

FY 2021-2022 Virginia Beach Budget Response to Council Questions

Question Number: 74

Question: Can you please provide information on how each recreation center was funded and the year they were funded?

Date Requested: 4/15/21

Requested By: Councilmember Wooten

Department: Budget & Management Services

Response:

A Brief History of Recreation Center Funding

Full-scale municipally owned and operated Recreation Centers (often also known as Community Centers) did not exist in the City of Virginia Beach prior to the 1970s. At the time, the primary forms of City operated park and recreation amenities included traditional outdoor open space parks and golf courses. In the early 1970s, interest in standalone enclosed recreation buildings began. In the 1973-1978 Capital Improvement Program, recreation / community centers first appeared, initially in the Buildings Section of the CIP, and soon in the Parks & Recreation Section, as projects titled Community Center and Second Community Center. Of these two, Community Center soon became the Virginia Beach Recreation Center, whereas Second Community Center became Bayside Area Community Center and then Virginia Beach Recreation Center Bayville Farms.

The first two actual Recreation Center projects that advanced forward were the Virginia Beach Recreation Center (also known as Kempsville) and the Bow Creek Recreation Center. The Virginia Beach Recreation Center was funded from 1973-1978 from charter bonds (about 90% of the cost of the facility) and from federal revenue sharing (a program launched by President Nixon in 1972 that was phased out by President Reagan in 1986). This facility opened in April/May 1977 and cost about \$3.5 million. The Bow Creek Recreation Center was first built as a private clubhouse in 1960. In the mid-1970s, the building was purchased by the City and a project appeared for renovation into a Community Center. This renovation, at a cost of about \$1.6 million, was funded entirely from charter bonds between 1975-1980 and Bow Creek Community Center opened in 1979. In contrast, the Bayside project languished and only received a small amount of programmed plan and design funding.

Thus, through the 1980s, only two recreation centers existed in the City, receiving annual operating appropriations within City budgets. Projects to construct additional recreation centers appeared in the mid-1980s. The demand for these projects cumulated in the inclusion of Community Centers for Great Neck, Bayside, and Southeastern (later renamed Princess Anne), as well as further renovations for Bow

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Creek, in a bond referendum that was put forth to the qualified voters of the City in 1987. This referendum, for \$32.85 million, was successful, winning 36,612 - 30,176 (55% - 45%), and work soon began on Great Neck (a standalone Great Neck referendum had been defeated in 1986). To fund the debt service associated with this project, Council set aside a real estate tax dedication for Parks & Recreation. This dedication, adopted by Council on November 23, 1987 and effective July 1, 1988, was 3.8 cents per \$100 of assessed value (today, the dedication is at 3.476 cents and is also used for debt service and maintenance of all recreation centers). The projects included in the 1987 referendum were opened in 1990 (Great Neck), 1992 (Bayside), and 1994 (Southeastern/Princess Anne).

In 1985, Seatack Community Property, Inc., donated 2.25 acres to the City for a Community Center. After the receipt of this donation, the City spent \$300,000 to design and build a center, which opened in 1988. However, this center did not have recreational facilities such as a gymnasium or a pool. As a result, Council adopted a resolution in 1992 to direct the City Manager to study the issue, including expansion or building a new building altogether. In 1994, Council initially intended to include an expansion of Seatack Recreation Center on a ballot referendum to be held on May 3, 1994. However, in February 1994, this project was removed from the ballot, although nearly \$2 million in Charter Bonds had been appropriated for the project for site acquisition and expansion for a gymnasium and a swimming pool. A year later, Council action was taken to instruct the City Manager to include sufficient funds for the project in the FY 1995-1996 CIP. Eventually, the project cost \$3.2 million and was funded via the aforementioned Charter Bonds, Open Space pay-go, and General Fund pay-go, and a transfer from the Princess Anne Park CIP project. The Charter Bonds were paid with funds from the dedication.

Seatack Expansion Funding Sources		
Source	Dollar	Percent
Charter Bonds	\$ 1,982,000	61%
GF Paygo	\$ 271,189	8%
Open Space	\$ 365,811	11%
Princess Anne Park	\$ 609,650	19%
	\$ 3,228,650	

The next wave of Recreation Center construction came in the early 2010s. Prior to the Global Financial Crisis and Great Recession, the City proposed the modernization of both the Kempsville and Bow Creek facilities, which combined would cost about \$40 million and was to be funded through the existing dedication and through a new dedication from part of a proposed increase in the real estate tax. In May 2010, Council voted to defund the projects, eliminate the tax increase, and redirect over \$1 million from the dedication to the General Fund. In contrast, Council also decided in the same budget to fund the Williams Farm Community Recreation Center, which was to be built upon land the City previously acquired through the Open Space Acquisition Program (funded by a separate dedication). The Williams Farm Community Recreation Center was to be financed with a mixture of Public Facility Revenue Bonds (PFRBs) and Fund

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Balance from the General Fund in year one of the CIP. The split was \$19.5 million in PFRBs and \$5.2 million in Fund Balance from the General Fund.

The next year, Council revisited Bow Creek and Kempsville and authorized their continuation. The Bow Creek Recreation Center was funded by \$5.7 million in PFRBs in year one (FY 2011-12), along with a nearly \$1 million transfer from another CIP project to pay for stormwater and drainage needs. Bow Creek then received the bulk of its funding in the FY 2012-13 CIP (\$17.4 million) and the FY 2013-14 CIP (\$1 million), as well as a \$2.3 million transfer from the completed Williams Farm project, for a total Bow Creek project cost of about \$27.4 million. Additionally, \$600,000 in stormwater costs were charged to a stormwater project and are not included in the \$27.4 million figure cited in the preceding sentence. Except for the transfers, Bow Creek was funded via PFRBs, sold in Series 2014A and 2015A.

Bow Creek Funding Sources		
Source	Dollar	Percent
PFRB	\$24,193,061	88%
Other P&R Project Transfers	\$3,205,544	12%
	\$27,398,605	
Stormwater CIP Costs	\$600,000	
	\$27,998,605	

The Kempsville Recreation Center, was originally supposed to cost \$20 million, received \$8.9 million in FY 2012-13 and \$11.1 million in FY 2014-15. The funding in FY 2012-13 came from Fund Balance from the Parks & Recreation Fund. In FY 2014-15, the project was retitled Replacement of the Kempsville Recreation Center, the amounts of new funds increased from \$11 million to \$15.4 million, programmed to be funded mostly by a mixture of Charter Bonds and Fund Balance from Parks and Recreation. The project also received a nearly \$8 million transfer from CIP Project Community Recreation Centers Repairs and Renovations III to fund Replacement of the Kempsville Recreation Center to its new cost of \$32.25 million.

Replacement of Kempsville Recreation Center					
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Total
Original	0	\$8,910,696	0	\$11,089,304	\$20,000,000
Final	0	\$8,910,696	0	\$23,347,355	\$32,258,051

Subsequently, in later years, nearly \$3 million in excess Kempsville Recreation Center funds were transferred to other projects, including: \$1.8 million to Little Island Parking Lot Improvements, \$925,000 to the 4th Police Precinct Building, and \$263,633 to Thaila Creek Greenway. Debt Service for the Police 4th Precinct is covered by the General Fund, not the Parks and Recreation Fund.

