



Process Improvement Steering Committee

November 30, 2011, 3:00 p.m.

Building 1, Conference Room 350

1. Purpose of Meeting

The committee shall serve in an advisory capacity to City Council. The function of the committee will be to work in harmony with City Council and City management to identify problems and barriers that may have negative impact on City operations, efficiency and effectiveness and facilitate solutions.

2. Attendees

<i>Name</i>		<i>Name</i>	
Tuck Bowie - Chair	<input checked="" type="checkbox"/>	Dan Brockwell – Vice Chair	<input checked="" type="checkbox"/>
David Browning	<input checked="" type="checkbox"/>	Bill Brunke	<input checked="" type="checkbox"/>
Delceno Miles	<input checked="" type="checkbox"/>	Brad Martin	<input checked="" type="checkbox"/>
Katie Gardner	<input type="checkbox"/>	Bob Dyer	<input checked="" type="checkbox"/>
Catheryn Whitesell - Staff	<input type="checkbox"/>	Monica Dudek (Recorder)	<input checked="" type="checkbox"/>

3. Meeting Notes, Decisions, Issues

1. Welcome and Call to Order
2. Introductions –
 - Philip J. Kellam, Commissioner of the Revenues
3. Old Business –
 - The minutes from September 28, 2011 were approved.
4. New Business/Discussion Items –
 - Event Charter – Deferred indefinitely
 - Santa Cruz Experiment – Dan reviewed the article with Chief Cervera. Virginia Beach is already doing something similar with data/comparisons about area crime. Crime analysts do these comparisons where as the article discusses computers that do this predicting. Dan will talk to Chief Cervera again to discuss in more detail and repot back to the committee.
 - Email – ImproveVBprocess Discussion – Information was reviewed concerning FOIA regulations.

Some members have not been receiving the agendas and minutes. Members not receiving information should go online two weeks prior to committee meetings and pull the agenda and last month’s minutes off for review.

- Subcommittees Status Report –
- ❖ Development Review and Building Permit Process –
A one-on-one meeting is being arranged with senior planning staff to begin a dialogue discussion. It was suggested that Dan and Brad reach out to Councilman DeSteph to discuss this subcommittee and their progress.



Process Improvement Steering Committee

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❖ Review of City Payroll Process -

A meeting with Patti Phillips is set for December 7, 2011. There has been lots of leg work done by City staff. This topic will be a political hurdle to overcome. The committee will take what has been done and present their recommendation and endorsement to City Council. It is important to emphasize the “why we must do this” and the education of staff component.

❖ Strategies to Keep Small Businesses Open and Expand Those Businesses –

Phil Kellam gave a presentation (attached) on “How to Help Small Businesses Survive and Thrive”. Some key points are: The law in Virginia does not define small business, to define would require state legislature. The City is implementing a Revenue Assessment and Collections System (RACS) that will assist in online filing of taxes. Some suggestions that can be done at the City level is adjust rates and thresholds on rates.

- There will be a City Council presentation on December 13th by Tuck to show the committees progress and to request an extension. All committee members are asked to be present, if possible.
- Please consider a replacement for Osmay Torres within the next week.

4. Agenda – Next Meeting

DATE: January 25, 2012

TIME: 3:00

LOCATION: Bldg. 1, Conference Room 350

Welcome and Call to Order

Introduction of Guests

Old Business – Approval of the minutes from November 30, 2011

New Business/Discussion Items –

- Osmay Torres Replacement
 - Hampton Roads Partnership Evaluation of the Cities of Virginia, Norfolk & Chesapeake Working Together
 - Report Out of Subcommittees
 - ❖ Development Review and Building Permit Process
 - ❖ Review of City Payroll Process
 - Strategies to Keep Small Businesses Open and Expand Those Businesses
 - Announcements – Next meeting: February 29, 2012
 - Adjournment
-

Process Improvement Steering Committee

How to Help Small Businesses Survive & Thrive

Presented by
Philip J. Kellam, Commissioner of the Revenue
November 30, 2011

What is a Business?

- ▶ In Virginia, a business is defined by 58.1–3700.1
- ▶ A business is not defined by size in either the state or city tax code.
- ▶ The North American Industry Classification System (NAICS) defines a small business by industry sectors. Some examples are:

Manufacturing	500 employees
Wholesale	100 employees
Agriculture	\$750 thousand
Retail	\$7 million
General & Heavy Construction	\$33.5 million
Special Trade Contractors	\$14 million
Business and Personal Services	\$7 million
Architectural, Engineering, Surveying, and Mapping Services	\$4.5 million

Who is the Commissioner of the Revenue?

- ▶ The commissioner of the revenue discovers, qualifies, and assesses all taxes in Virginia Beach* including:
 - ABC
 - Bank Franchise
 - Business License
 - Business Property
 - Daily Rental
 - Meals, Lodging, Admissions, Utility
 - Personal Property
 - Public Service
 - Short Term Rental

*In Virginia Beach, the real estate assessor assesses the city tax on real property.

“I’m from the Government and I’m Here to Help!”

How can “*we*” help businesses survive & thrive?

- ▶ Make Virginia Beach “*the*” place for business
- ▶ Help existing businesses compete
- ▶ Encourage new businesses to launch
- ▶ Support necessary infrastructure

Beach Business Facts

In calendar year 2010:

- A total of 34,631 business licenses generated \$38,060,788 in revenue.
- The average business license was \$1,099.
- Seventy-six percent (76%) were assessed at \$50 or less.
- The average wage in Virginia Beach was \$37,000*.
- A total of 33,199 business licenses in 176 industrial classifications generated \$14,294,569,100 in gross receipts.

*simplyhired.com

Beach Business Facts (continued)

Businesses grossing:

- ▶ \$25,000 or less pay \$40;
- ▶ \$25,001 through \$100,000 pay \$50;
- ▶ Over \$100,000 pay on the standard rate for the industrial class of business.

Tax Rates by General Industry Class

Wholesale	Gross Receipts x .0012
Contractor	Gross Receipts x .0016
Retail	Gross Receipts x .0020
Service	Gross Receipts x .0036
Utility	Gross Receipts x .0050
Professional	Gross Receipts x .0058
Flat Fees	\$20 to \$500

Who Pays What?

Gross Receipts	Number of Licenses	Revenue
\$0 - \$25,000	19,057	\$883,668
\$25,001 - \$100,000	6,362	\$328,136
\$100,001 - \$200,000	2,371	\$1,059,061
\$200,001 - \$500,000	2,754	\$2,713,520
\$500,001 - \$1,000,000	1,740	\$3,595,686
\$1,000,001 - \$10,000,000	2,126	\$16,653,705
\$10,000,001 - \$200,000,000	221	\$12,827,012
TOTALS	34,631	\$38,060,788

What Can We Do?

- ▶ Establish a task force to identify specific industrial classifications that currently fit economic development planning and offer incentives incorporating adjustable rates*.
- ▶ Adjust the business property assessment process from a percentage of original cost to a sliding scale.
- ▶ Endorse a discount for filing taxes online.
- ▶ Raise the minimum threshold or create additional flat-rate thresholds.
- ▶ Request a Joint Legislative Audit and Review Commission (JLARC) study of industrial classification rates. The current rates were set in 1977.

*Task force including members of the business community, the office of the Commissioner of the Revenue, and the Department of Economic Development

Take Aways

- ▶ We can make positive adjustments locally.
- ▶ What's best for Virginia Beach?
- ▶ Incentives should be tied to measurable performance outcomes.
- ▶ The commissioner's office is ready to assist the committee.

2010 Active Inactive Gross Receipts

Range	Gross Receipts	Tax Paid	Total Sic Accounts	Total Business Accounts
\$0.00-\$25,000.00	\$117,821,813.00	\$883,668.17	22750	19057
\$25,001.00 - 100,000.00	\$401,350,776.00	\$328,136.42	6461	6362
\$100,001.00 - \$200,000.00	\$351,357,750.00	\$1,059,061.39	2402	2371
\$200,001.00 - \$300,000.00	\$317,595,226.00	\$947,835.28	1281	1268
\$300,001.00 - \$400,000.00	\$297,022,558.00	\$894,770.23	850	842
\$400,001.00 - \$500,000.00	\$290,623,604.00	\$870,914.56	648	644
\$500,001.00 - \$600,000.00	\$278,337,290.00	\$813,411.58	506	506
\$600,001.00 - \$700,000.00	\$272,275,783.00	\$774,369.35	420	417
\$700,001.00 - \$800,000.00	\$241,493,185.00	\$706,752.40	322	321
\$800,001.00 - \$900,000.00	\$233,388,458.00	\$693,874.12	276	276
\$900,001.00 - \$999,999.00	\$208,991,111.00	\$607,279.27	221	220
\$1,000,000.00 - \$2,000,000.00	\$1,612,205,988.00	\$4,667,530.73	1148	1136
\$2,000,001.00 - \$3,000,000.00	\$985,243,264.00	\$2,841,754.30	405	403
\$3,000,001.00 - \$4,000,000.00	\$663,139,565.00	\$1,971,806.89	191	191
\$4,000,001 - \$5,000,000.00	\$610,810,153.00	\$1,961,515.90	138	137
\$5,000,001.00 - \$6,000,000.00	\$481,647,327.00	\$1,408,607.28	88	87
\$6,000,001.00 - \$7,000,000.00	\$444,567,018.00	\$1,324,623.82	69	69
\$7,000,001.00 - \$8,000,000.00	\$299,565,141.00	\$732,072.88	40	40
\$8,000,001.00 - \$9,000,000.00	\$313,049,520.00	\$1,029,388.49	37	37
\$9,000,001.00 - \$10,000,000.00	\$245,902,281.00	\$716,404.81	26	26
\$10,000,001.00 - \$12,000,000.00	\$592,947,347.00	\$1,535,279.89	55	55
\$12,000,001.00 - \$14,000,000.00	\$353,984,150.00	\$977,075.10	27	27
\$14,000,001.00 - \$16,000,000.00	\$507,554,083.00	\$1,099,995.92	34	34
\$16,000,001.00 - \$18,000,000.00	\$118,741,843.00	\$237,483.69	7	7
\$18,000,001.00 - \$20,000,000.00	\$281,792,260.00	\$686,853.99	15	15
\$20,000,001.00 - \$22,000,000.00	\$126,264,666.00	\$412,414.43	6	6
\$22,000,001.00 - \$25,000,000.00	\$285,910,527.00	\$684,487.76	12	12
\$25,000,001.00 - \$30,000,000.00	\$515,977,370.00	\$1,536,741.32	19	19
\$30,000,001.00 - \$35,000,000.00	\$386,781,115.00	\$867,520.25	12	12
\$35,000,001.00 - \$40,000,000.00	\$188,644,223.00	\$377,288.45	5	5

2010 Active Inactive Gross Receipts

\$40,000,001.00 - \$45,000,000.00	\$249,867,815.00	\$588,997.62	6	6
\$45,000,001.00 - 200,000,000.00	\$1,663,287,800.00	\$3,822,873.37	23*	23
Total:	\$13,938,141,010.00	\$38,060,789.66	38477	34631
* Law prohibits disclosure of less than 3 or fewer businesses.				

<u>Classification</u>	<u>Number of Accounts</u>	<u>Gross Receipts</u>
WHOLESALE		
WHOLESALE MER/DU	559	\$ 1,385,660,955
WHOLESALE MER/NON	120	\$ 147,903,554
Total	679	\$ 1,533,564,509
Contractor		
BUILDER	74	\$ 139,478,440
CONTRACTOR GENERAL	2145	\$ 1,181,987,418
CONTRACTOR SP TRADE	4658	\$ 668,701,576
Total	6877	\$ 1,990,167,434
RETAIL		
CATERER	58	\$ 8,366,239
DAILY RENTAL	86	\$ 22,726,358
DAILY RENTAL BIKE	29	\$ 1,058,606
MERCHANT PL VENDER	93	\$ 4,136,923
NONSTORE SALES	2015	\$ 282,223,789
RETAIL	2642	\$ 3,788,360,350
RETAIL FOOD W/ SPL TAX	288	\$ 328,257,237
RETAIL RESTAURANT	1132	\$ 774,949,286
RETAIL/GASOLINE	72	\$ 155,292,177
Total	6415	\$ 5,365,370,965
SERVICE		
ACCOUNTING SERVICE	54	\$ 3,134,102
ADVERTISING	222	\$ 60,401,924
AGENTS/BOOKS & MAGAZINES	5	\$ 145,816
AGRICULTURE SERVICE	40	\$ 15,351,059
AMUSEMENT/RECREATION	343	\$ 46,619,647
ANIMAL SERVICE	184	\$ 13,453,148
AUTO PARKING	44	\$ 4,155,998
AUTO RENTAL	29	\$ 17,472,499
AUTO REPAIR	356	\$ 155,718,868
AUTO SALVAGE/WRECK/TOW	50	\$ 7,799,932
BABYSITTING	406	\$ 6,295,425
BARBER SHOP/SCHOOL	88	\$ 3,900,598
BEAUTICIAN/CHAIR RENTAL	284	\$ 6,958,027
BEAUTY SHOP/SCHOOL	425	\$ 45,873,769
BODY PIERCING	9	\$ 359,640
BONDSMEN	9	\$ 372,728
BOOKKEEPER	99	\$ 4,944,984
BUSINESS CONSULTANT	840	\$ 149,580,353
CAMPGROUNDS	5	\$ 6,227,684
CAR WASH	55	\$ 8,477,920
WATER BOAT SIGHTSEEING	12	\$ 2,245,856

SERVICE cont.		
CHARTER BOAT SPORTING	40	\$ 1,251,739
CHEF FOR HIRE	45	\$ 453,439
COIN MACHINE OPERATOR	8	\$ 1,385,502
COIN MACHINE OPERATOR 3+	15	\$ 2,765,010
COLLECTION SERVICE	30	\$ 28,529,311
COMMERCIAL SERVICE	2941	\$ 1,206,584,046
COMMISSION MERCHANT	305	\$ 55,020,241
DANCE SCHOOL	29	\$ 3,014,319
DAYCARE SERVICE	91	\$ 31,063,256
DETECTIVE/WATCH	66	\$ 21,360,742
DLR/SECONDHAND	57	\$ 28,200,191
EDUCATIONAL SERVICE	752	\$ 177,022,762
EMPLOYMENT SERVICE	130	\$ 45,407,634
EQUIPMENT RENTAL	100	\$ 22,675,961
FOR HIRE ENTERTAINMENT	66	\$ 1,383,290
FUNERAL SERVICE	18	\$ 13,510,586
FURNITURE REPAIR	12	\$ 1,390,854
GOLF COURSE	14	\$ 11,075,126
HEALTH SERVICE	267	\$ 107,051,205
HOTEL/MOTEL	125	\$ 222,662,991
JANITORIAL SERVICE	1012	\$ 38,549,629
LANDSCAPE SERVICE	873	\$ 51,109,182
LAUNDRY/CLEANERS	80	\$ 18,596,092
LECTURER/WRITER	117	\$ 2,693,495
LIMO FOR HIRE	22	\$ 1,031,412
LOCKSMITH	20	\$ 1,205,298
LODGING HOUSE	6	\$ 303,744
MARINA	9	\$ 4,144,383
MASSAGE THERAPIST	401	\$ 10,466,860
MISC BUSINESS SERVICE	19	\$ 2,668,655
MOBILE REPAIR	664	\$ 30,745,160
MODELING AGENCY	11	\$ 499,877
MOVIE THEATER	7	\$ 17,326,147
NAIL SALON	103	\$ 45,705
NAIL TECHNICIAN	41	\$ 25,000
NURSING/GROUP HOME	66	\$ 92,734,186
PAWN BROKER	15	\$ 1,843,326
PERSONAL SERVICE	1773	\$ 88,103,365
PHOTOGRAPHER	401	\$ 12,972,453
PRECIOUS METAL DEALER	43	\$ 6,123,846
PUBLIC STORAGE UNITS	9	\$ 4,796,772
REATAIL/GASOLINE/FOOD	88	\$ 302,500,000
REPAIR SERVICE	369	\$ 89,353,782
SERVICE/NAILS	26	\$ 74,519
SHOE REPAIR	8	\$ 389,966

SERVICE cont.		
TANNING SALON	41	\$ 5,567,494
TATTOO SERVICE	32	\$ 2,419,597
TAX RETURNS	127	\$ 37,441,873
TAXICAB/FOR HIRE	24	\$ 3,298,665
TITLE SEARCH	94	\$ 20,598,346
TRAILER PARK	8	\$ 6,854,123
TRANS/ARRANGE	114	\$ 14,305,840
TRANS/HAULING	164	\$ 14,192,968
TRANS/LOCAL	153	\$ 12,363,470
TRANS/WAREHOUSE	20	\$ 2,036,914
TRAVEL AGENCY	82	\$ 17,326,925
Total	15712	\$ 3,456,007,251
PROFESSIONAL		
ACCOUNTANT/CPA	160	\$ 52,056,973
APPRAISER REAL ESTATE	84	\$ 8,344,394
ARCHITECT	50	\$ 58,131,931
ATTORNEY	338	\$ 216,211,689
CHIROPRACTOR	94	\$ 15,370,161
DENTIST	216	\$ 178,667,953
ENGINEER	148	\$ 212,215,936
FINANCIAL SERVICE	295	\$ 158,600,875
HEALTH PRACTICE	132	\$ 84,877,944
LANDSCAPE ARCHITECT	11	\$ 62,182
MONEY LENDER	61	\$ 18,318,823
MORTGAGE BROKER	51	\$ 25,659,289
MORTGAGE LOAN	62	\$ 39,435,462
NURSE PRACTICE	12	\$ 565,835
OPTOMETRIST	45	\$ 8,403,408
PHYSICIAN	319	\$ 341,936,191
PROFESSIONAL	247	\$ 51,362,453
REAL ESTATE	875	\$ 161,488,818
REAL ESTATE MANAGEMENT	199	\$ 29,025,429
SURVEYOR	20	\$ 8,724,838
VETERINARIAN	52	\$ 40,515,623
Total	3471	\$ 1,709,976,207
MISCELLANEOUS		
GOVERNMENT RESEARCH	10	\$ 2,294,735
TELEPHONE OOT	6	\$ 6,089,894
TELEPHONE SERVICE	29	\$ 231,098,105
	45	\$ 239,482,734
	33199	\$ 14,294,569,100

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