



Proposed FY 2022 Budget

Recovery and Realignment

July 1, 2021 – June 30, 2022



Recovery and Realignment

Recovery – Our Economic Backdrop

- FY 2021 – Outperforming Budget, well below Pre-COVID forecast
- FY 2022 – Revenue forecast has continued to improve as public health outlook has improved
- Five-year revenue forecast (FY 2022 – FY 2026) growth but continue to lag pre-Covid forecast
- Reducing our Structural Imbalance

Realignment – Evaluating & Funding Services

- Evaluating our capacity to deliver services including:
 - Restoration of services impacted by COVID-19 budget reductions
 - Addition of new or enhancements to existing services
 - Evaluation of existing services
- Capacity – Effectively resourcing programs
 - We will do it well or not at all
 - Under-resourced programs have little chance of success

Presentation Overview

Economic Backdrop

Budget Overview

Funding City Council's Priorities

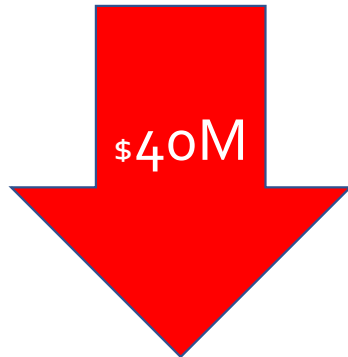
Enhancing Services and Increasing Organizational Effectiveness

Capital Budget Overview

Looking Ahead

City Council's Difficult Decisions Last Year Set the Stage for Recovery

**FY 2021 Initial Ongoing
Operating Budget**



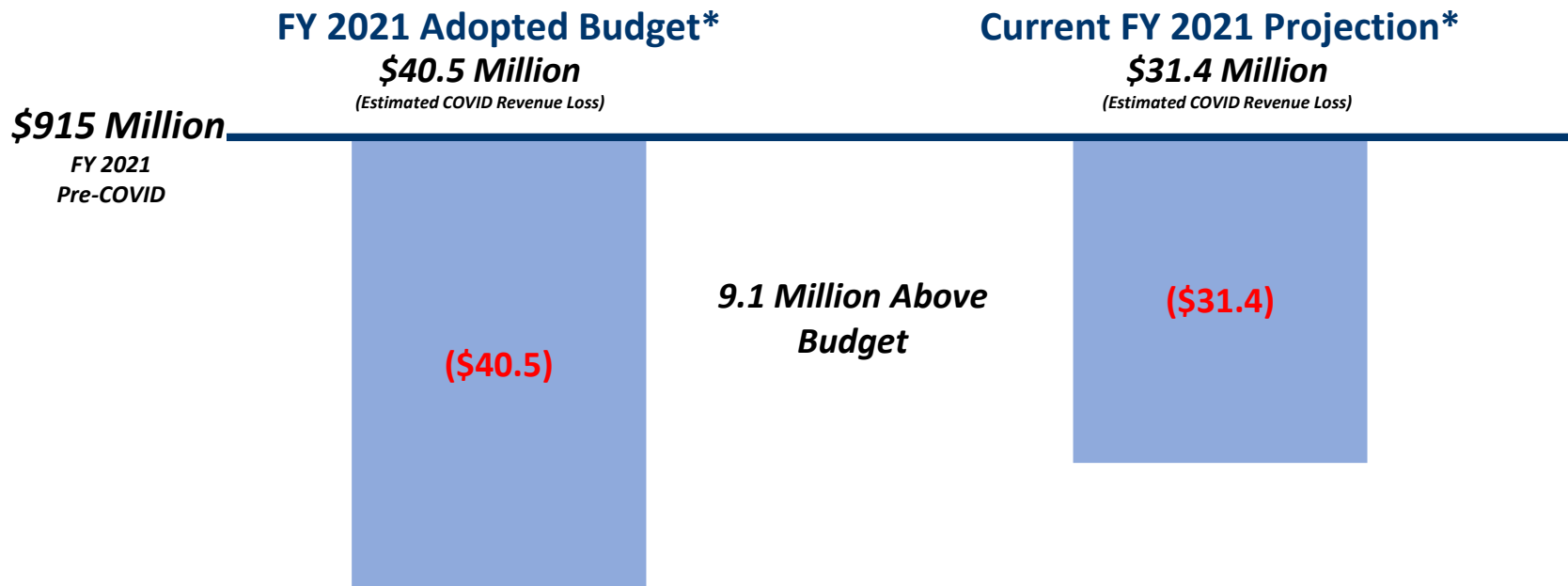
**FY 2021 Adopted Ongoing
Operating Budget**

- Council implemented \$40m in difficult budget savings strategies
 - Eliminating positions
 - Closing Facilities
 - Reducing Services
- Limited pain to one year
- Recovery begins with this budget

Economic Backdrop

\$40 million update

(amounts in millions, revenue data through February)



Note: FY 2021 Adopted amount reflects revenue adjustments corresponding to technical adjustments that include, recording of budget savings to the departments where the funding resides and other technical corrections.

*Amounts do not include carryforwards. Amounts may not sum to total due to rounding.

Economic Backdrop

Current FY 2021 Projection Update

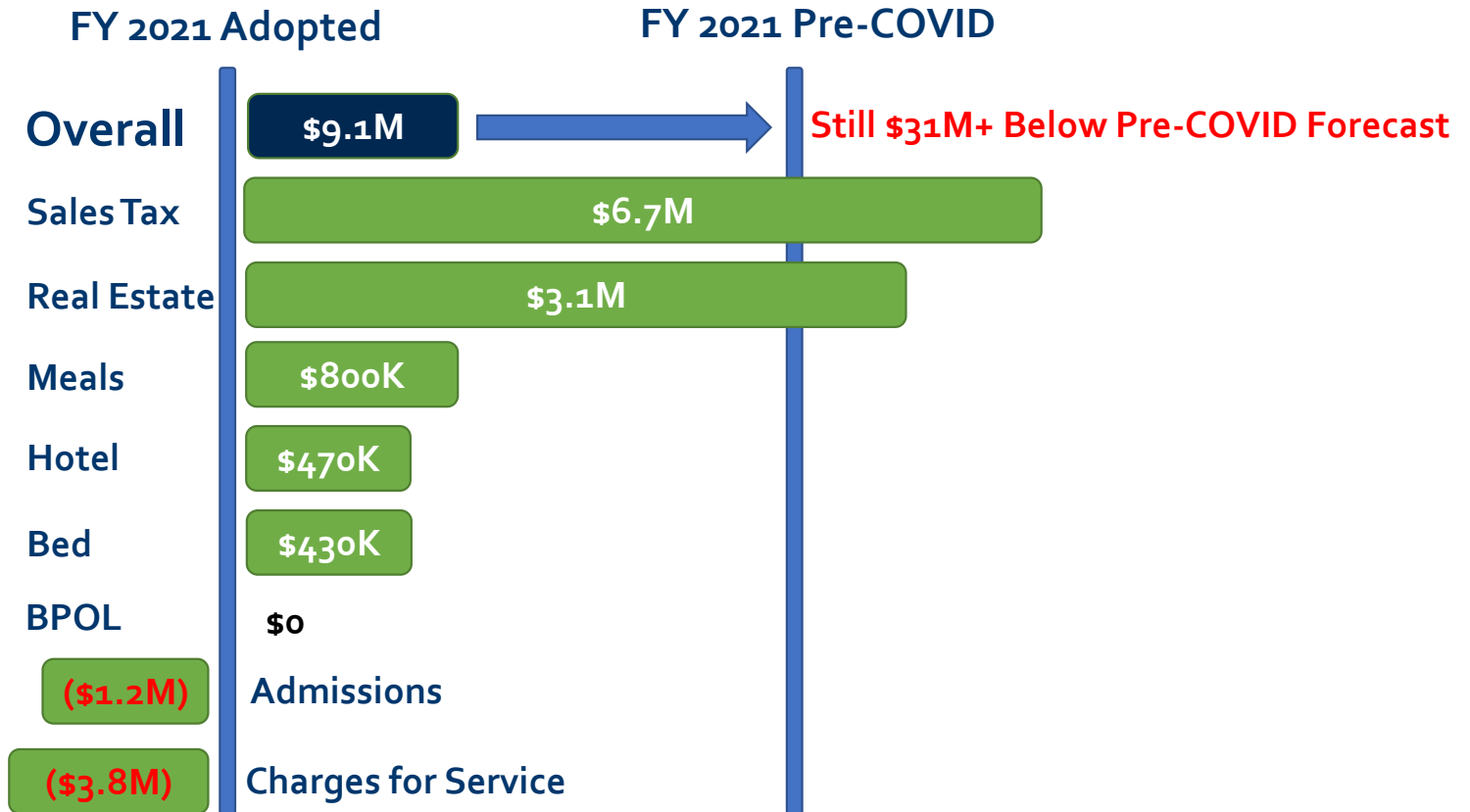
(revenue data through February, amounts in millions)

Description	Total Variance	City	NPS
November Projection	\$9.2	\$3.8	\$5.4
Mid-Year Projection Update	\$11.3	\$6.1	\$5.2
Business License Tax	(\$3.4)	(\$2.4)	(\$1.0)
Sales Tax	\$0.6	\$0.4	\$0.2
Other Adjustments	\$0.6	\$0.6	\$0.0
Current Projection Update	\$9.1	\$4.7	\$4.4

Economic Backdrop

FY 2021 Revenues

Better than Budget, Below Pre-COVID Forecast (Select Revenues Below)

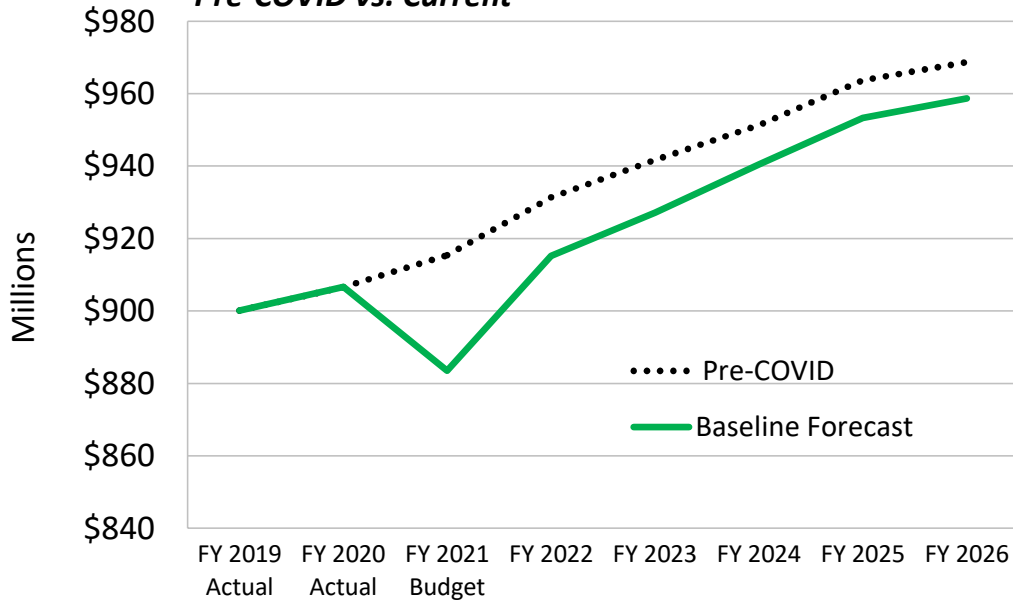


Economic Backdrop

FY 2022 and Beyond

Revenue Projections Lag Pre-COVID Forecast

Comparative 5-Year Revenue Forecast
Pre-COVID vs. Current



Comparative 5-Year Revenue Forecast

Pre-COVID vs. Current (millions)

Fiscal Year	Pre-COVID Forecast ¹	Current Forecast ¹	Change
FY 2022	\$931	\$915	(\$16)
FY 2023	\$942	\$927	(\$15)
FY 2024	\$951	\$941	(\$11)
FY 2025	\$964	\$953	(\$10)
FY 2026	\$969	\$959	(\$10)

¹Amounts include ongoing revenue only and do not include carryforwards.

Economic Backdrop

FY 2022 Proposed Revenues Lag Pre-COVID Projections

Select Revenues

FY 2022 Pre-COVID
Projection



Local Tax Revenue

Hospitality and Event Spending Key to City's Recovery

Local Tax Revenue Generated on **\$100** of Spending by Type

Hotel (Room Night)

Sales Tax @ 1%	\$1
Hotel Tax @ 8%	\$8
Bed Tax @ \$3/night	\$3
Total	\$12

Restaurant (Meal)

Sales Tax @ 1%	\$1.00
Meals Tax @ 6.5%	\$6.50
Total	\$7.50

Ticketed Event (Concert, etc.)

Sales Tax @ 1%	\$1
Admissions Tax @ 10%	\$10
Total	\$11

General Retail / Grocery

Sales Tax @ 1%	\$1
Total	\$1

Economic Backdrop

Local Tax Revenue

Hospitality and Event Spending Key to City's Recovery

Buying Experiences Generates more Local Revenue than Buying Goods



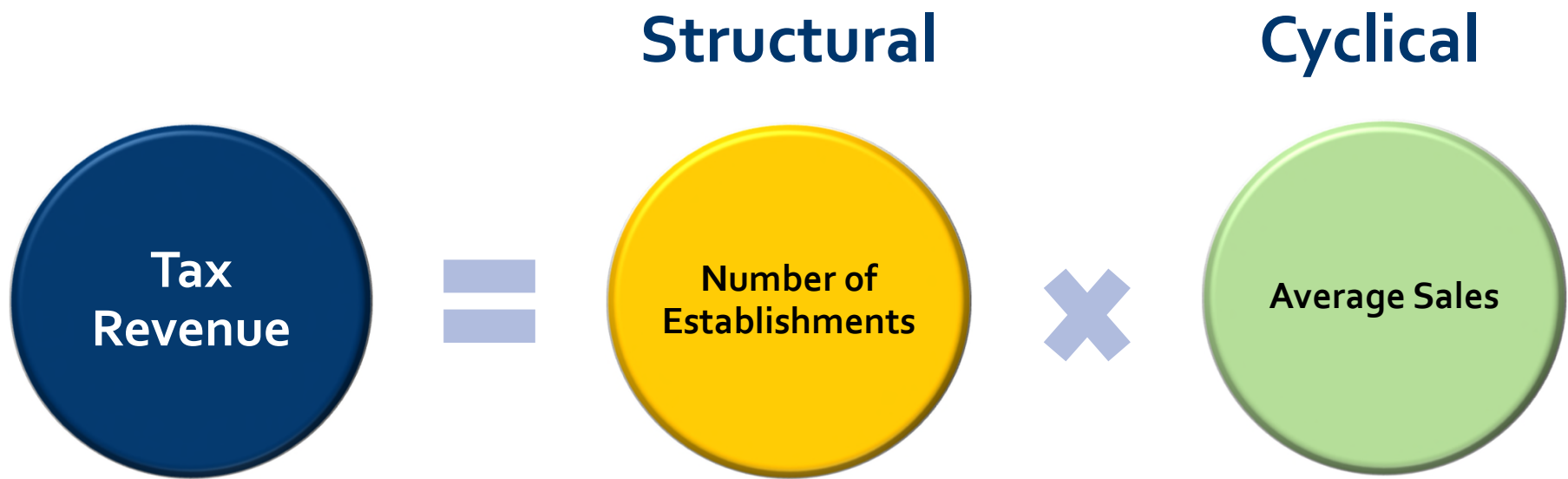
\$5 in Local Revenue



\$50.50 in Local Revenue



Projecting Our Revenue Recovery



Summary

- Council's difficult actions in last year's budget are THE key to our recovery
- FY 2021 Revenue:
 - Outperforming Budget, well below Pre-COVID forecast
- FY 2022 Revenue:
 - Forecast has continued to improve as public health outlook has improved
 - Revenue growth but continue to lag Pre-COVID forecast
- Hospitality and event spending critical to recovery as we emerge from the pandemic
- We continue to monitor the structural vs cyclical impacts of this event

Presentation Overview

Economic Backdrop

Budget Overview

Funding City Council's Priorities

Enhancing Services and Increasing Organizational Effectiveness

Capital Budget Overview

Looking Ahead

Budget Overview

Proposed FY 2022 Budget

Fund	FY 2022 Proposed Budget
General Fund	\$923,543,861
Enterprise Funds	\$179,851,885
Special Revenue Funds	\$47,873,951
Internal Service Funds	\$117,471,859
Total Operating Funds	\$1,268,741,556
Capital Improvement Plan	\$184,463,200
Total Operating and Capital Funds	\$1,453,204,756
Annual Plan For HUD Block Grants	\$10,159,773
Annual Recurring Grants	\$83,694,300
Total Financial Plan	\$1,547,058,829

What's in the Budget

No Tax or Fee increases

Support for Organizational Capacity

Funding to Reopen Additional Libraries
and Recreation Centers

Employee Salary Increase

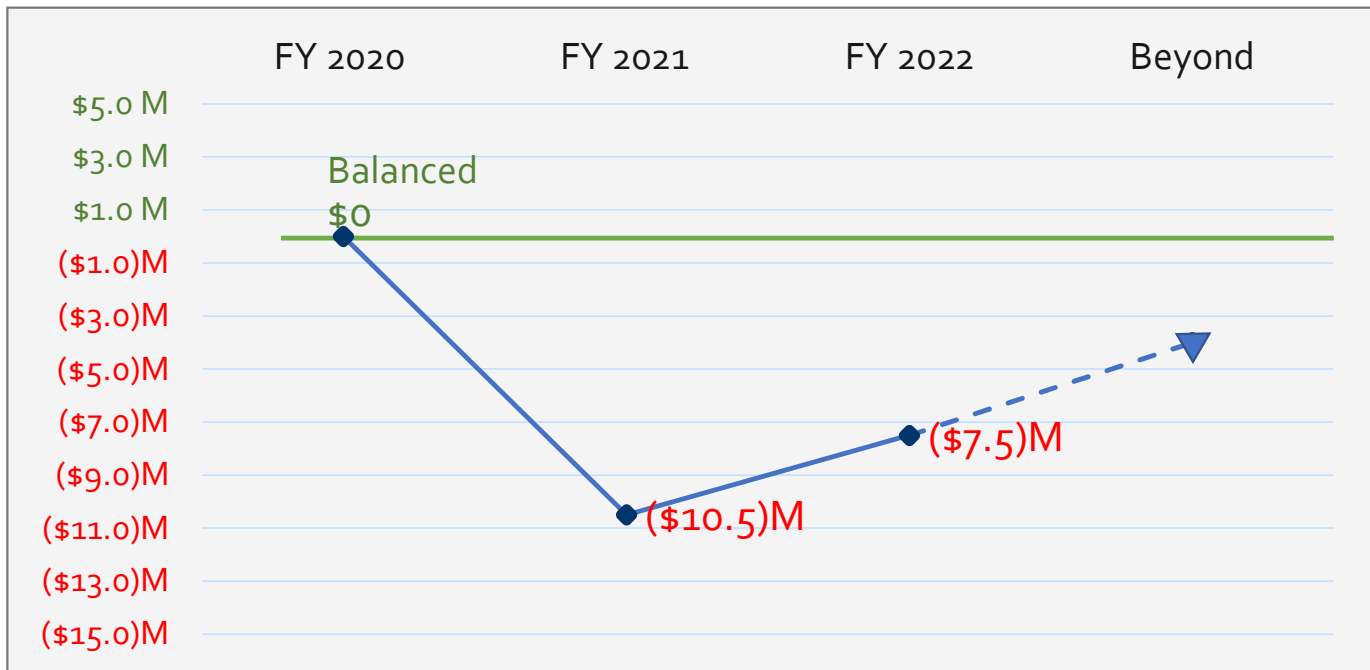
Funding for City Council Priorities

Investments in Strategic Capital Projects
and Neighborhood Resilience

Budget Overview

Reduction to Structural Imbalance

Ongoing Revenues catching up to Ongoing Expenditures



Data points indicate structural budget position (amount by which ongoing expenditures exceed ongoing revenues)

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Looking Ahead

Significant Investment in Council Priorities

- Norfolk Public Schools
- Attract and Retain Talent
- Recreation and Library Operations
- Support for our Youth
- Beautification
- Affordable Housing and Community Development (Neighborhoods)
- Streamlined Development Services

\$8.6M

Norfolk Public Schools

Increase of
\$8.6 Million
in ongoing operating funds
due to the Revenue Sharing Formula

\$129.6 Million
Total Operating
Support

NPS budget has **fully recovered** from COVID revenue loss

Norfolk Public Schools

Actions in the Superintendent's Proposed Budget

- 6.3 percent increase in teacher starting pay
- 5.1 percent average salary increase for teachers
- 5.0 percent average salary increase for classified employees
- 3.0 percent average salary increase for administrators

Council Priorities

Norfolk Public Schools - CIP

NPS Capital Improvement Plan Funding Sources

FY 2022 - FY 2026

Description	FY 2022	FY 2023 - FY 2026	Total
City Debt	\$3,000,000	\$12,000,000	\$15,000,000
City Cash (SWIFT Program)	\$6,000,000	\$18,000,000	\$24,000,000
School Surplus Funds (FY 19, FY 20)	\$17,700,000	\$0	\$17,700,000
Federal Stimulus	\$15,000,000	\$0	\$15,000,000
Total	\$41,700,000	\$30,000,000	\$71,700,000

NPS Capital Improvement Plan Funding Uses

FY 2022 - FY 2026

Description	FY 2022	FY 2023 - FY 2026	Total
Bus Replacement	\$1,000,000	\$0	\$1,000,000
Roof replacement – Booker T. Washington	\$5,457,000	\$0	\$5,457,000
Roof replacement – Oceanair Elem	\$1,107,000	\$0	\$1,107,000
Roof replacement – Ingleside	\$1,036,000	\$0	\$1,036,000
HVAC – Jacox Elementary Schools	\$1,314,000	\$0	\$1,314,000
Doors and windows replacement – Calcott Elem	\$1,123,000	\$0	\$1,123,000
Doors and windows replacement – Larrimore Elem	\$1,333,000	\$0	\$1,333,000
Doors and windows replacement – Oceanair Elem	\$1,077,000	\$0	\$1,077,000
Doors and windows replacement – Sewells Point Elem	\$1,050,000	\$0	\$1,050,000
Doors and windows replacement – Suburban Park Elem	\$1,069,000	\$0	\$1,069,000
Doors and windows replacement – Willard Elementary	\$1,124,000	\$0	\$1,124,000
Feasibility Study – Booker T. Washington	\$200,000	\$0	\$200,000
Educational Planning	\$110,000	\$0	\$110,000
Total	\$17,000,000	\$0	\$17,000,000





Council Priorities

Attract and Retain Talent

Investing in Team Norfolk

Three percent pay increase for city employees effective July 1, 2021

Three percent increase to starting pay across all grades and pay plans

No Healthcare cost increase for employees

Exploring VRS for new and existing general and public safety employees

\$2.4M

Public Safety Spotlight

Police Officers

Average 8.0 percent increase

Starting pay of \$50,800 will be highest in the region

Sworn Sheriff Deputies

Average 5.0 percent increase

Implements year three of four-year plan

911-Telecommunicators

Average 6.7 percent increase

Starting pay of \$38,457 will be highest in the region



\$3.1M

Recreation and Library Operations

- Open New Richard Tucker Library – Late Summer 2021
- Expand Aquatics and Athletics operations
- Increased hours at Slover Library
- Open additional recreation centers and libraries
 - Funds not available to open all facilities for standard hours
 - Will work with Council to develop plan for adopted budget



\$835K

Council Priorities

Summer and Youth Programming

Summer Youth Programming
Summer 2021

Norfolk Emerging Leaders
Summer 2022



\$2.1M

Beautification

Increased Funds for Street Maintenance

- First step to returning to 20-year repaving cycle

Litter Removal and Median Beautification

- Three Crews focused on citywide litter removal every day

Median Fence Repair and Replacement

- Funds to quickly repair or replace damage median fencing

New Landscape Crew for St. Paul's and Oh. Creek

- Prepare for new maintenance requirements



\$770K

Affordable Housing & Community Development

Building capacity to deliver neighborhood services effectively

Department of Housing and Community Development

- Strong, Healthy, Vibrant Neighborhoods
- Create & Preserve Affordable Housing
- Promote Stable Homeownership
- Reprioritize HUD Entitlement Grants

Increase capacity in property standards enforcement

Dept of Neighborhood Services

4 Code Specialists

Enhance outreach and community partnerships

2 New Positions

Dept of St. Paul's Transformation



\$952K

Council Priorities

Affordable Housing & Community Development

Building capacity to deliver neighborhood services effectively

Improving Economic Opportunities

Enhance Diversity, Equity and Inclusion

Create Nutritional Equity Fund

Home-Based Childcare Safety Initiative

Investing in Community Services

Increase Human Services Grants

Family Services and Foster Care

Mobile and Flexible Benefit Administration Services

Select Enhancements

\$219K

Streamlining Development Services

Business Concierge

- Personal guidance to new and existing Norfolk businesses for any city permits, licenses, etc.

Comprehensive Planning

- Management of new and existing infrastructure and urban resources for the plaNorfolk 2050 initiative

City Planner (Zoning)

- Development and use of city land relating to zoning ordinances



Presentation Overview

Economic Backdrop

Budget Overview

Funding City Council's Priorities

Enhancing Services and Capacity

Capital Budget Overview

Looking Ahead

New Positions and Service Enhancements

Organizational Capacity

- HR Management
- Program Evaluation
- Debt & Cash Management
- GIS Programming
- Network Security

Service Enhancements

- Grant-matching funds
- Additional EMTs to mitigate DePaul Hospital Closure
- Public Art Program
- Improved Customer Service for Event and Weekend Parking

Select Enhancements

\$84M

Enhancing Services and Capacity

FY 2022 Annual Grants Plan

Supports 124 Positions



Select Grants

- Transportation & Roads
- Flood Mitigation
- Mental Health Services
- Permanent Supportive Housing
- Foster Care Services
- Victim Justice Services
- Keep Norfolk Beautiful
- Substance Abuse Services
- Public Safety Services
- Crisis Intervention Team
- Employment Services

\$4.3M

Enhancing Services and Capacity

Technology Investments



Real Estate & Planning Systems

- Real Estate Appraisal System
- City Permitting Software Enhancement
- Vacant Land Software



Cybersecurity & Device Management

- Computer Security Software
- Device Management System
- Electronic Fax Capability



Public Safety Technology

- Sheriff Radio Replacement
- Emergency Management Server Upgrade
- Medical Dispatch Software
- Cell Lock, Intercom, Camera

\$10.4M

Enhancing Services and Capacity

Investing in Vehicles and Equipment

Replace 183 Vehicles and Equipment

- 29** Police Vehicles
- 1** Fire-Rescue Pumper Truck
- 1** EMS Transport
- 43** Pick-up Trucks
- 1** Street Sweeper
- 74** Equipment Pieces
- 6** Refuse Trucks



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Looking Ahead

Capital Budget Overview

Proposed FY 2022 – FY 2026 CIP

Fund	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Five-Year Total
General Capital	\$96,498,000	\$97,225,000	\$52,000,000	\$57,375,000	\$45,025,000	\$348,123,000
Parking Facilities	\$1,450,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$11,450,000
Wastewater Utility	\$17,000,000	\$17,000,000	\$17,000,000	\$17,000,000	\$17,000,000	\$85,000,000
Storm Water Utility	\$33,315,000	\$29,215,200	\$15,915,200	\$15,215,200	\$6,165,000	\$99,826,000
Water Utility	\$36,200,000	\$35,750,000	\$31,950,000	\$34,800,000	\$33,850,000	\$172,550,000
Total	\$184,463,200	\$181,690,200	\$119,365,200	\$126,890,200	\$104,540,200	\$716,949,000

Capital Budget Overview

Strategic Capital Projects

Leveraging non-city support

Beach Renourishment

\$6.4M in FY 2022

Park along East Water Street

\$500,000 in FY 2022

Regional Fiber Ring

\$5M in FY 2025



Capital Budget Overview

New Capital Projects



**Blue-Greenway Amenities
in St. Paul's Area**
\$1 Million FY 2022
\$5 Million over Five Years

**Design Recreation/Library
Combination Facility**
\$4 Million FY 2022

**Repair Shore Drive Bridge
over Little Creek**
\$1 Million FY 2023

**Improve 13th View
Boat Ramp**
\$900,000 FY 2022

Replace Fire Station 9
\$6.5 Million FY 2026

Rehabilitate Berkley Bridge
\$6.6 Million FY 2025

Support Major Demolitions
\$1 Million FY 2022
\$5 Million over Five Years



City Infrastructure Improvements



Maintain Municipal Facilities

\$22 Million
Over Five Years
(\$3 Million Increase from Planned)



Nauticus Capital Campaign

\$7.5 Million
Over Six Years



Chrysler Museum Capital Campaign

\$15 Million
Over 10 Years
Beginning FY 2023



Investing in Resilience

\$117 million over the next five years

- \$42.3 million in FY 2022

Projects include:

- Drainage studies
- Pump station upgrades
- St. Paul's storm water
- Neighborhood flooding and drainage
- Outfall extensions and beach erosion
- Shoreline restoration
- Cambridge Crescent and Carroll Place

Select Projects

Presentation Overview

Economic Backdrop

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Looking Ahead

"We're recovering, but to a different economy."

—Federal Reserve Chair Jerome Powell

Looking Ahead

Short-Term

- Continued economic uncertainty
- Federal Stimulus Funding

Long-Term

- Long-term impacts of the pandemic
- Viability of new and enhanced revenues

FY 2022 Budget Calendar

Tuesday April 6, 2021 at 4:30pm

- Budget Work session 1:
Overview & VRS Transition

Thursday April 8, 2021 at 6:00pm

- Public Hearing: Operating, Capital
Improvement Plan, and HUD Grants

Tuesday April 13, 2021 at 4:30pm

- Budget Work session 2:
Libraries and Recreation; Council Priorities

Tuesday April 27, 2021 at 4:30pm

- Budget Work session 3:
Reconciliation

Tuesday April 27, 2021 at 6:00pm

- Public Hearing: Real Estate
Reassessment

Tuesday May 11, 2021 at 7:00pm

- Budget Adoption