

**FY 2019-2020 Virginia Beach Budget
Response to Council Questions**

Question Number: FY 20 49

Question: What would need to be cut in order to absorb the \$850k in additional HRC funding if the General Fund can't fund it?

Date Requested: April 2nd, 2019

Requested By: Councilmember Moss

Department: Housing and Neighborhood Preservation

Response:

The following factors affect how we answer this question:

1. We currently have approximately 7 months of operational experience with the HRC. We have no information on what the spring and summer demand for services will be; and that demand for services affects multiple areas of operational costs.
2. We have no information on what our utility costs will be for spring or summer.
3. The requested amount reflects the annualized cost of operating the center based on the current year's approved budget and the annualized cost of contracts. The \$852,000 is not an increase in the budget but brings the funding to the level that is needed for a full year of operations. Therefore, this would represent a cut of 20% to the base annual budget, a very severe cut that would impact multiple operational and service components.
4. Contracts represent approximately \$2.5 million of the total budget of \$4.2 million.
5. We are currently just beginning contract negotiations for renewal of existing contracts for FY 19-20.

Therefore, without the \$852,000 there are three options:

- a. We would not be able to negotiate the renewal of multiple contracts for FY 19-20, therefore eliminating key services or operational functions
- b. It would be necessary to identify significant staffing cuts, also eliminating key services.

c. Major cuts would have to be made to other department programs utilizing city funds.