Office			Associate City Attorney	0.55	2.68
			Commissary Canteen Clerk	(0.36)	
			Food Service Assistant	0.88	
			Media and Communications Coordinator III	0.73	
			Storekeeper I	0.88	
Total Net New		**23.60**		**59.81**	**59.81**

*In FY 2020-21, Public Works will transfer 2.0 Engineer FTEs to Human Resources as Safety Engineers for Occupational Health and Safety.

SCHOOL PERSONNEL SUMMARY

Budgeted Positions for All School Board Funds

	FY 2016/17 Budget	FY 2017/18 Budget	FY 2018/19 Budget	FY 2019/20 Budget	FY 2020/21 Proposed	Variance
General Fund						
Fund 115 - School Operating						
Instruction	6,800.00	6,853.85	6,972.45	7,118.65	7,238.90	120.25
Administration, Attendance and Health	279.80	280.30	281.30	284.30	285.30	1.00
Pupil Transportation	675.13	675.13	693.88	693.88	691.88	(2.00)
Operations and Maintenance	1,169.50	1,152.50	1,134.50	1,123.50	1,119.50	(4.00)
Technology	176.00	182.00	186.00	185.00	185.00	-
School Operating Fund Total	**9,100.43**	**9,143.78**	**9,268.13**	**9,405.33**	**9,520.58**	**115.25**
Fund 104 - Green Run Collegiate	39.30	39.30	39.30	38.80	38.80	-
General Fund Total	**9,139.73**	**9,183.08**	**9,307.43**	**9,444.13**	**9,559.38**	**115.25**
Categorical Grants and Other Funds						
Fund 114 - Cafeterias	490.89	495.89	492.89	527.39	536.64	9.25
Fund 116 - Categorical Grants	509.20	516.80	521.10	504.60	508.50	3.90
Fund 117 - Textbooks	1.50	1.50	1.50	1.50	1.50	-
Fund 614 - Risk Management	7.00	4.00	4.00	4.00	5.00	1.00
Funds 615/617 - Health Insurance	6.50	6.50	6.50	6.50	7.50	1.00
Other Funds Total	**1,015.09**	**1,024.69**	**1,025.99**	**1,043.99**	**1,059.14**	**15.15**
TOTAL BUDGET	**10,154.82**	**10,207.77**	**10,333.42**	**10,488.12**	**10,618.52**	**130.40**

Categorical Grants and Other Funds Budgeted Positions

	FY 2016/17 Budget	FY 2017/18 Budget	FY 2018/19 Budget	FY 2019/20 Budget	FY 2020/21 Proposed	Variance
Adult Basic Education Funds	5.00	5.00	5.00	5.00	5.00	-
DoDEA MCASP Operation GRIT	-	1.00	1.00	1.00	1.00	-
DoDEA MCASP Operation Pride	2.00	-	-	-	-	-
DoDEA Special Education	1.00	1.00	1.00	-	-	-
MTSS-B Impact Evaluation Study	1.20	-	-	-	-	-
Preschool Incentive	5.00	4.00	4.00	4.00	4.00	-
Title I, Part A	122.00	128.00	125.00	111.00	101.90	(9.10)
Title I, Part D - Subpart 1	-	-	-	0.50	-	(0.50)
Title I, Part D - Subpart 2	1.00	1.00	1.00	0.50	-	(0.50)
Title II, Part A	24.00	24.00	18.00	17.00	17.00	-
Title III, Part A - Language Acquisition	1.00	1.00	1.00	1.00	1.00	-
Title IV, Part A, Student Support and Academic Enrichment	-	-	1.00	4.00	4.00	-
Title VI, Part B (IDEA)	253.00	245.80	245.80	248.80	262.80	14.00
Virginia Preschool Initiative Plus (VPI+)	-	-	12.00	-	-	-
Federal Grants Total	**415.20**	**410.80**	**414.80**	**392.80**	**396.70**	**3.90**
Early Intervention Reading Initiative (PALS)	1.00	1.00	1.00	1.00	1.00	-
Jail Education Program	1.00	1.00	1.50	1.00	1.00	-
Juvenile Detention Home	11.00	11.00	11.00	11.00	12.00	1.00
VA Initiative for At-Risk Four-Year-Olds	80.00	92.00	90.00	86.00	86.00	-
Virginia Preschool Initiative Plus (VPI+)	-	-	-	10.00	10.00	-
State Grants Total	**93.00**	**105.00**	**103.50**	**109.00**	**110.00**	**1.00**
Hampton Roads Workforce Council - ALC	-	-	0.80	0.80	0.80	-
Hampton Roads Workforce Council - STEM	1.00	1.00	2.00	2.00	1.00	(1.00)
Local Grants Total	**1.00**	**1.00**	**2.80**	**2.80**	**1.80**	**(1.00)**
Categorical Grants Total	**509.20**	**516.80**	**521.10**	**504.60**	**508.50**	**3.90**
Cafeterias	490.89	495.89	492.89	527.39	536.64	9.25
Health Insurance	6.50	6.50	6.50	6.50	7.50	1.00
Risk Management	7.00	4.00	4.00	4.00	5.00	1.00
Textbooks	1.50	1.50	1.50	1.50	1.50	-
Other Funds Total	**505.89**	**507.89**	**504.89**	**539.39**	**550.64**	**11.25**
Categorical Grants and Other Funds Total	**1,015.09**	**1,024.69**	**1,025.99**	**1,043.99**	**1,059.14**	**15.15**

DEMOGRAPHICS

		1980	1990	2000	2010	2018
Gender:						
	Male	50.8%	50.8%	49.5%	48.9%	49.2%
	Female	49.2%	49.2%	50.5%	51.1%	50.8%
Age:						
	Under 18	30.7%	28.0%	27.5%	24.0%	22.4%
	65 and Over	4.5%	5.9%	8.4%	10.7%	13.2%
	Peak Earning Years (age 35 – 54)	23.1%	24.9%	30.5%	28.3%	25.5%
	Median Age	26.9	28.9	32.7	34.9	36.5
	Dependency Population (<18 & > 65)	35.2%	33.9%	35.9%	34.7%	35.6%
Race:*						
	White	86.5%	80.5%	71.4%	67.7%	66.7%
	Black/African American	10.0%	13.9%	19.0%	19.6%	19.0%
	American Indian/Alaskan Native	0.2%	0.4%	0.4%	0.4%	0.3%
	Asian/Hawaiian/Pacific Islander	2.5%	4.3%	5.0%	6.3%	6.6%
	Other Race	0.7%	0.9%	1.5%	2.0%	2.1%
	Two or More Races	NA	NA	2.7%	4.0%	5.3%
	Hispanic	2.0%	3.1%	4.2%	6.6%	8.0%
Households:						
	Family Household	79.2%	75.4%	71.8%	68.6%	67.8%
	Married Couple Family	66.6%	62.9%	55.7%	52.9%	51.2%
	Female Head of Household	10.3%	9.5%	12.4%	12.3%	11.7%
	Households with Children under 18	NA	44.8%	42.1%	35.4%	31.3%
	Housing Occupancy: Owner	64.2%	62.5%	65.6%	65.7%	64.7%
	Housing Occupancy: Renter	35.8%	37.5%	34.4%	34.3%	35.3%
	Average Household Size	2.97	2.82	2.70	2.65	2.56
	Average Family Size	3.35	3.21	3.21	3.16	3.07
Health Insurance	% with Health Insurance Coverage	NA	NA	NA	88.9%	90.6%
Marital Status:						
	Single, Never Married	26.5%	24.7%	25.5%	28.3%	30.8%
	Married	61.0%	58.4%	57.1%	53.5%	50.8%
	Separated	3.0%	5.4%	3.2%	2.9%	2.0%
	Widowed	4.0%	4.0%	4.7%	4.7%	5.3%
	Divorced	5.5%	7.6%	9.5%	10.5%	11.1%
Median Household Income		$20,203	$36,271	$48,705	$64,212	$77,059
Median Family Income		$21,809	$39,122	$53,242	$75,757	$88,366
Per Capita Income		$10,836	$20,652	$30,633	$46,105	$58,308
Poverty:						

	1980	1990	2000	2010	2018
Persons	8.9%	5.9%	6.5%	7.5%	6.9%
Families	7.7%	4.3%	5.1%	5.5%	4.5%
Children under 18	13.0%	7.6%	8.6%	10.5%	9.2%
65 and Over	10.3%	8.0%	4.7%	5.0%	4.2%
Female Head of Household	38.9%	20.2%	18.9%	18.9%	19.3%
Female Householder with Children	45.8%	26.5%	23.1%	24.2%	22.2%
Housing Expenses:					
Owner Expenses Exceeding 30% of Income	26.3%	30.7%	27.4%	42.7%	29.4%
Renter Expenses Exceeding 30% of Income	37.8%	39.0%	37.9%	53.5%	49.3%
Percent of Homeowners Mortgage Free	11.1%	11.4%	13.9%	19.7%	24.7%
Educational Attainment:					
High School Graduate	80.0%	88.0%	90.4%	93.1%	93.2%
College Graduate	22.4%	25.5%	28.1%	31.6%	35.2%
Labor Force:					
Civilian Labor Force Participation Rate	58.3%	62.5%	63.2%	71.0%	71.2%
Civilian Female Labor Force Participation	54.6%	63.5%	62.9%	63.7%	62.8%
Percent of Labor Force in Armed Forces	18.2%	18.6%	13.3%	10.2%	6.2%
Percent Unemployed	5.3%	4.7%	4.1%	6.5%	2.9%
Transportation-Related:					
Percent Who Drive Alone	67.5%	78.4%	82.0%	82.5%	82.2%
Percent Who Car Pool	21.2%	12.0%	10.8%	9.4%	9.4%
Percent Who Use Public Transportation	1.7%	0.8%	0.7%	0.8%	0.8%
Percent Who Work at Home	1.1%	3.3%	2.8%	4.3%	4.5%
Mean Travel Time (minutes)	21.9	22.7	23.9	23.4	23.7

*Totals may not equal 100% due to rounding.

Source: American Community Survey 1 Year Estimates, Virginia Labor Market Information, Bureau of Economic Analysis