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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, 2021**. 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 01, 2021

Christopher P. Morrell

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 City Manager and Deputy City Managers who spent many hours sorting through a variety of complex issues. I would also like to specifically thank the Communications Office and Department of Information Technology for providing additional staff support and assistance in the production of this document. 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 that the Executive Summary, Operating Budget, and Capital Improvement Program link the City services, programs, and projects to strategic focus areas.

Finally, I want to express my sincere appreciation to the support team and staff of the Department of Budget and Management Services. Their professionalism, competence, dedication, and positive attitudes are unsurpassed.

J. Hunter Anderson, Regina Bourn-Delgado, Sharla Burnett, Jacqueline Conley, Kremena Dimitrova,

Portia Easter, Michael Evans, Paul Harris, Kaitlyn James, Michaela Moreland, David Nicholson, Abiola Kazeem

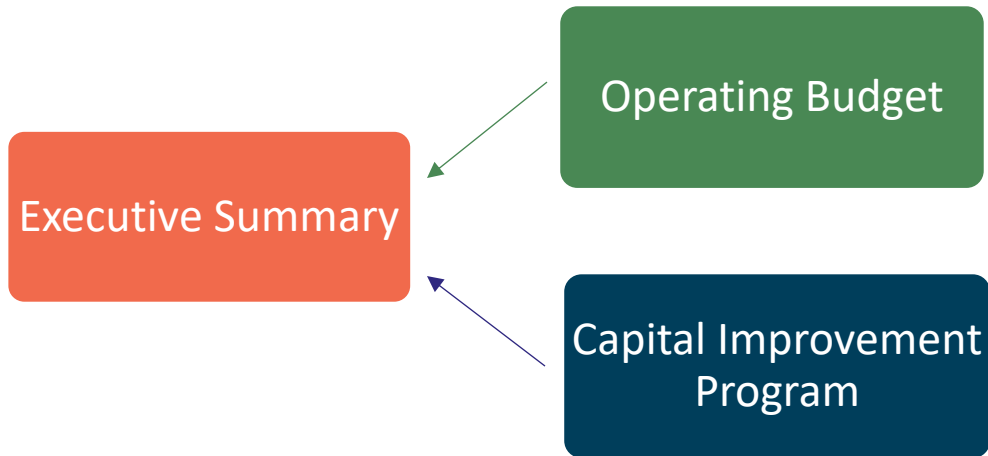
Sincerely,



Kevin M. Chatellier, 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.

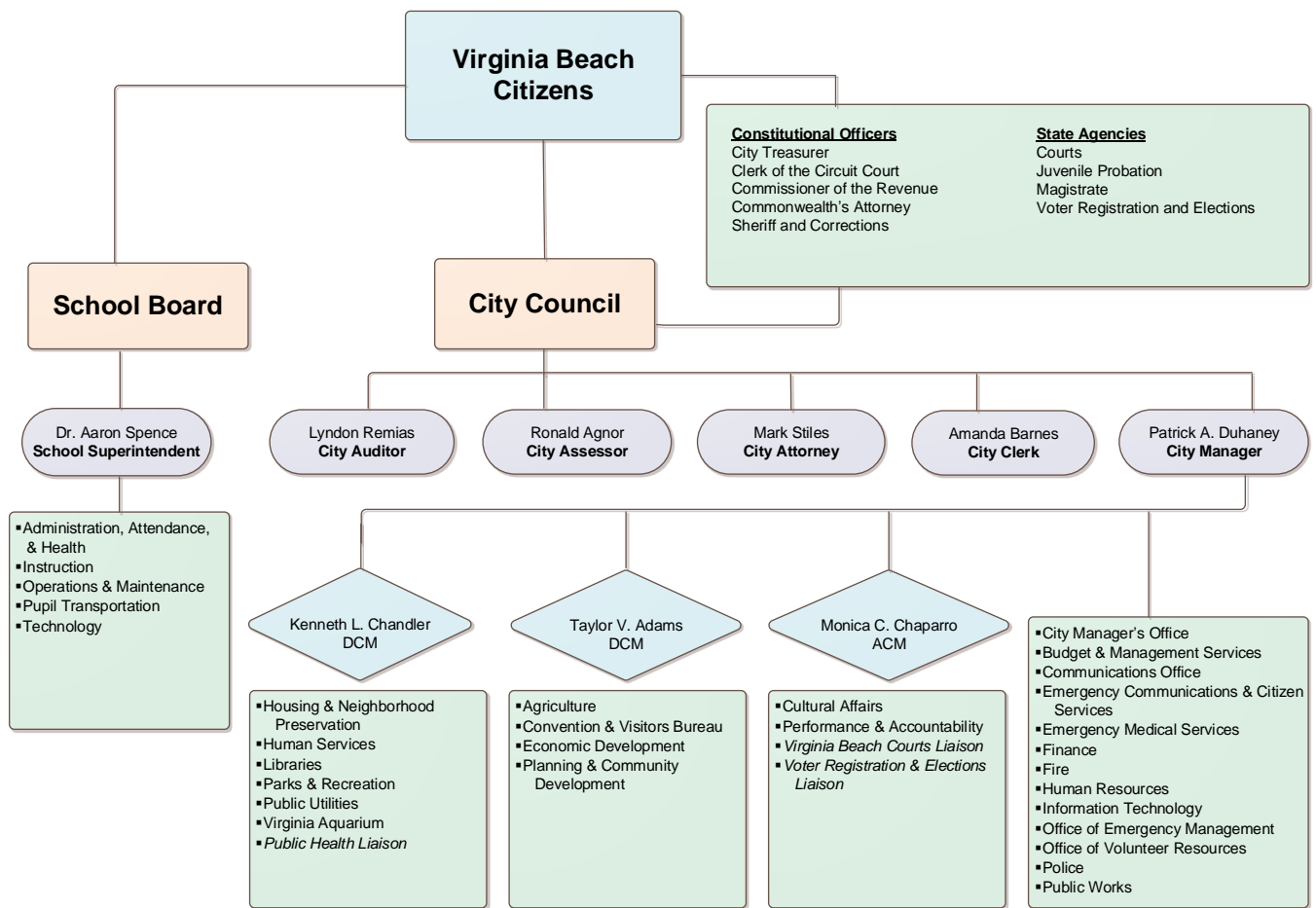
Capital Improvement Program (CIP)

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, Stormwater Utilities, Information Technology, and Flood Protection. 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.

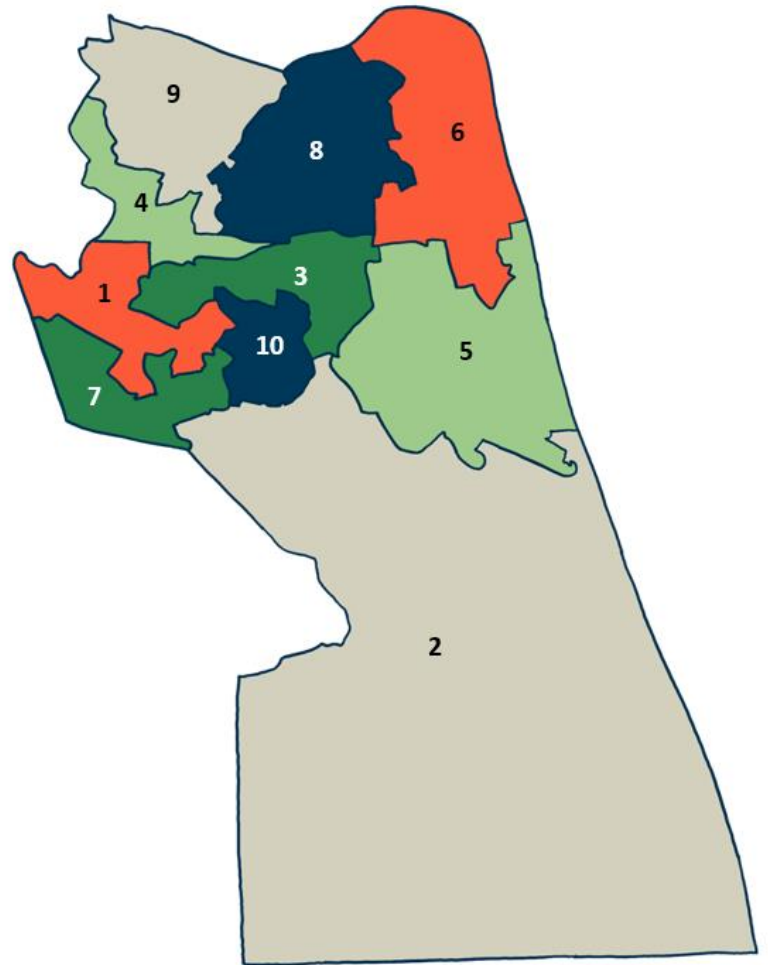
Virginia Beach has 258.7 square miles of land and 51.3 square miles of water. As of the most recent census, there is a population of 459,470 residents, of which 312,000 are registered voters. Per the City Real Estate Assessor, the estimated number of residences in the City for FY 2022-23 is 184,115.



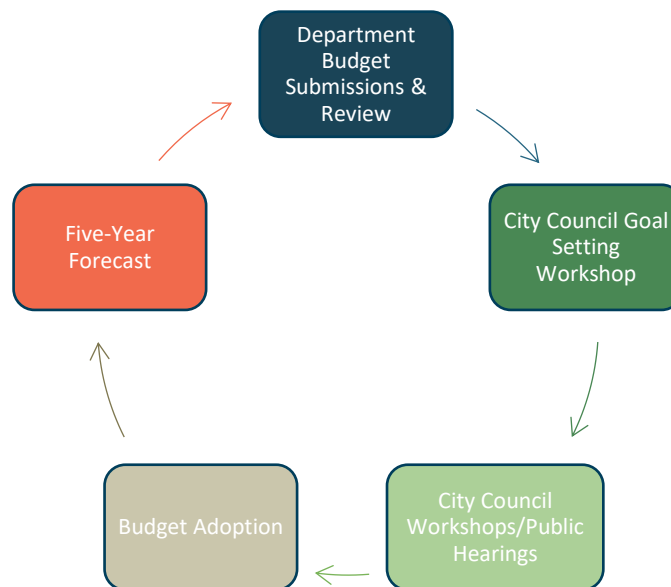
CITY COUNCIL

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. Virginia Beach is currently implementing a new 10-1 election district system as part of a recent U.S. District Court ruling. Under this new system, the Mayor is the only representative to serve “at-large,” with no district residency requirement. All other members are required to live in the district they represent. As the City applies these new district boundaries, and at the time of the Proposed Budget, the new District 4 does not have a residency required representative.

- Robert M. “Bobby” Dyer, Mayor, At-Large
- Member(s) Residing in New District:
 - N.D. “Rocky” Holcomb, District 1
 - Barbara M. Henley, District 2
 - Michael F. Berlucchi, District 3
 - TBD, District 4
 - Rosemary C. Wilson, Vice Mayor, District 5
 - Linwood O. Branch and Guy K. Tower both reside in District 6
 - Sabrina D. Wooten, District 7
 - Louis R. Jones, District 8
 - John D. Moss, District 9
 - Aaron R. Rouse, District 10



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

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VIRGINIA BEACH, VA 23456-9001

March 22, 2022

The Honorable Robert “Bobby” M. Dyer, Mayor
Members of City Council

Subject: FY 2022-23 Proposed Resource Management Plan

Dear Mayor and Council Members:

In my nearly two years as your City Manager, we have endured challenges and overcome obstacles that many do not experience in a lifetime. Looking back, it is remarkable to highlight what all we have accomplished during this time:

- The City mobilized its workforce to establish and staff a Mass Vaccine Clinic.
- The City oversaw the allocation and distribution of over \$78 million in CARES Act funding and \$134 million in ARPA funding. Between these sources – as well as the infusion of local resources – the City provided the over \$105 million in fiscal relief opportunities for taxpayers, businesses, and non-profit organizations.
- Virginia Beach was the only locality in Hampton Roads to reduce its real estate tax rate in FY 2021-22. The 2.75¢ reduction provided \$17 million in tax relief for residents.
- At a time when most of the country was experiencing social unrest, Virginia Beach was a leader in taking a pro-public safety stance, allocating additional funding to public safety and public safety employees while other localities were reducing resources to public safety.
- Educated and engaged the public over many months on the importance of flood mitigation needs within the City. These efforts resulted in an overwhelming level of support with the approval of a \$567 million Flood Protection Bond Referendum to be supported through a real estate tax increase equivalent of 4.3¢.

Even though the worst of the pandemic is likely behind us, we face several new challenges. There is no doubt that without the sound financial management practices and policies established by City Council, the City of Virginia Beach would not be in the position it is today after the pandemic. Today, Virginia Beach remains a regional leader, with some

of the lowest tax rates and a thriving local economy. It is because of this solid foundation that I am pleased to present to the collective body my Proposed FY 2022-23 Operating Budget and Capital Improvement Program, which not only invests heavily in City Council priority areas, but also manages to maintain baseline services while positioning the budget to remain flexible during a time of economic and inflationary uncertainty.

Workforce:

As we continue to move past the COVID-19 pandemic, the national economy is experiencing a labor shortage. This can be attributed, in part, to what some have called “The Great Resignation,” with many leaving the workforce with no intention of returning. Others, however, have referred to the current workforce environment as “The Great Renegotiation,” as those that have remained in the workforce are in high demand and are particularly difficult to attract and retain. Major retailers, such as Amazon, have announced average wages of \$18 per hour for warehouse workers, in addition to sign-on bonuses ranging from \$1,000 to \$3,000. The realities of the job market have placed the City of Virginia Beach at a critical junction regarding its workforce and its ability to deliver services.

City Council has long expressed the desire for the City’s workforce to consist of the best and brightest; to accomplish this, City Council has demonstrated the willingness to compensate staff as necessary and adopt progressive flexible work and leave policies to attract and retain qualified staff. This desire to address the City’s workforce needs was reinforced as a top priority during the City Council retreat. For these reasons, and at the direction of City Council, my Proposed FY 2022-23 Operating Budget includes several initiatives that put the City’s workforce needs at the top of the priority list. These initiatives include:

- A \$32.8 million compensation reserve as a part of my Proposed Budget. At City Council’s retreat, following a briefing on the City’s total compensation study, there was a strong desire to take deliberately assertive steps towards compensation and restructuring employee pay plans; however, a final decision was not made, as it was determined more time is needed to fully vet implementation approaches. To provide City Council with flexibility in their decision-making process, I have included this reserve. Examples of what this reserve could be used for is provided below:
 - Full implementation of the total compensation study findings, totaling \$16.2 million, or a combination of any of the implementation options provided, including potential step plans for the workforce.
 - A Cost-of-Living Adjustment may be provided to keep workforce pay in line with the rate of inflation. Every 1% increase translates to a cost of approximately \$4.3 million in the General Fund.

- Other employee recruitment and retention stipends to assist with costs associated with childcare, student loans, etc.
- Consideration for reduction in healthcare premiums through an increased contribution of City resources.

In total, a \$32.8 million compensation package to the workforce would be the equivalent of a 7.5% compensation increase. Such a wage increase would be roughly in line with the Consumer Price Index (CPI), which reached 7.9% in February 2022.

- Establish a formalized, paid internship program to grow relationships with academic institutions and students, potentially creating a pipeline for new talent in the City's workforce.
- Enhance recruitment and outreach initiatives through the addition of a Human Resource Analyst position in the Staffing and Compensation Division of the Department of Human Resources.
- Increase the number of user licenses for access to Salesforce Marketing, which will provide departments with a platform to engage and routinely follow up with individuals that express interest in employment with the City.

A total of \$33.2 million has been included in my Proposed Operating Budget to implement these initiatives.

Keeping the Lights On and Maintaining Services:

According to the Bureau of Labor Statistics, as of February, the Consumer Price Index (CPI) has risen 7.9% during the last year. Recent spikes in inflation are expected to result in increased service delivery costs for the City in FY 2022-23. Costs for the Sheriff to operate the correctional facility are anticipated to increase due to food services and personnel related increases. Increases such as these, necessitated the need for an increased General Fund contribution to the Sheriff's Office Special Revenue Fund in the Proposed FY 2022-23 Operating Budget. Without increased support from the General Fund, the Sheriff's Office would need to reduce 16 FTEs in Centralized Booking to sustainably support their operating budget needs.

Another special revenue fund receiving a significant increase in General Fund support is the Parks and Recreation Special Revenue Fund. Critical programs and services, such as the Out of School Time (OST) Program are requiring additional resources to continue operations during FY 2022-23. Historically, cost increases for programs such as these have been partially offset through program fees or adjustments; however, memberships and overall revenues are down for the Parks and Recreation Special Revenue Fund. In lieu of increasing program fees for the lesser level of service currently being provided, the General Fund is providing additional resources to Parks and Recreation to support these critical services.

In addition to maintaining baseline services, the Proposed Budget also includes a \$5 million General Fund fuel, energy, and inflation reserve. This is a dedicated reserve that can accommodate not only the General Fund, but other funds supported by the General Fund should fuel or energy prices exceed the baseline budgeted estimates.

Another core area in need of stability pertains to Emergency Medical Services (EMS). The City of Virginia Beach has long enjoyed and will continue to benefit from the partnership with our various Volunteer Rescue Squads and the outstanding services that our interdependent emergency response network provides; however, recent declines in volunteers have created a service gap delivery that I fear is not sustainable and a risk that I feel needs immediate attention. Included in my Proposed Budget is a request for 23 FTEs, consisting of both paid Paramedics and EMTs, to be added to the Department of Emergency Medical Services. These positions will ensure that the critical services provided by EMS continue uninterrupted while we work with rescue squads to ramp up our volunteerism.

Reinvestment in the Resort Community and Economic Development Initiatives:

At the request of the Resort Area Committee and Resort Investment Community, which represent various local business industries, the FY 2022-23 CIP includes a robust financing plan to enhance Virginia Beach's position as a tourist destination. These projects will provide enhanced capital maintenance repairs along Atlantic Avenue, expand storage and make improvements at the Sports Center, increase parking capacity, allow for site acquisition in the Resort Area, and allow us to invest in sports infrastructure within the City. The means of financing for these projects will be the Tourism Investment Program (TIP) Fund. To support this plan, the Proposed FY 2022-23 Operating Budget removes the sunset provisions established in City Code related to the dedications within the TIP Fund. Without this action, the TIP Fund would not have capacity to support this level of investment for these initiatives.

Other investments in economic development include investments in Corporate Landing Business Park Infrastructure, as well as an annual increase in a Strategic Site Acquisition project. Again, the intent of these initiatives is to provide City Council with the flexibility and tools necessary to quickly act when economic development opportunities arise.

Preservation of Open Space:

Recently, the need to preserve the City's Natural Resources, as well as the need to have access to resources for strategic site acquisitions related to those initiatives, has come to the forefront of City Council's conversations. Since FY 2000-01, the City has had a dedication of the Restaurant Meals tax in place for this very purpose. Over the years – and with the approval of prior City Council's – the scope and purpose of the Open Space

dedication was modified to include not only the cost associated with site acquisition, but also for park development and maintenance, including personnel salaries.

The Proposed Budget includes the recommendation to remove all expenditures not associated with site acquisition needs within the Open Space Fund and restore the original intent of the Fund. Doing this moves 6.4 FTEs and associated expenditures previously within the Open Space Fund to the General Fund. This action also provides City Council with an Open Space Fund dedication that is not prohibited by any previous actions or decisions and will allow additional flexibility for the body to direct these resources as they deem necessary.

Flood Protection Bond Referendum:

During the November 2021 election, voters overwhelmingly approved the Flood Protection Bond Referendum, with 72.72% of voters approving of the measure. This referendum created the legal capacity to authorize \$567.5 million in charter bonds to finance Flood Protection projects. Included in that referendum, was authorization of a tax increase equivalent to 4.3¢ in the real estate tax rate necessary to support the debt service associated with those bonds.

After a thorough review of the needs throughout the organization and allocating resources to maintain those base line needs, the Proposed Budget recommends a tax rate increase of 2.3¢ in lieu of the 4.3¢ referenced in the bond referendum. The total revenue needed to sustainably finance the bond referendum has not changed and is still nearly \$28 million, as well as a need of projected growth. To cover the gap between the proposed tax increase and total revenue needed, the Proposed FY 2022-23 Operating Budget establishes a real estate dedication equivalent to \$12.3 million and redirects those revenues from the General Fund to a newly established Flood Protection Referendum Fund. These revenues redirected from the General Fund were the result of organic growth and not related to the tax rate adjustment.

Taxes and Revenue:

So how are all of these initiatives and needs being funded in FY 2022-23? The local economy is bouncing back from the pandemic at a much faster rate than originally anticipated. Year-over-year growth in revenues are estimated to be 6.8%. Excluding the growth attributable to the rate increase for the referendum, true organic growth in revenues is closer to 6.2%. The biggest driver of this growth in revenues is real estate, as assessments are expected to increase by an average of 9.3% citywide. Real estate represents more than 50% of the City's total General Fund revenue. Year-over-year growth in consumer-driven revenues, such as general sales, restaurant meals, and hotel tax, are estimated to grow by more than 35%. As previously noted, part of this growth is due to the economy rebounding quicker than previously anticipated. Current year revenue estimates were made mid-pandemic and therefore were conservative in nature.

With the exception of the 2.3¢ real estate tax increase for the referendum, as well as few proposed fee increases within the department of Planning and Community Development, the Proposed FY 2022-23 Budget and CIP are supported through natural growth in citywide revenues.

It is important to note, that the Proposed Budget assumes the continuation of City Council's desire to defray taxes on vehicle personal property. FY 2022-23 Personal Property revenue estimates are predicated on Fair Market Value (FMV). Implementing the FMV approach in the current year was the recommendation advocated by the Commissioner of the Revenue and supported by City Council. Continuing this approach next year, not only lowers the estimated tax burden on residents by \$42.9 million, but also protects the City should a mid-year correction in the vehicle market occur.

Schools:

On March 8, 2022, the Virginia Beach City Public Schools (VBCPS) approved their Proposed FY 2022-23 Operating Budget and CIP. VBCPS's Proposed Budget – the basis of which is predicated on the Superintendent's Estimate of Needs (SEON) – has been included in my Proposed Budget for your consideration. Similar to the City, VBCPS is in a good position to maintain core services and even expand in some areas in FY 2022-23.

Some of this is attributable to increased revenue from the Commonwealth, with VBCPS receiving an additional \$21.5 million in revenue to support their operational needs, as well as an additional \$21.4 million from the Commonwealth in State Construction funding to support VBCPS' CIP. Another contributing factor for this is the City's continued support of VBCPS through the revenue sharing formula. Based on initial FY 2022-23 revenue estimates provided through the Five-Year Forecast, VBCPS' share in local revenues was estimated at \$484.5 million. This represents a year-over-year growth of \$27.7 million.

Through the use of these combined resources, VBCPS has proposed an operating budget with a robust emphasis on staffing and compensation needs. Similar to the City, VBCPS is facing staffing shortages, and the School Board has made addressing this issue a top priority. The VBCPS Proposed Budget includes nearly \$47 million in compensation-related increases. These efforts include a 5% salary increase, adjusting various ranges for hard-to-fill positions, and potentially reducing employee health care premium costs. Through efficiencies, and with savings due to declining student enrollment, VBCPS is also expanding in some operational areas to meet growing needs in technology, enhanced security, and legal services. To support these efforts, VBCPS is also adding a net increase of 58.48 FTEs.

Also included within the baseline operations of VBCPS, is a transfer of pay-as-you-go funding of \$1 million to their CIP and the request for additional bonding authority of \$12 million in year six of the CIP. Schools' recent shift in directing resources to the CIP and

requesting the use of more bonds is evident in their Proposed FY 2022-23 CIP. Projects such as Bayside High School Replacement, are now scheduled to be completed in FY 2030-31, as opposed to the FY 2032-33 completion date estimated in last year's document. This project, as proposed, has \$88 million programmed over the next six years of the total \$192 million needed.

According to the SEON, VBCPS is able to sustainably support all of these initiatives, with reliance on less than \$1 million from their School Special Revenue Fund. This fund is currently projected to be near 2% at the end of the current year. Based on their proposed Operating Budget and CIP and on the communications to date from VBCPS, there are no immediate needs that are not being met through their Proposed FY 2022-23 Budget. In addition, I have not been notified of any additional need for funding above the School Funding Formula amount provided and as required by section 4.1 of the Revenue Sharing Formula agreement.

Based on revised revenue estimates, primarily driven by organic growth in real estate assessment of 9.28%, and as calculated through the current revenue sharing formula, an additional \$22 million dollars would be provided to VBCPS. Because needs for the City currently exceed revenue availability, and because the City is seeking to provide taxpayer relief by defraying the tax rate increase associated with the bond referendum, an additional dedication equivalent to 3.236¢ is needed to sustainably support the Proposed Operating Budget. This "Hold Harmless" dedication will withhold an additional \$22 million from the traditional school funding formula and keep the amount of local revenue being provided to Schools at \$484.5 million. This figure is nearly \$300 million above the State minimum Standard of Quality (SOQ) local match requirement. With exception of this dedication, growth of future revenues will occur as agreed to per the funding formula. This "Hold Harmless" dedication should not negatively impact the VBCPS Proposed FY 2022-23 Operating Budget, as the \$484 million originally provided has not changed.

City Council Emergent Need Reserve:

If these last two years has taught us anything, it is that we need to prepare for the unknown. Included in the Proposed FY 2022-23 Operating Budget is a \$7 million City Council Emergent Need reserve. The purpose of this funding is to provide City Council with the flexibility to allocate resources to initiatives not being proposed as a part of my recommended budget. These initiatives could include potential tax relief considerations, increasing funding to CIP projects, funding initiatives listed on the Operating Budget's Requested But Not Funded list, utilize as a offset should the Commonwealth eliminate the grocery tax, or to put toward additional compensation efforts should that be the desire of the body.

Conclusion:

As the world continues to return to Pre-COVID operations, so too is the City. This budget process is going to be as close to a normal budget process I have had with you during my time as your City Manager. I feel as though the Proposed FY 2022-23 Operating Budget and CIP address several of the priority areas and concerns communicated from the City Council. As is the case every year, demand for services and articulated needs far exceed revenue projections. In returning to the historical practice, this budget process will include budget briefings by as many department heads and CIP section managers as time will allow. Returning to this practice will update City Council and, in some cases, educate newer members of baseline operations and the resources allocated to those operations within the City. I look forward to our ongoing discussions regarding the FY 2022-23 Resource Management Plan.

Sincerely,



Patrick A. Duhaney
City Manager

MAJOR HIGHLIGHTS OF THE FY 2022-23 RESOURCE MANAGEMENT PLAN

The following section provides a brief overview of the major priorities included within the FY 2022-23 Resource Management Plan. Additional information about most of these items can be found within the Operating Budget document or within the Capital Improvement Program (CIP) document.

Budget Overview

The FY 2022-23 Operating Budget is growing a total of 6.8% when compared to the FY 2021-22 Adopted Budget. This large growth percentage is directly attributable to conservative FY 2021-22 revenue assumptions associated with the impacts of the pandemic at the time of budget adoption in the Spring of 2021. Growth is also attributable to organic growth in real estate assessments of 9.3%, as well as the implementation of the Flood Protection Program through a proposed 2.3¢ real estate tax increase. The Flood Protection Program was approved by a referendum in the November 2021 election.

The FY 2022-23 Resource Management Plan addresses many of City Council's focus areas provided through budget guidance given during a series of workshops held leading up to the Proposed Budget. In total, the City is adding a net of 51.92 positions. Of this amount, 23 positions are for Emergency Medical Services to supplement the decline in volunteerism with career staff and to implement a new A-EMT training program. Other positions achieve Council priorities and organizational efficiencies, such as a Citizen Review Panel Administrator and positions to support public infrastructure departments' growing information technology needs. Numerous efficiencies were achieved by reclassifying 17 positions within the Police Department to achieve department goals without adding positions.

Of the nearly \$2.5 billion Proposed Budget, Virginia Beach City Public Schools makes up 46.1% of the total amount. In the FY 2022-23 Proposed Budget, the School division has proposed adding a total of 58.98 positions and is placing a strong emphasis on employee recruitment and retention. Some of these measures include a 5% salary increase, adjusting various ranges for hard to fill positions, and potentially modifying employee health care premium costs. Schools' budget also includes over \$83 million in year one of the Capital Improvement Program, partially as the result of State Construction grant funding in the amount of \$21.4 million. This additional funding, coupled with the use of fund balance and pay-as-you-go funding over the six-year period, will allow the acceleration of both the Bayside and Princess Anne High School replacements.

Taxes and Fees

Real Estate Tax

In the election held on November 2, 2021, the Flood Protection Bond Referendum was passed, with 72.72% of voters supporting the measure. Included in this referendum was an additional real estate tax of 4.3¢, which was to be dedicated to flood control projects in the City. This would have increased the real estate tax rate from \$0.99, to \$1.033 per \$100 of assessed value. Since then and due to organic growth, the revenue generated by each penny of the real estate tax has increased. This has resulted in the reduction of the dedication necessary to 4.1¢. However, given the current economic climate, and to defray the impact to taxpayers, the real estate tax rate was increased by just 2.3¢, reducing the need to increase taxes on resident and businesses by \$12.5 million. The City was able to accomplish this due to additional organic growth in real estate assessments and a dedication of these revenues to the newly established Flood Protection Fund, as well as growth in other general government revenues.

Personal Property Tax

In FY 2022-23, personal property tax revenue is estimated to grow 11.9%, with a total revenue estimate of approximately \$192.9 million. This is attributable to rapid growth in value of used and new vehicles as a result of supply chain issues in new vehicle production. The supply chain for semi-conductor chips – primarily logic chips – has experienced a large influx of capital expenditures to meet demands of the global market. Once the supply chain issues are resolved and inventory returns to normal levels, the recent inflation of the vehicle market will likely subside. According to J.D. Power estimates, inventory should return to normal, pre-pandemic levels by June of 2023.

In recognition of this problem, the Proposed Budget includes the continuation of City Council’s desire to defray taxes on vehicle personal property. This program applies a discount rate to the value of each vehicle, and applies the tax to the new, fair market value of the vehicle.

Flood Protection & Stormwater

Flood Protection Program

In the November 2, 2021, General Election, the Flood Protection Bond Referendum passed allowing the City of Virginia Beach to utilize up to \$567.5 million in General Obligation Bonds to design and construct flood mitigation measures for phase-one projects under the Flood Protection Program. Previously, Flood Protection projects were supported by the Stormwater Utility fee, and completion of these priority projects would have taken nearly forty years with the previous level of funding. As a result of the Referendum, these projects are to be completed by 2032, with about half to be completed by FY 2026-27. Status updates of the projects are to be made to a citizen oversight committee monthly.

The projects included in the referendum are shown below. Additional details on each can be found within the Capital Improvement Program documents.

- Chubb Lake / Lake Bradford Outfall
- Church Point/Thoroughgood Drainage Improvements
- Lake Bradford/Chubb Lakes
- Central Resort District - 24th Street Culvert
- Central Resort District Drainage Improvements
- Central Resort - 21st and Baltic Drainage
- Eastern Shore Drive - Elevate Lynnhaven Drive
- Eastern Shore Drive - Phase I, Section 1F & 1G Improvements
- Eastern Shore Drive - Poinciana Pump Station
- First Colonial Road & Oceana Boulevard Drainage Improvements
- Bow Creek Stormwater Park
- Princess Anne Plaza North London Bridge Creek Tide Gate Barriers, and Pump Station
- Pungo Ferry Road Improvements
- Sandbridge/New Bridge Intersection Improvements
- Seatack Neighborhood Drainage Improvements
- Stormwater Green Infrastructure
- The Lakes - Flood Barriers & Holland Road Gate
- West Neck Creek Bridge Replacement
- Windsor Woods - Thalia Creek/Lake Trashmore Improvements
- Windsor Woods Flood Barriers
- Windsor Woods Pump Station

Because of the \$567.5 million appropriation to Flood Protection in November 2021, the FY 2022-23 CIP provides only \$495,000 in additional funding for Flood Protection. This funding is to support “Stormwater Project Administration”

(PG100578) which focuses services to assist in management of the program through consulting services, project management information systems, developing cashflow forecasting tools, a risk management plan, to coordinate status reporting processes, and enhancements to program communications with stakeholders.

To finance the repayment of the \$567.5 million of General Obligation bonds authorized by the Referendum, the City Manager's Proposed Budget provides for a 4.1¢ dedication of the Real Estate tax to the Flood Protection Referendum Fund. Of this dedication amount, 2.3¢ is the result of a proposed tax increase, and the remaining 1.8¢, or \$12.3 million, was redirected from the General Fund and withheld from the School Funding Formula to support the program. At the time of the Referendum, it was assumed that the Real Estate rate would increase 4.3¢, from \$0.99 per \$100 of valuation to \$1.033. Through organic revenue growth within the General Fund, this Proposed Budget only includes a 2.3¢ increase and still provides for enhanced general city services.

As part of the comprehensive strategy to continue efforts in assessing and addressing flood-related challenges and opportunities, Public Works is set to complete 15 watershed master plans by December 2023. Public Works completed the master plans for Linkhorn Bay and Upper West Neck Creek, and the following three watersheds are underway: Little Creek/Lake Taylor, Broad Bay/Oceanfront Drainage Basin, and Dam Neck. Four more watersheds are expected to be underway by the end of the third quarter of FY 2021-22.

Stormwater

With the establishment of a stand-alone Flood Protection CIP section, the Stormwater Utility Fund and the Stormwater CIP will focus on water quality projects as well as maintenance of current infrastructure. The Stormwater Utility Fund is also still responsible for the repayment of bonds issued to support Flood Protection projects prior to the Referendum. Following the Flood Protection Referendum, City Council adopted an ordinance to freeze the Stormwater Equivalent Residential Unit (ERU) fee at the current rate of 49.3¢ daily until FY 2028-29. As a result, funding for the CIP will remain relatively steady over the next several years, as there is little annual growth in the ERU revenue stream and because few maintenance and water quality projects are bondable, meaning the CIP will have to rely primarily on cash funding and enhanced efforts resulting from the infusion of one-time federal dollars.

To augment the local resources provided to the maintenance of the stormwater system, in the fall of 2021, City Council appropriated over \$44 million to two projects, Lake Management and Neighborhood Rehabilitation, from the *American Rescue Plan Act*. This infusion of funding is nearly two and a half times more than stormwater maintenance projects receive in a typical year and will enhance maintenance for 17 lake dredging projects and approximately 60 miles of pipe cleaning for 21 neighborhoods. Per federal guidelines, these funds must be spent by 2026.

In addition to the funding from the federal government, the Proposed Budget also includes \$18.7 million for a Regional Stormwater Management Facility at 17th Street in the Resort Area. This project is being funded through the Tourism Investment Program Fund (TIP), and rather than traditional Stormwater ERU funding for water quality projects. With the ERU rate frozen, the Stormwater Fund has little capacity to issue additional debt to pay for this critical project. This Regional Stormwater Management Facility will provide stormwater management for the future redevelopment of private properties that front the south side of 17th Street between North Birdneck Road and Cypress Avenue.

As part of the overarching Flood Protection and Stormwater programs, significant work has been accomplished during the current fiscal year by Public Works, including hiring additional staff and purchasing equipment as approved in the FY 2021-22 Budget for the Pipe Cleaning and Best Management Practices (BMP) Crews. The last two quarters of FY 2021-22 will include the review of production rates for performance (e.g., miles of pipe flushed, BMPs maintained, etc.), collection of data, program planning, and goal setting.

Technology Improvements

As information technology (IT) needs are becoming more specialized, some departments need an increased level of communication and coordination. The Planning and Public Works departments have worked with IT to establish technology teams. A federated IT support team will be used as the primary model for the Planning department. A joint team will be established with Planning and IT staff to form the Planning Technology Team (PLTT). IT will oversee the PLTT, and the work required to successfully support, maintain, upgrade, and replace technology solutions and services. Planning will assist in developing the work plans and will approve and set departmental priorities for the team to execute.

Similarly, a federated IT support team will be utilized as the primary model for the department of Public Works. A joint team will be established with Public Works and IT staff to form the Public Works Technology Team (PWTT). IT will oversee the PWTT and the work required to successfully support, maintain, upgrade, and replace technology solutions and services, and Public Works will assist in developing the work plans and will approve and set departmental priorities for the team to execute. The PLTT will be utilized to enhance the Accella system, which is used for permitting activities. The PWTT will be utilized to implement the financial tracking software (Master Works) to ensure funds that were approved via the Flood Protection Referendum are being appropriately tracked and reported.

The proposed budget provides six positions to the department of IT for implementation of these models, and two positions to Planning. The CIP also provides \$1.1 million in additional annual funding to the Accela maintenance project for additional licenses and to enhance reporting capabilities of the program. The PermitStat initiative has identified a total of 67 measures of interest in the Permits and Inspections Division, such as plans completed on time, average number of review cycles, etc. As of December 21, 2021, 33 of those measures are trackable within the current Accela reporting system. While there are still discussions on priority and additional measures to be included, it is clear that Accela cannot provide reporting on half of these measures in its current configuration.

Economic and Tourism Opportunities

Resort Entertainment and Investment

The Resort Investment Committee has been working with stakeholders to identify ways to utilize the Tourism Investment Program (TIP) Fund to promote tourism and economic development within the Resort Area. Some of these projects will begin implementation in FY 2022-23 including the following CIP projects: Atlantic Avenue Street Improvements (PG100300), Resort Area Site Acquisition (PG100631), Sports Tourism Infrastructure (PG100629), Virginia Beach Sports Center (PG100466), and Visitor Information System (PG100628). Increases to the Economic and Tourism Development CIP total over \$212.4 million across the programmed six-year CIP.

In addition to these capital projects, the Resort Management Office – a division of the Convention and Visitors Bureau—has identified opportunities to provide beautification, maintenance improvements, and facility upgrades that will be funded by the TIP Fund. These investments, total nearly \$4 million, and will target opportunities for mobility improvements, enhanced cleaning efforts, projection art, and signage improvements (as identified) within the Resort Area.

In order to sustainably support the enhanced services within the Resort Area, this proposed budget eliminates the previously scheduled sunset dedications within the TIP fund. Previously, \$1 of the \$2 Hotel Flat Tax was set to sunset on June 30, 2022, and other dedications were set to sunset in FY 2027-28. A complete listing of all the City's dedications and their extensions are included in the Ordinance section of the Operating Budget document. The extension of these dedications ensures that the TIP fund has adequate capacity to support these initiatives as well as associated debt service.

To support and encourage expansion of special events within the city, the Proposed Operating Budget also recommends eliminating Special Event Fees previously collected within the TIP Fund. The City of Virginia Beach hosts hundreds of special events annually, which draw participants and spectators who raise contributions to support

nonprofit organizations or contribute to the local economy. Many special events require some form of City services, such as road closures, traffic control, security, contingencies for emergency services, utility connections, and clean up resulting in operational costs to city departments. The City will continue to provide safety standards and support service requirements for permitted special events without charging a fee or recouping any expenses related to the special events.

Enhance and Grow Virginia Beach's Reputation as a Destination for Tourism

In FY 2021-22, the Director of the Convention and Visitor's Bureau (CVB) and a new leader for Marketing & Communications were officially selected. Over the next quarter, these individuals will be focusing on the organizational structure of the executive office and other operating units to enable more efficient and effective daily operations of the department.

CVB's successful late summer leisure integrated marketing campaign helped Virginia Beach hold the top spot (in conjunction with Norfolk) among the Top 25 tourism markets nationwide throughout most of the 2021 summer season. Additionally, the Department hosted its inaugural VB Summit in October 2021, engaging more than 200 members of the local hospitality, tourism, and business communities. Over the next few months, CVB will pitch and implement the Spring/Summer 2022 campaign concepts and develop a marketing plan for the entire Economic Vitality Portfolio. As a result of organic revenue growth in restaurant meals and hotel tax revenue, the Tourism Advertising Program is growing by 41% when compared to the FY 2021-22 Operating Budget (excluding FY 2021-22's budgeted use of specific fund reserves). This substantial increase will enhance tourism advertising for the City.

Public Safety

Virginia Beach Police Department

The construction of the Real Time Crime Center within the new Police Headquarters will be completed and fully staffed in FY 2022-23. This facility will allow the Virginia Beach Police Department (VBPD) to have 24-hour monitoring and real-time analysis, allowing for improved rapid response capabilities and integration of data inputs from multiple sources including ShotSpotter, BrassTrax/NIBN, Automated License Plate Readers, the citywide camera system, and social network analysis.

After being piloted in FY 2021-22, the FY 2022-23 Operating Budget has incorporated the Chorus Intelligence Suite to provide the VBPD the opportunity to simultaneously search hundreds of social media sites, analyze call data records, document findings, and capture content for webpages. This suite will be utilized in conjunction with the Real Time Crime Center to vastly improve the modern capabilities of the VBPD.

In July 2021, the Virginia Beach Police Department initiated a program to hire certified Police Officers. As part of this program, Police Officers who were hired received a \$5,000 bonus (\$2,500 upon hire, and \$2,500 upon successful completion of the Police Training Program). In addition, officers were given full credit for their years of service with their previous agency, making them eligible to test for the Professional Development Program early and keep seniority for shift bids. As of October 2021, eight new certified hires are currently working in each of the four precincts.

In recognition of the recruitment and retention difficulties with sworn positions and increasing needs of the department, the VBPD has reclassified 17 long-term vacancies to hire needed positions including a City Hall Sergeant, Aviation Squad Sergeant, 11 FTEs for the Real Time Crime Center, Civilianize Services Lieutenant, Department Assets Manager, Victim Advocate, and a Digital Forensics Examiner. In doing so, the department will be able to hire critical personnel without increasing current staffing levels.

In addition, law enforcement officers are experiencing higher levels of stress which negatively impacts their mental and physical wellness. The department's health and wellbeing remain a high priority to city leadership. As a critical

piece to the VBPD's success, access to a wide variety of services and resources is being provided to ensure physical, emotional, and mental health. Examples include enhanced Peer Support resources, utilization of the Lighthouse App, on-sight availability of professional counselors, and implementation of the Park Bench Program. The FY 2022-23 budget allows the department, in conjunction with Emergency Communications and Citizen Services, to use vacancy savings to implement a mental health program for staff.

Office of Emergency Management-Security Division

The Office of Emergency Management continues to implement a new citywide Physical Security Program with integration across all City departments. A key initiative includes the implementation and utilization of safety and security liaisons from each department to serve as "force multipliers" on emergency action plan development and familiarization, coordination of safety and security trainings and exercises, information, and intelligence sharing, and serving as subject matter experts to department stakeholders. Other key initiatives include facility risk assessments in partnership with the U.S. Department of Homeland Security, the rollout of a new risk communication system, City security policy review and revisions, and ongoing management of a security services contract. In support of these initiatives, the City Manager's Proposed Operating Budget includes the addition of two full-time security specialists for the Office of Emergency Management. These positions will provide ongoing assessments and security oversight for the City's facilities and members.

Fire Department- Battalion Accountability and Safety Technicians

Three Firefighter Recruit positions will be added to the Fire Department's budget in FY 2022-23. The addition of these positions will allow the department to create three Battalion Accountability and Safety Technician positions for all three shifts. The primary role of these positions is to support the Battalion Chief with day-to-day management functions and to support the Incident Commander when responding to emergency situations.

When responding to a fire, this position will support the Incident Commander by ensuring they are aware of who is on the fireground, what companies are present, what function each person is serving, and which firefighters, if any, are in distress. When not responding to emergency calls, this position will assist with staffing issues, such as apparatus and station assignments and would also serve as the point of contact when the Battalion Chief is not available.

Emergency Medical Services

Among the most notable additions to the Proposed Operating Budget are 23 positions, including EMTs and paramedics, for the Department of Emergency Medical Services (EMS). The City of Virginia Beach has a longstanding partnership with various Volunteer Rescue Squads to augment the need for professional and career paramedics. Since the start of the COVID-19 pandemic, EMS departments nationwide have faced a shortage of paramedics, and Virginia Beach has not been immune from this trend. Because of labor shortages in other healthcare sectors, specifically nursing, paramedics have been leaving EMS organizations for higher-paying opportunities in hospitals. Shifting from hiring only paramedics to hiring Advanced EMTs will eliminate the additional educational requirement that comes with being a paramedic. These positions will ensure that the critical services provided by EMS continue without impacting the citizens of Virginia Beach.

Three of the positions — an EMS Captain, one Senior Paramedic, and one Administrative Technician position — will support the implementation of an Advanced EMT training program. In the past, the department has relied on AEMT training provided by Tidewater Community College (TCC) to train EMS and Fire Department staff; however, TCC has not offered these classes in more than four years. This has led other cities to develop their own internal training. EMS expects to be accredited by the Virginia Office of EMS to teach the AEMT curriculum by the spring or summer of 2022, prior to the start of FY 2022-23. This class will be provided not only to the EMS workforce, but to volunteers and the Fire Department as well. EMS anticipates that providing this training to volunteers will help boost retention. Each AEMT course consists of 300 hours of didactic learning, 20 hours per student of practical skills assessment, and a

minimum of 48 hours and 30 patient contacts per student for clinical competency. EMS expects that it will take volunteers or recruits approximately six months to become a certified Advanced EMT.

Public Safety Capital Improvement Program Updates

The FY 2022-23 through FY 2027-28 CIP continues to heavily invest in various public safety initiatives. Within the Information Technology section of the CIP, there are numerous projects in place to modernize the public safety systems including PG100113, "Enterprise Public Safety Systems," PG100533 "Next Generation 911," and a newly established project PG100624, "Forensic Evidence Management."

The Enterprise Public Safety Systems project has programmed funding for Computer Aided Dispatch (CAD), Mobile CAD, Fire Records Management, Police Records Management, and all system integrations. With the new implementation of Axon Records for the Police Department, third-party applications are going to be required to be integrated with the new Axon Records solution to retire the end-of-life legacy application(s). Funding is also included for implementation of eTicketing to replace the current manual ticket process.

Over the past few months, equipment technicians completed installation of body worn cameras for the Virginia Beach Police Department. In addition, 30 of 250 in-car cameras have been installed, and signal sidearms have been implemented for all sworn personnel. Over the next three months, the focus for this milestone will be installation of the new in-car camera system. By March 2022, a total of 250 patrol vehicles will be outfitted with new in-car cameras. In addition, VBPD will work with IT and the camera contractor to obtain additional poles for the oceanfront camera expansion.

The CIP also provides \$2.8 million for an ECCS back up operations site at the EMS headquarters on Virginia Beach Boulevard. The scope of this project allows for sixteen 911 stations at this backup location. This project will ensure redundancy should Building 30 be unavailable for use by emergency telecommunicators.

The Buildings and Assets section of the CIP also provides funding within year six for the design of the Correction Center Renewal and Replacement. The scope of this \$14.1 million project will provide for improvements to the visitation area, replacement of various equipment, and upgrades to lighting, utilities, and other infrastructure.

Citizen Review Board

In November 2021, City Council unanimously voted to establish a Citizen Review Board to investigate complaints against sworn law enforcement officers. The review board will be comprised of 11 members with subpoena power and two non-voting members with law enforcement experience. A task force will recommend how the Board operates. To help coordinate the activities of the Board and provide staff support, a full-time position as a Citizen Review Board Administrator has been added to the City Council's FY 2022-23 departmental operating budget. This position is a place holder and a starting point for discussions to occur during this budget process on how to best move forward with this initiative. To date, clear direction has not been provided on who is to oversee this support function.

Business & Community Support

Build Opportunities for Business

Through the HIVE program, Economic Development has identified and expanded the availability of subject matter experts to provide technical training to assist local businesses on a monthly schedule. The VB HIVE in Town Center held its grand opening in September 2021. The HIVE is designed to support an innovative and entrepreneurial ecosystem in Hampton Roads through collaboration with the City of Virginia Beach, academic institutions, other cities in Hampton Roads, Small Business Associations, and other amount of Capital Investment entrepreneurial-related organizations.

The Finance Department began offering training sessions via the Small Business Institute in FY 2021-22. The Growth Activities Program was added in November 2021 to provide basic business workshops to Small, Women, and Minority (SWaM) owned businesses. The Finance Department plans to continue the training sessions in 2022. Staff met with resource and education providers, such as Fulton Bank and Tidewater Community College (TCC), regarding SWaM access to financial resources and programs. In January, Finance began scheduling and advertising informational workshops and webinars. To further support these initiatives, the FY 2022-23 Proposed Budget includes a \$500,000 dedicated reserve for a second Disparity Study. Disparities studies are designed to provide a benchmark point to score the City on its efforts to encourage underrepresented business owners to bid on City contracts and help determine what, if any, improvements are needed to optimize the process.

Virginia Wesleyan Workforce Initiative

Included in the FY 2022-23 Proposed Budget is \$450,000 to continue the partnership and workforce development programs between the City and Virginia Wesleyan University. With this support, Virginia Wesleyan University will offer 70 non-credit continuing education courses on campus, at The HIVE, or online at no cost to Virginia Beach residents. Of this support, \$370,000 will cover the cost of instruction, and \$80,000 will be used for support and resource materials.

Improve Permitting and Regulatory Processes

Planning and Community Development is in the process of developing a program to propose to City Council and City leadership for staff to work with stakeholders to identify regulatory hurdles. The goal is to make revisions that provide better customer service while still meeting City Council priorities for stormwater and protection of neighborhood character. Planning and Community Development has been strategically focused largely on stormwater review. From late August through December 2021, staff from Planning and Community Development, Public Works, the Office of Performance and Accountability, and City leadership engaged weekly with City Council Liaisons and industry stakeholders through workshops to develop alternatives to stormwater regulations. Several proposals are under consideration for revisions to the Public Works Design Standards Manual, Stormwater Management Ordinance, Floodplain Ordinance, and internal policy and process documents.

Included within the Proposed Operating Budget are increases to several Planning fees. A full listing of the fees can be found in the "Tax and Fee Changes" section of this document. These fees have not been raised in many cases since FY 2003-04. Through the additional revenue generated by these fees, Planning is able to hire additional positions to assist with the growing demand on the department as a result of the building code changes and to reduce the work order backlog. These positions should help improve overall customer service and enhance technology capabilities of the department's staff.

Restoration of Funds for the Homeless Prevention and Diversion Program

The overall goal of the Homeless Response System is to prevent and end homelessness in the City. Funds are utilized to prevent households from experiencing homelessness by providing short to medium term rental assistance, housing location services, and case management. Since 2017, Housing and Neighborhood Preservation has been the largest provider of homeless prevention services in the City, serving over 400 households each year.

Funds for the Homeless Prevention and Diversion Program were eliminated as part of the reduction expected in the previous fiscal year budget. The Housing Department was able to continue the program with an influx of CARES Act funds. With the expiration of the CARES funds, the City will continue to support this valuable program in FY 2022-23.

Pembroke Six Expansion

The Proposed Budget includes the expansion of Human Services' Pembroke Six facility, located at 4752 Virginia Beach Boulevard. In FY 2021-22, the department expanded services due to multiple statewide system initiatives, including STEP-VA, Marcus Alert, Regional Crisis Hubs, and Permanent Supportive Housing. In FY 2022-23, Human Services plans to lease and build-out the fifth floor at the Pembroke Six facility. The department's Behavioral Health and Developmental Services Division already occupies the other four floors of the building. This additional lease space will create a central location where clients are able to receive a host of services within a single building, as opposed to multiple sites throughout the City.

This expansion is expected to greatly improve service delivery and improve outcomes for individuals seeking services in the City. The following is a fictional example of what the improved service delivery could look like for an individual:

Lane is a 26-year-old woman who came to Human Services' Pembroke 6 Same Day Access clinic after being released from a psychiatric hospital. This wasn't her first hospitalization; she had been hospitalized on three previous occasions but never managed to follow through with her discharge plans for ongoing treatment in the community. Lane has bipolar disorder with psychotic features. Over the years, she experienced severe episodes of depression and mania, distorted thought patterns and suicidal thoughts. She also struggled to cope with her history of childhood abuse and physical trauma, which further impacted her ability to form positive relationships and trust others. As her symptoms worsened, she began self-medicating with alcohol and opioids. Moreover, she was dealing with uncontrolled Type 1 Diabetes.

Last year: When Lane came to Human Services, she had been disenfranchised from her family and did not have a natural support system; she was isolated, living on the street or floating between shelters. This recent hospitalization was due to an intentional overdose where she wanted to end her life. After her hospitalization, she finally sought help with Human Services and completed the Same Day Access clinical assessment process. Clearly, her needs were complex, and the clinician identified several services that could help her and made the necessary referrals. The BHDS supportive housing services, case management, and crisis management programs are currently located in other buildings. Appointments were made with the other services, and she did not follow through. The Human Services team spent hours trying to locate her and engage her in services. The added challenge of trying to navigate services at various locations delayed care and made it more difficult for Lane who was still struggling with stressors and somewhat reluctant to continue with care.

Beginning in FY 2022-23, the Pembroke 6, fifth floor expansion will be an opportunity to streamline essential behavioral health services in one location. For Lane, this means that the Intake Clinician could walk with her to the fifth floor, where she can see a crisis stabilization clinician, peer specialist, and a supportive residential housing specialist. These services would address some of her immediate needs and see that she was supported with housing, medications, medical care, food, clothing, and connections to other long-term services, such as case management. This type of continuity allows for rapid engagement to quickly build trust and value in our services. As Lane continues her treatment, the integration and seamless coordination of care between these added services and the existing Pembroke 6 first floor psychiatric, nursing, therapy, and opioid services will provide lasting benefit.

Individuals in crisis who are symptomatic and having difficulty meeting their basic life needs are not able to effectively navigate a fragmented service system and timing is of the essence. Integrating the additional services at the Pembroke 6 location will allow people like Lane to avoid delays in care and get the help they need faster, reducing the likelihood of negative outcomes that are possible during gaps in services.

CRM Project

The City's Enterprise Customer Relationship Management (CRM) System has been in use for several months and has proven to be exceptionally useful during the pandemic. The CRM serves as the single source of customer information and a repository of the history of citizen transactions and interactions with the City. Once fully implemented, customers will have a single point of contact for City services and contact center representatives will have a more complete and current historical view of all customer interactions with the City. The CRM was implemented beyond its original planned uses, primarily by the Commissioner of the Revenue for scheduling appointments, and by Human Services for implementation of the COVID-19 tax relief programs. The FY 2022-23 CIP provides an additional \$4.6 million to further implement the project across the six-year period. Items to be funded include but are not limited to:

- Chatbot capabilities to automate interactions with the public reducing the need for a phone call or chat with a City agent
- Payment portal capabilities to all Public Works Waste Management to accept online fees for yard debris trailer rentals
- Integrate with other City Systems such as Computer Aided Dispatch (CAD) for Public Safety, and Accela for City-facing requests for code enforcement
- Implement business license request and renewal processes for the Commissioner of the Revenue

Citizen Survey

City leadership has expressed interest in conducting a more robust Citizen Survey that includes important satisfaction analysis as well as geographical and population benchmarking. The Department of Budget and Management Services (BMS) has been conducting the Citizen Survey since 1995 on a biennial basis. The primary goal of this research initiative has been to determine the satisfaction of residents with the level of services provided by the City and to assess how people feel about living in Virginia Beach. The survey questions have remained largely unchanged throughout the years to enable reliable tracking of citizen satisfaction levels. In FY 2022-23 the Office of Performance and Accountability will take the lead this project. Data from this survey will be used to support multiple strategic planning efforts and is of significant interest to City Council. The total estimated cost of the survey is \$40,000.

Inflation

Similar to recent fiscal years, the development of the FY 2022-23 Proposed Budget was faced with several economic uncertainties. According to the Bureau of Labor Statistics, as of February 2022, the Consumer Price Index (CPI) has risen 7.9% during the last year. Recent spikes in inflation are expected to result in increased service delivery costs for the City in FY 2022-23. In late winter 2022, for the typical consumer, the national average for regular unleaded gas was \$4.32 a gallon, the highest average price on record. This price increase is related to sanctions on Russia's oil production, as well as global shipping issues. In addition to increased fuel prices, there is significant potential for an increase in energy prices for both electricity and natural gas also as a result of the war in the Ukraine and other domestic factors. To plan for the potential for increasingly high fuel and energy prices, the City's General Fund includes a \$5.1 million reserve for this purpose. This reserve can accommodate not only the General Fund, but other funds supported by the General Fund, should fuel or energy prices exceed the baseline budgeted estimates.

Shipping delays, chip shortages, and the resulting cost increases have also impacted City capital projects, including the completion of the new City Hall. Several Roadway projects nearing construction were provided a combined \$2.9 million in additional funding in FY 2022-23 to ensure timely completion of the projects. To further provide flexibility to CIP sections, the Proposed CIP allows for the transfer of funds between projects within the same section in excess of \$100,000 (typically transfers exceeding \$100,000 require City Council authorization) if the cause for the request for additional funding is related to cost overruns associated with inflation. To the extent practicable, these transfers will aim to not materially jeopardize the schedule of the project from which the funds are transferred. These transfers, should they occur, will be reported to City Council monthly.

To provide further flexibility, the FY 2022-23 CIP provides \$3.5 million annually for a newly created “Construction Engineering and Inspection (CEI) Program.” The purpose of this CIP is to supplement in-house inspection crews as needed to ensure projects stay on schedule and are built to comply with all applicable standards. In particular, State and Federally funded projects are required to be built within strict time limits; this program will ensure the City meets those schedules. To date, funding for these services was provided through individual CIP projects. This project provides a dedicated funding source for CEI and allows the individual projects additional capacity to address inflationary impacts.

To ensure City assets are in good standing and maintenance costs remain low, \$1.6 million additional funding has been directed toward the Vehicle Replacement Program. Currently, vehicles in need of replacement are backlogged due to decreased funding in recent years. The cost of maintenance and repairs increase each year and downtime for the entire fleet increases due to the additional time needed to repair outdated vehicles. These vehicles primarily include Public Works, Planning, Housing and Neighborhood Preservation, and the Police Department. For several years, funding for the replacement program has remained flat or been reduced, which over time has led to less purchasing power as the price of vehicles has increased. This funding will allow City Garage the ability to reduce the backlog of vehicles that need replacing. The City’s goal is to replace vehicles once operational costs exceed 75% of replacement cost and mileage exceeds 100,000.

Employee Recruitment and Retention

Remaining competitive in the job market is critical to recruiting a diverse and qualified pool of applicants. The City has not been immune to the nationwide trends such as the “Great Resignation.” The FY 2022-23 Operating Budget provides resources to compensate the existing workforce, as well as several new initiatives to help recruit talent to the City of Virginia Beach. In FY 2021-22 a Total Compensation Study was conducted by the Segal Group to compare the City’s compensation package against peer employers in both the public and private sector. Over the last several years, city departments are finding that it takes longer to fill high-demand positions and turnover has been increasing.

This is the first salary study to be conducted since 2011. For the study, 150 benchmark jobs were selected, representing over half of all employees, and covering job categories, pay scales, and departments. The study found that at the midpoint of the pay ranges, Virginia Beach’s base pay is 99% of both sectors’ market averages, which is within the standard 95% to 105% market competitiveness (that is, plus-or-minus five percent of the market average). One option to fully implement the findings of the study, covering 100% of the workforce, is anticipated to cost \$16.2 million citywide. Other options for consideration are lower in cost, with one of the options including the implementation of a step plan, covering 70% of the workforce.

Compensation and Benefits

City Council has sought to ensure the City’s workforce consists of the best and brightest. To do this, City Council has also acknowledged the need to compensate staff as necessary to attract and retain qualified individuals. Accordingly, the Proposed FY 2022-23 Budget places employee compensation as a top priority, and a \$32.8 million compensation reserve has been included to address this need. To assist in the decision making, and for quick reference to the cost of the compensation options, the following table is included:

Option	Cost
Full implementation of the Total Compensation Study findings	\$16.2 Million
Cost-of-Living Adjustment for City employees	\$4.3 Million per 1% increase
7.5% pay increase for City employees to align pay increase with rate of inflation	\$32.3 Million

City Council may also give consideration to the implementation of employee recruitment and retention stipends to assist with costs associated with childcare or student loans. Reductions in healthcare premiums through an increased contribution of City resources may also be achieved through the use of this reserve.

In addition to the reserve, the Proposed Budget also includes various recruitment initiatives, including the establishment of a formalized, paid internship program to grow relationships with academic institutions and students. This program has the potential to create a pipeline for new talent in the City’s workforce. In addition to this, the Proposed Budget includes the addition of a Human Resource Analyst position in the Staffing and Compensation Division of the Department of Human Resources to assist with employee recruitment. Finally, the Proposed Budget also includes an increase to the number of user licenses for Salesforce Marketing. This program provides departments with a platform to engage and routinely follow up with individuals that express interest in employment with the City. The platform can also be used for engaging citizens about City services.

In total, \$33.2 million has been included in the Proposed FY 2022-23 Operating Budget to assist with recruitment and retention initiatives across the City. For the fourth consecutive year, the budget does not include any employee increases to health insurance premiums.

Parks and Recreation

Within the Proposed Budget, critical programs and services, such as the Out of School Time (OST) Program in the Parks and Recreation Special Revenue Fund require additional resources to continue operations during FY 2022-23. The Proposed Budget provides an additional \$1.4 million transfer to the Parks and Recreation Special Revenue Fund to support the increased salaries of various positions within the fund. Historically, cost increases for programs such as these have been partially offset through program fees or adjustments; however, memberships and overall revenues are down for the Parks and Recreation Special Revenue Fund, necessitating General Fund support. Hopefully, over the course of the next year, membership and participation in Recreation Centers will increase, reducing the Special Revenue Fund’s need and reliance on the General Fund.

Public Safety Education and Longevity Incentives

In order to address long term vacancies and attract new and qualified talent, the FY 2021-22 Adopted Operating Budget authorized educational and longevity incentives for the Virginia Beach Police Department. These incentives are added to the base salary of the sworn officer and reflected in retirement calculations.

In the winter of 2022, the incentives offered to the Police Department within the Adopted FY 2021-22 Operating Budget were provided to sworn members of other public safety departments—Fire, EMS, and the Sheriff, as well as emergency telecommunicators through City Council action. The inclusion of these four additional departments brings the total annual cost of this incentive to over \$2.7 million annually. The FY 2022-23 Operating Budget includes the annualized cost for each of the departments. In addition to the increased cost of the education and longevity incentives to the Sheriff's Department, the annualized cost of the 8.5% pay increase provided in FY 2021-22, the increased cost of retirement, along with increases in other operating costs, have resulted in an increased transfer to the Sheriff's Special Revenue Fund in the amount of \$2.3 million in FY 2022-23. Without this increased transfer, the Sheriff's Special Revenue Fund would have to eliminate the Centralized Booking Program, which includes 16 FTEs that are critical to the criminal justice process within the City.

Stipends to Retain Employees with Commercial Driver's Licenses (CDL)

Starting in December 2021, employees who are required to have a CDL to perform their jobs will receive an annual stipend of \$2,000. Those who are not required to have one, but maintain one to assist operations as needed, will receive an annual stipend of \$1,000. These amounts will be included within personnel budgets of the impacted departments, primarily Public Works and Public Utilities.

Compensation for Commonwealth of Virginia Employees

The FY 2021-22 Adopted Budget included funding in an amount up to \$500,000 for pay supplements to state attorneys in the Virginia Beach Office of the Public Defender. The FY 2022-23 Proposed Budget continues this practice. The City also provides \$114,000 in salary supplements for State employees of the Juvenile and Domestic Relations Court and the General District Court to address the high turnover rate by providing a retention incentive for court clerks.

Virginia Beach City Public Schools (VBCPS)

On March 8, 2022, the School Board of the City of Virginia Beach approved the FY 2022-23 Proposed Operating Budget and CIP. Much like the City, VBCPS is in a good position to maintain core services and even expand in some areas in FY 2022-23. The school division is facing significant staffing shortages, and the School Board has made addressing this issue a top priority. The Board has also stressed that VBCPS must be more competitive in the job market, not only for educators, but for the support staff who keep students fed, get them from place to place, and keep them safe. Through the use of combined resources, including substantial revenue increases at the state and local levels, VBCPS has proposed an Operating Budget with a robust emphasis on staffing and compensation needs. The Proposed Operating Budget includes \$46 million in compensation-related increases.

For the second year in a row, VBCPS plans to provide a 4.5% cost-of-living adjustment to all employees and a 0.5% step increase for eligible employees. Also, the division will reclassify teacher assistants and security assistants to a higher pay grade and provide allowances for those with bachelor's degrees. Mid-year in FY 2021-22 the School Board adjusted pay grades for other work groups, including bus drivers and custodians. The compensation budget also includes increased allowances for those employees with advanced degrees and increased substitute teacher pay from \$100 to \$115 a day.

On top of these pay increases, VBCPS has also set aside \$8.5 million as a reserve to make substantial progress on healthcare costs for employees, another top priority for the School Board. In addition to recruitment and retention goals, VBCPS is taking steps to lower healthcare premiums – an action that is expected to make the division more

competitive and improve VBCPS’ ranking among other school divisions in Hampton Roads. Preliminary discussions include the potential of reducing employee premiums by 42%.

City Council Emergent Needs Contingency

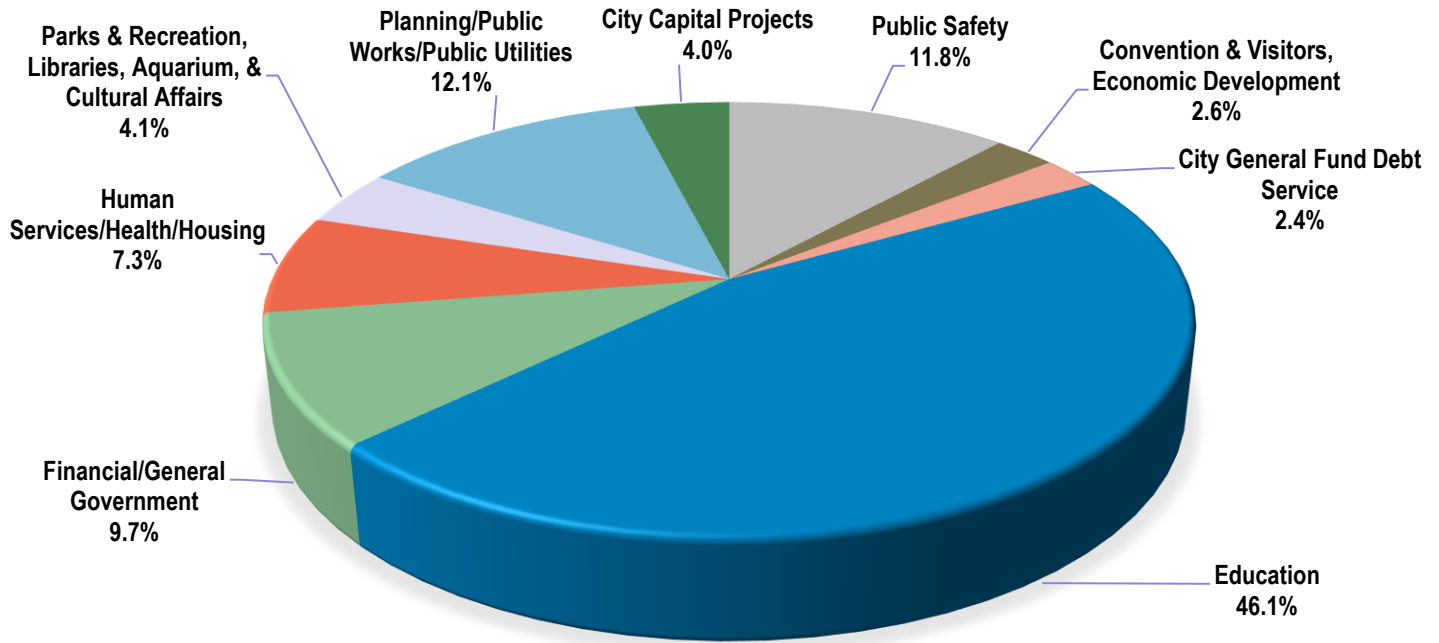
The City Manager’s Proposed Budget includes a set-aside budgeted reserve for City Council to implement programs or relief efforts not already included within the Proposed Operating Budget. This reserve is different than fund balance reserves, as this is supported through baseline revenue estimates. This means that the use of funds can be redirected without concern of future impacts as opposed to the use of fund balance which is more one time in nature. This reserve within the General Fund, totals \$7 million and can be allocated during the Reconciliation process or during the fiscal year. Options for the use of these funds include but are not limited to:

Program	Cost
Business Professional and Occupational License (BPOL) Tax Relief (match City of Chesapeake)	\$964,626
Real Estate Tax Reduction	\$6.8 Million per 1¢
Additional Compensation for City Employees	\$4.3 Million per 1%
Personal Property Relief-Elderly & Disabled	\$70k
Personal Property Relief- New Businesses	\$265k

In addition to the items outlined above, City Council may also decide to use this reserve to fund any item(s), in full or in part, that are included in the Requested but not Funded list in the Operating Budget document. These items range in cost from \$2,500 to \$8 million. In addition, while costs related to these items are not yet known, City Council may also consider the implementation of the following:

- Other tax relief initiatives not previously outlined
- Student loan repayment assistance
- Staff childcare assistance programs
- Health insurance premium reductions
- Increases to the Capital Improvement Program
- Additional Regional Grant contributions
- Increased Community Organization Grants budget
- Offset to revenue loss if the Commonwealth eliminates/reduces the grocery tax

APPROPRIATIONS



FY 2022-23 Operating Budget Total Estimated Appropriations

The Proposed FY 2022-23 Net Operating Budget totals \$2,453,921,489, which is an increase of 6.8% from the FY 2021-22 Adopted Budget. As the pie chart above illustrates, the largest portion of resources is dedicated to the City Council priorities of education (46.1%), infrastructure-related departments (12.1%), and public safety (11.8%).

The City’s Operating Budget of \$2.5 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 2021-22 Total City & Schools Adopted Budget	FY 2022-23 City Budget	FY 2022-23 Schools Budget	FY 2022-23 Total City & Schools Budget	% Change	\$ Change
<i>Personnel</i>	999,872,218	455,640,496	634,157,147	1,089,797,643	8.99%	89,925,425
<i>Fringe Benefits</i>	365,883,186	155,983,496	239,165,999	395,149,495	8.00%	29,266,309
<i>Operating Expenses</i>	635,965,717	363,961,450	196,891,427	560,852,877	11.81%	(75,112,840)
<i>Capital & Leases</i>	33,730,627	24,589,656	8,987,266	33,576,922	-0.46%	(153,705)
<i>Debt Service</i>	185,564,433	141,292,326	50,133,654	191,425,980	3.16%	5,861,547
<i>Pay-As-You-Go</i>	66,523,391	95,741,276	1,000,000	96,741,276	45.42%	30,217,885
<i>Reserves</i>	9,220,841	86,377,296	-	86,377,296	836.76%	77,156,455
Total	\$2,296,760,413	\$1,323,585,996	\$1,130,335,493	\$2,453,921,489	6.84%	\$157,161,076

The table above provides a high-level overview of each major appropriation category for both the City and the Schools. It is important to note, that within the “Personnel” and “Fringe Benefits” categories, Virginia Beach City Public Schools includes their compensation increases, while the City of Virginia Beach includes these amounts in the “Reserve” category to be allocated among departments after the beginning of the fiscal year.

Of the total City reserve of \$86.4 million, \$36.4 million is set aside for compensation increases across all funds. In the General Fund, there is a negative payroll reserve totaling \$7.5 million for attrition. Approximately half of the remaining reserve amount is for future debt service for the Flood Protection Bond Referendum (\$27.5 million). The General Fund also contains a \$5.1 million reserve for potential fuel and energy increases should initial budgeted estimates be insufficient given current inflationary uncertainty. In addition, the Proposed Budget contains a \$7.0 million reserve in the General Fund for City Council priorities. A full list of reserves and their intended purposes can be found in the “Non-Departmental” section of the Operating Budget.

The FY 2022-23 Budget also includes a 1.96% increase in the budgeted rate for the City’s contribution to the Virginia Retirement System (VRS). Within the General Fund, this impact was over \$6 million. 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. For FY 2022-23, the VRS rate is 18.25% and will remain at that percentage through FY 2023-24.

Budgeting for Attrition

The Proposed Budget uses the practice of budgeting for attrition for the fifth consecutive year. There is a negative reserve totaling \$7.5 million within the City’s General Fund to account for assumed vacancies during the fiscal year. Budgeting for attrition allows for resources to be put towards other priorities without requiring additional revenue. 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 unforeseen departmental emergencies. Annual vacancy savings within the General Fund has been approximately \$30 million on average for the last three years. The FY 2022-23 Proposed Operating Budget is using \$8 million to balance the budget, with the remaining \$22 million to support the FY 2023-24 CIP means of financing. The City has long practiced the use of annual vacancy savings as a source of cash funding in the following year’s CIP. It reduces the cities need to borrow while maintaining a healthy cash balance in the CIP.

REVENUE

Total net revenue for the Proposed FY 2022-23 Budget is \$2,453,921,489, a 6.8% increase over the Adopted FY 2021-22 Budget. The table below reflects all major revenue streams included in the Proposed FY 2022-23 Operating Budget. A more in-depth discussion of several of the revenues shown in this table is included later in this section. Though the table lists various taxes as revenue for Virginia Beach City Public Schools, the Schools do not collect tax revenue. These sources are levied and collected by the City of Virginia Beach and remitted via the City and Schools Adopted Revenue Sharing Formula. The full formula calculation can be found in the Appendix of the Operating Budget Document.

FY 2022-23 Operating Budget Total Estimated Revenue

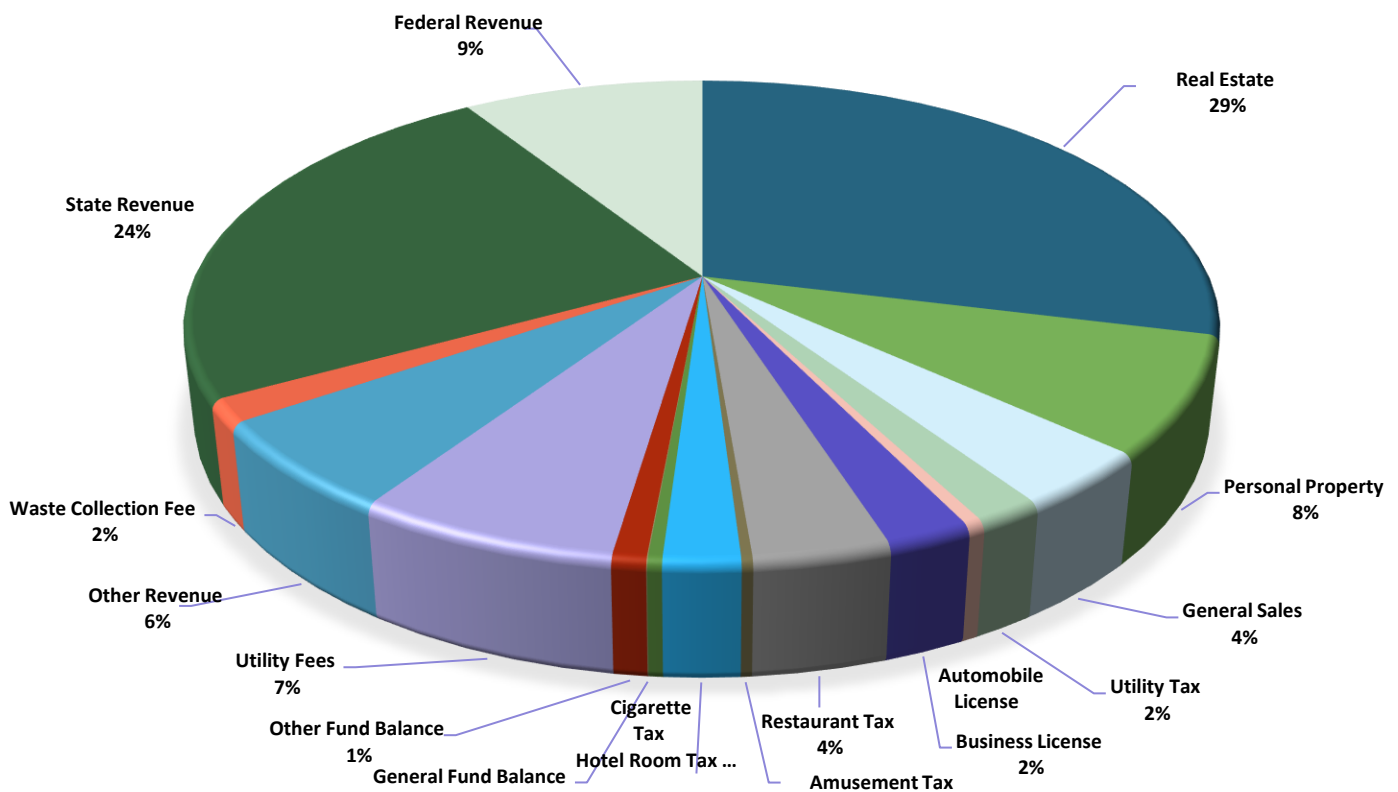
	FY 2021-22 Adopted Budget	FY 2022-23 City Budget	FY 2022-23 School Budget	FY 2022-23 Total City & Schools Budget	% Change
Real Estate	632,694,229	451,094,883	257,314,316	708,409,199	11.97%
Personal Property	172,420,788	102,748,732	90,206,634	192,955,366	11.91%
General Sales	72,833,624	49,986,767	43,885,095	93,871,862	28.89%
Utility Tax	44,494,069	22,964,195	20,161,054	43,125,249	-3.08%
Automobile License	11,420,785	6,005,587	5,272,510	11,278,097	-1.25%
Business License	53,181,894	29,774,999	26,140,492	55,915,491	5.14%
Restaurant Tax	62,537,453	62,836,802	26,634,803	89,471,605	43.07%
Amusement Tax	4,498,652	7,254,292		7,254,292	61.25%
Hotel Room Tax	34,440,654	45,101,779	5,019,328	50,121,107	45.53%
Cigarette Tax	9,617,625	6,115,042	3,102,689	9,217,731	-4.16%
General Fund Balance	3,903,897	772,483		772,483	-80.21%
Other Fund Balance	22,057,753	17,411,249	4,828,945	22,240,194	0.83%
Utility Fees	170,413,671	172,597,310		172,597,310	1.28%
Other Revenue	145,333,320	116,664,083	31,696,703	148,360,787	2.08%
Waste Collection Fee	37,530,987	37,908,047		37,908,047	1.00%
State Revenue	562,151,621	140,753,208	448,152,405	588,905,613	4.76%
Federal Revenue	257,229,391	53,596,538	167,920,519	221,517,057	-13.88%
Total Operating Budget	\$2,296,760,413	\$1,323,585,996	\$1,130,335,493	\$2,453,921,489	6.84%

The Adopted FY 2021-22 Operating Budget again conservatively positioned both the City and the Schools financially within the fiscal year. Revenue projections included within the Adopted budget assumed the COVID-19 pandemic would greatly impact the City's revenue; however, actual collections in FY 2020-21 and year-to-date collections in FY 2021-22 have exceeded revenue expectations. Several FY 2021-22 revenue estimates were exceeded in many cases by FY 2020-21 actuals. After a mid-year review, personal property, general sales, hotel, restaurant, and other revenue sources are anticipated to exceed current year estimates. As a result, FY 2022-23 will see significant growth in many of these revenue streams.

Consumer-driven revenues are expected to see the most significant increases in FY 2022-23. The largest revenue increases are expected to be those associated with general sales, restaurant, hotel, and amusements taxes. This growth is unsurprising considering consumer-driven revenues were the most directly impacted by the COVID-19 pandemic. As the economic recovery continues, these revenue sources are benefitting from a level of pent-up demand; for this reason, it is also expected that the level of growth will potentially wane in future fiscal years.

Another factor that is impacting these revenues, as well as real estate and personal property, is inflation. As the cost of goods and services rise, the tax associated with them rises accordingly. The elevated inflation rate is also related to the pent-up demand driving the consumer-driven revenues. As economic activity (demand) increases, the supply of goods and services must increase to meet the level of demand. When there is a disconnect between these two elements – as there is in the current economic environment – we see a change in prices. Currently, demand is greatly outpacing supply due to supply chain deficiencies and workforce shortages, causing prices to be elevated. Compounding this is the fact that the cost of borrowing money (i.e., interest rates) has remained at a historic low, increasing the amount of money flowing through the economy. As the current supply chain issues are resolved and interest rates begin rising in the coming years, inflation should slow, resulting in reduced growth in revenues impacted by the current economic conditions.

Proportion of Revenue by Type

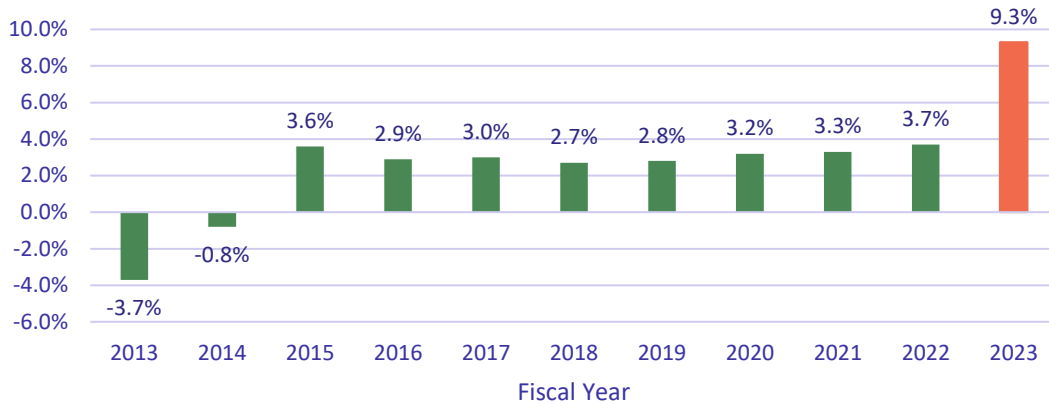


Real Estate

Revenue from real estate taxes remains the City’s single largest source of revenue, making up approximately 29% of all revenue collections and 48% of the General Fund. In addition, FY 2022-23 marks the ninth consecutive year of real estate assessment growth. Average citywide assessment growth for taxable properties is anticipated by the Real Estate Assessor to be 9.3%, with residential property assessments increasing an average of 11.3% and commercial properties falling by 0.06%. Commercial properties are continuing to be impacted by the COVID-19 pandemic. Many commercial properties are subject to income-based assessments, meaning if the business had decreased income due

to the pandemic, then the assessment for the property would fall. In addition, with the increased prevalence of virtual work, demand for commercial office space has been greatly reduced. On the residential side, the largest change in assessments is for apartment properties, with an average assessment growth of 13.9%.

Change in Assessed Value of Real Estate



The Proposed Operating Budget contains an adjustment to the real estate tax rate related to the Flood Protection Bond Referendum, which 72.72% of voters supported during the November 2021 election. As proposed, this referendum included a \$0.043 increase to the real estate tax rate for a flood protection dedication; however, due to the organic growth in real estate and in an effort to defray the impacts of inflation on Virginia Beach taxpayers, this dedication was reduced to \$0.041. To further mitigate the impacts of inflation on the City’s taxpayers, the real estate tax rate was only increased \$0.023 for the referendum. The remaining \$0.018 is being redirected from the General Fund to the Flood Protection Fund. The proposed real estate tax rate for FY 2022-23 is \$1.013 per \$100 of assessed value. This new tax rate is \$0.02 less than the originally intended rate of \$1.033, a tax avoidance of \$13,656,880.

In addition to the various dedications of the real estate tax (found in the Revenue Dedication Summary portion of this document), the City has several Special Service Districts (SSD) with real estate tax rate surcharges that support enhanced services within specific geographical boundaries. These SSDs are primarily for financing neighborhood dredging projects and sand replenishment of Sandbridge Beach. Occasionally, rate adjustments are necessary in these SSDs to ensure that revenues sufficiently cover the cost of enhanced services being provided.

An SSD also exists within Town Center for the purpose of enhanced maintenance and cleaning of public infrastructure, landscaping, and security. In addition to the SSD, Town Center also has a Tax Increment Financing (TIF) District for debt service of the parking infrastructure located within Town Center. The financing of a TIF district works as follows: for the geographical area covered by the TIF, current real estate assessments are frozen and, any subsequent increases in real estate taxes derived from increases in assessments are earmarked to a fund used to support public improvements in that area. All TIF-related revenues are excluded from the City/School Revenue Sharing Formula. The following table reflects the growth in real estate tax revenue compared to FY 2021-22 and illustrates where that funding is appropriated within the FY 2022-23 budget.

Changes in Real Estate Revenue FY 2020-21 to FY 2021-22

	FY 2021-22	FY 2022-23	Difference
City Operations and CIP	296,221,461	318,259,757	\$22,038,296
General Stormwater Operations	15,595,612	17,071,101	\$1,475,489
Flood Protection Referendum	-	27,996,608	\$27,996,608
City Council Priorities	11,540,753	12,632,614	\$1,091,861
Hold Harmless Dedication	-	22,096,832	\$22,096,832
Schools Operations	260,062,972	257,314,316	(\$2,748,656)
Parks and Recreation	24,616,115	26,945,027	\$2,328,912
Public Safety	6,238,245	6,828,440	\$590,195
Sandbridge Special Service District	542,975	595,285	\$52,310
Agriculture Reserve Program	5,614,420	6,145,597	\$531,177
Central Business District TIF District	9,098,095	9,460,247	\$362,152
Town Center Special Service District	2,409,195	2,313,491	(\$95,704)
Dredging Special Service Districts	754,386	749,884	(\$4,502)
Total	\$632,694,229	\$708,409,199	\$75,714,970

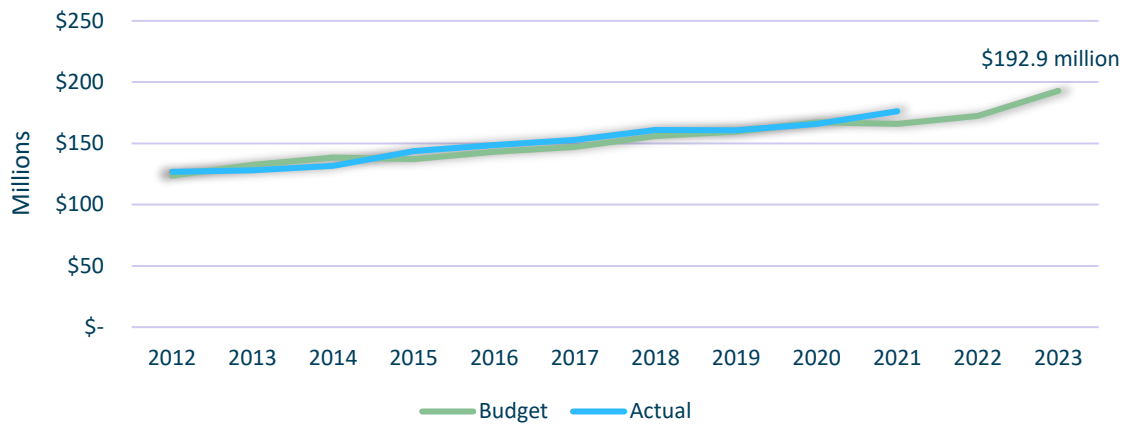
As noted in the table above, two new real estate tax dedications are included in the FY 2022-23 Proposed Budget. The first listed, Flood Protection Referendum, is to support the debt service related to the referendum held in November 2021. These funds are “locked boxed” outside of the General Fund and cannot be used for other purposes. The second dedication, listed as the “Hold Harmless” dedication is to sustainably support the Proposed Operating Budget.

Based on revised revenue estimates from the time of the Five-Year Forecast in November 2021, primarily driven by organic growth in real estate assessments of 9.28%, and as calculated through the current revenue sharing formula, an additional \$22 million dollars would have been provided to VBCPS. Based on the Proposed School Budget approved on March 8, 2022 and that needs for the City currently exceed revenue availability, the Proposed Budget seeks to provide taxpayer relief by defraying the tax rate increase associated with the bond referendum through an additional dedication. The “Hold Harmless” dedication will withhold an additional \$22.1 million from the traditional school funding formula and keep the amount of local revenue being provided to Schools at \$484.5 million. This figure is nearly \$300 million above the State minimum Standard of Quality (SOQ) local match requirement and \$27.7 million or 6.1% greater than FY 2021-22.

Personal Property Revenue

Personal Property tax revenue is comprised of taxes assessed on all vehicles including cars, trucks, trailers, motorcycles, motor homes, aircraft, boats, and mobile homes on temporary foundations. Personal Property taxes are assessed each year by the Commissioner of Revenue’s (COR) Office for all personal property garaged within the City of Virginia Beach. 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. To determine the assessed value of a vehicle, the COR uses the loan value from J.D. Power, which is provided to the office in January.

Personal Property



Personal Property tax revenue is expected to increase 11.9% in FY 2022-23, from approximately \$172 million to \$193 million. Personal Property tax revenue associated with vehicles comes from two sources, a fixed amount of \$53.4 million 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 increase in this revenue is primarily attributable to recent inflationary trends in the automotive market. In 2021, the average transaction price for a new vehicle reached \$45,743. This marks the first time this figure has surpassed \$45,000. Used vehicles have experienced a similar trend, with the average transaction price increasing by 19.1% in 2021, to \$25,904. According to J.D. Power, the majority of vehicles in the City – approximately 77% – will see an increase in value of at least 6% in 2022. Fortunately, J.D. Power’s Three-Year Outlook predicts this will be a short-term problem, and production levels will return to normal by mid-2022. According to their estimates, this means that normal inventory levels should be restored early in 2023. Based on current J.D. Power values, the Calendar Year 2022 Personal Property assessment and tax levy would have increased 40%.

Until the market returns to normal, the City has taken action to mitigate the impacts of recent inflation. The Proposed Budget includes a continuation of tax relief efforts approved by City Council in FY 2021-22. In order to alleviate some of the tax burden on citizens, a 25% discount was applied to all vehicle values to achieve a fair market value, rather than an inflated value based on the currently limited vehicle supply. This discount applies only to the values of vehicles and motorcycles, not to the values of other tax categories, such as boats, RVs, and trailers. Applying the discount in this manner ensures that the most heavily impacted tax category receives relief. For example, a car valued at the average new vehicle price (\$45,743), would see a \$500 reduction in its personal property tax bill.

The continuation of these efforts to mitigate the Personal Property tax burden on Virginia Beach residents will result in a reduction of revenue totaling \$42.9 million. There are more than 400,000 vehicles registered in the City; spread across these vehicles, this translates to approximately \$92.30 in savings per vehicle.

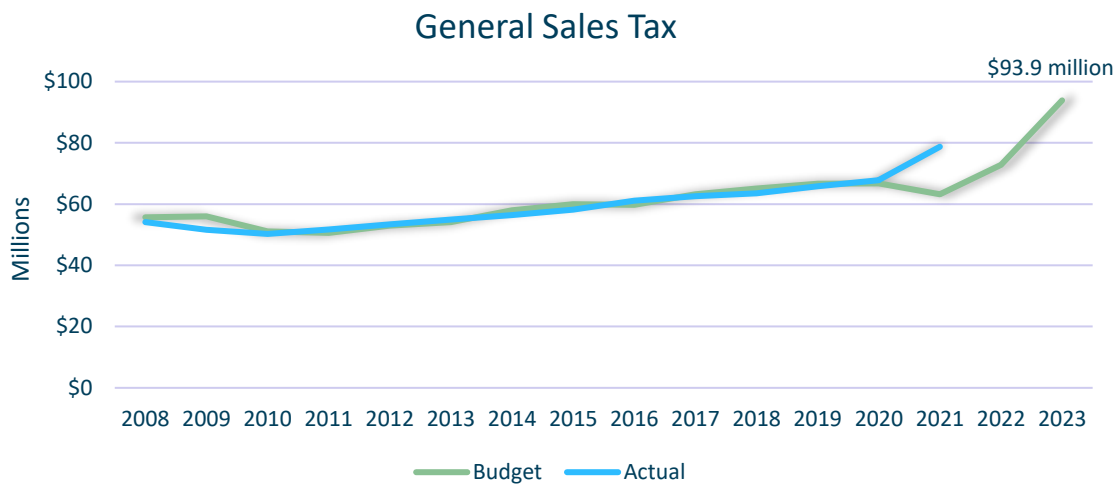
Consumer Driven Revenue

Consumer-driven revenues are comprised of sales, hotel, restaurant, and amusement taxes. These revenue streams are heavily influenced by the economic climate. During the past two years, these revenues were expected to decline due to the impacts of the COVID-19 pandemic; however, they have continued to outperform expectations during the economic recovery.

General Sales tax is the largest consumer-driven revenue source and is driven primarily by consumer spending habits. When consumer spending and consumer confidence rises, this revenue rise accordingly; however, legislation has allowed the City to collect more revenue from general sales taxes than in the past. In 2018, the Supreme Court

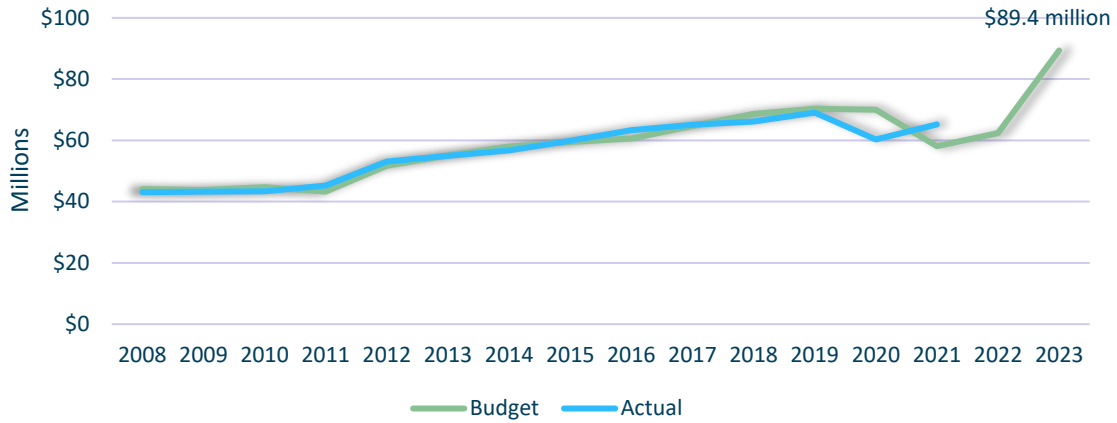
decided the *South Dakota v. Wayfair* case, which overturned longstanding precedent established by *Quill Corp. v. North Dakota* that prohibited any state from requiring retailers without a physical presence in the state to collect and remit sales tax for goods sold within the state. The Court decided that a physical presence is no longer a sufficient standard for a “substantive nexus” and established what is now known as an economic nexus. In the Commonwealth of Virginia, this economic nexus standard is \$100,000 in annual gross sales or 200 transactions in a calendar year. In addition to this, recent inflationary trends, coupled with pent-up demand due to the COVID-19 pandemic have led to higher-than-anticipated increases in the revenue.

In FY 2022-23, the City anticipates receiving \$93,871,862 from General Sales tax, a 28.9% increase over the FY 2021-22 Adopted Budget. It is important to note, however, that the General Assembly is currently considering legislation to eliminate the 2.5% tax on food and personal hygiene products. While the full impact is not yet known, should this legislation be adopted, this revenue will likely be reduced.



The second largest consumer-driven revenue source is the Restaurant Meal tax. This is a 5.5% tax on all prepared meals and drinks sold ready for consumption either on or off the seller's premises. Despite the COVID-19 pandemic, restaurants have continued to outperform expectations. In FY 2020-21 for example, this revenue outperformed estimates by approximately \$7.1 million. This revenue is expected to overperform in FY 2021-22 as well. Another indicator of the overall health of restaurants in the City is the number of Alcoholic Beverage Control (ABC) licenses issued each year. A steep decline in this statistic could indicate a significant number of closures. According to the Virginia ABC annual report, the number of licenses issued to restaurants, bars, and hotels in the City in FY 2018-19 was 1,099. This figure fell by just 10 establishments in FY 2019-20 and remained steady in FY 2020-21. The decrease was due to nine restaurants and one bed and breakfast. Given the historic strength of this revenue as well as the strong economic indicators, the City anticipates receiving \$89,371,606 in Restaurant Meal taxes in FY 2022-23.

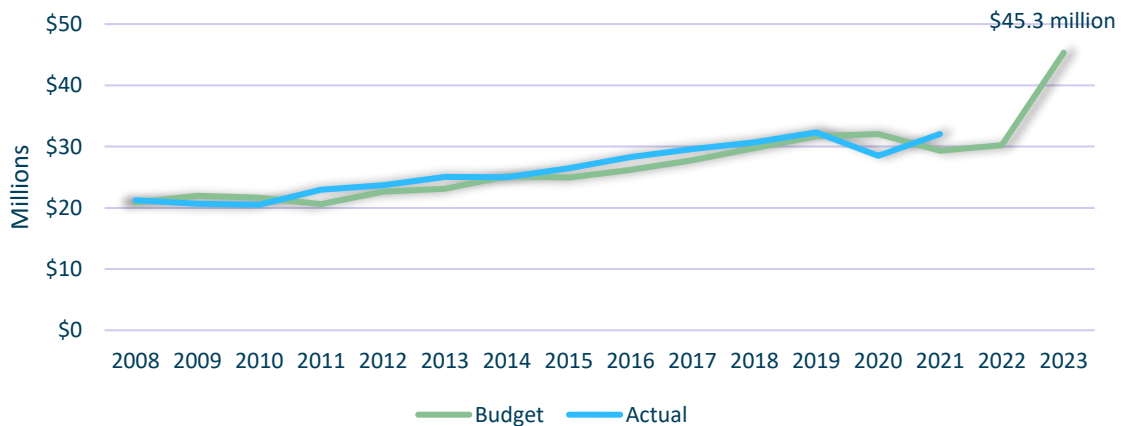
Restaurant Meal Tax



One consumer-driven revenue that was significantly impacted by the COVID-19 pandemic was Hotel taxes. Travel restrictions and social distancing measures led to a significant decline in FY 2019-20; in fact, hotel tax revenue in FY 2019-20 underperformed by approximately \$9.7 million. In FY 2020-21, however, this revenue rebounded and outperformed revenue estimates by \$7.1 million. This trend is expected to continue in FY 2021-22. According to STR – an organization that provides hotel market statistics for the City’s Convention and Visitor’s Bureau – Virginia Beach hotel occupancy in FY 2021-22 has outpaced FY 2020-21 occupancy rates by an average of 5.3% each month. In addition, the average daily room rate has increased by an average of \$33.90 per night in FY 2021-22.

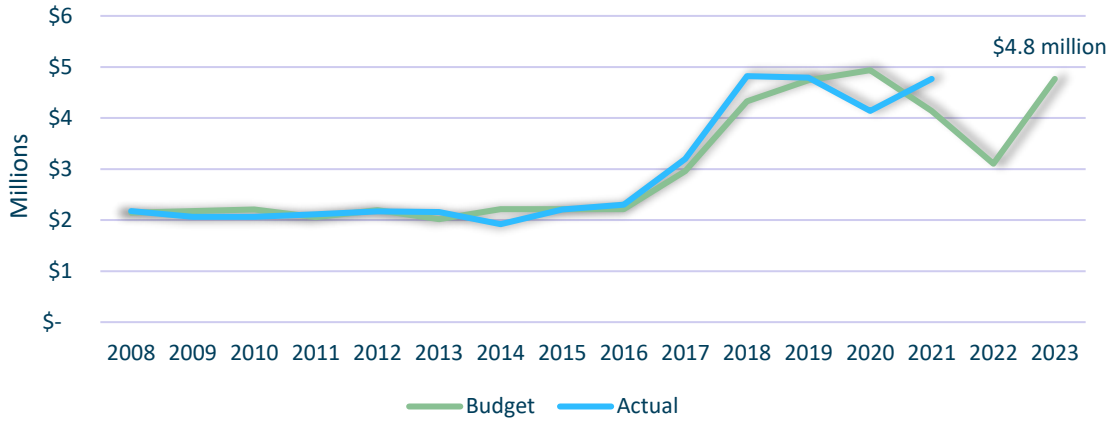
These trends impact both the hotel percentage tax, which is based on the total cost of a hotel stay, as well as the hotel flat tax, which is based on the number of room nights. Given these trends, the City anticipates receiving \$45,327,821 in revenue from the hotel percentage tax – that is, the 8% tax imposed on the total cost of a hotel stay.

Hotel Tax (%)



In addition to this tax, the City also imposes a \$2 flat tax per room night. The Proposed Budget eliminates the sunset provision of \$1 per room night that is dedicated to the Tourism Investment Program (TIP) Fund and future sunsets to other consumer driven revenues to other funds. These revenue streams are used to finance projects in the Resort Area. In FY 2022-23, this tax is expected to generate \$4,763,728 in revenue, including \$2,381,864 for the TIP Fund. This represents a \$1,659,698 increase from the Adopted FY 2021-22 Budget.

Hotel Flat Tax



Business Professional and Occupational License (BPOL) Tax

Business Professional and Occupational License (BPOL) taxes are determined using a business’ gross receipts between January 1st and December 31st of a given year. Any business with annual gross receipts between \$0 and \$25,000 is required to pay a flat fee of \$40. Any business with gross receipts between \$25,001 and \$100,000 is required to pay a \$50 flat fee. For all businesses with gross receipts exceeding \$100,000, the tax rate varies based on the type of business. Applicable tax rates for each business type are shown in the table below.

Business Type	Tax Rate
Contracting	0.0016 x gross receipts
Professional	0.0058 x gross receipts
Retail	0.0020 x gross receipts
Service	0.0036 x gross receipts
Wholesale	0.0012 x gross receipts

To encourage and sustain new business creation, the City provides an incentive program in which new businesses with a physical presence in the City and who’s revenues exceed the \$100,000 threshold pay at the \$50 rate for their first two years of operation. Enrollment in this program delays growth in the base of this revenue by approximately \$500,000 per year, but is a major incentive. Should City Council decide to expand initiatives related to business taxes, one option could be to restructure the tax and fee thresholds to be more competitive with neighboring cities. The City of Chesapeake, for example, imposes a flat \$50 fee for all businesses with gross receipts between \$0 and \$199,999.

The following table reflects the current thresholds associated with obtaining and renewing a business license in the City, as well as various scenarios illustrating the revenue impact should these thresholds be adjusted. The figures in the orange box reflect current revenue collections, while the figures in the green box reflect the revenue impacts if the City were to adopt a similar fee structure to the City of Chesapeake.

Rate	Groupings	Businesses	Current Tax Collection	Increase to \$150k	Increase to \$200k	Increase to \$250k	Increase to \$300k
\$40	<25,000	10,300	\$414,381	\$414,381	\$414,381	\$414,381	\$414,381
\$50	25,001-100,000	7,365	\$372,053	\$372,053	\$372,053	\$372,053	\$372,053
\$50	100,001-150,000	1,415	\$558,827	\$70,750	\$70,750	\$70,750	\$70,750
\$50	150,001-200,000	943	\$523,699	\$523,69	\$47,150	\$47,150	\$47,150
\$50	200,001-250,000	725	\$501,068	\$501,068	\$501,068	\$36,250	\$36,250
\$50	250,001-300,000	613	\$514,783	\$514,783	\$514,783	\$514,783	\$30,650
Totals		21,361	\$2,884,811	\$2,396,734	\$1,920,185	\$1,455,367	\$971,234
Revenue Impact				(\$488,077)	(\$964,626)	(\$1,429,444)	(\$1,913,577)

Given the current tax structure, the City anticipates receiving \$55,915,491 in revenue from BPOL taxes in FY 2022-23. This represents a 5.1% increase from the FY 2021-22 budget. Should the fee structure be adjusted as outlined above, this revenue would be reduced.

Stormwater Equivalent Residential Unit (ERU) Fee

The FY 2019-20 Operating Budget authorized a 3.5¢ increase in the daily Stormwater ERU rate annually through FY 2024-25; however, after the passage of the Flood Protection Bond Referendum in November 2021, City Council adopted an ordinance eliminating the previously approved rate increases. The current ERU rate of 49.3¢ daily will remain in effect until FY 2028-29. The revenue collected from this fee will be dedicated to debt service, stormwater operations, maintenance, and water quality.

Charges for Service

Charges for service are primarily comprised of enterprise fund fee collections, which offset the cost of delivering services and programs. In FY 2022-23, there are no recommended increases to the solid waste fee, water service charges, sewer service charges, or stormwater charges. The solid waste fee may need to be addressed in future budget cycles to help fund future equipment replacement, potential salary increases, and any potential tipping fee increases that cannot be sustainably absorbed by the Waste Management Enterprise Fund.

The Virginia Aquarium anticipates generating an additional \$1.4 million in revenue in FY 2022-23, representing a 13.1% increase from FY 2021-22. As with other consumer-driven revenues, the Aquarium has outperformed revenue expectations during the economic recovery from COVID-19; in fact, the Aquarium is on track to exceed revenue expectations in the current fiscal year. This increase in revenue is not only attributable to increases in demand as the economy recovers from the COVID-19 pandemic, but is also related to new fees and attractions. In FY 2021-22, the Aquarium implemented paid parking, which has generated additional revenue for the department, funding new seasonal exhibits. In addition, after several construction delays, the newly remodeled South Building is expected to open to the public in June 2022, just before the start of FY 2022-23. This new facility includes a new Veterinary Center and a 200% increase in exhibit areas for the public as compared to the old Marsh Pavilion.

The Convention and Visitors Bureau also anticipates generating additional revenue in FY 2022-23. As large-scale events begin to return to the Convention Center and Sports Center, the department expects to see a 53.6% increase in revenue in FY 2022-23. In the current fiscal year, the use of the Convention Center was severely limited, not only from the continued impacts of the COVID-19 pandemic, but also due to the City's mass vaccination efforts, which took place at the facility, preventing it from being booked for special events. The department also expects to see an increase in the number of sports events hosted at the Sports Center, as well as other venues across the City. The

department's Sports Marketing Team hosts approximately 100 sporting events annually at various venues throughout the City. The opening of the Sports Center is expected to increase this number by an additional 40-60 events annually. The Division is anticipating that the Sports Center will host 55 events in FY 2022-23.

Permits, Fees, and Regulatory Licenses

This revenue source includes a broad range of governmental service permits, privileges, and regulatory licenses, with the majority of these revenues collected by the Department of Planning. The Proposed FY 2022-23 Budget includes adjustments to various building, electrical, plumbing, gas, mechanical, and fire permits, as well as adjustments to technology fees. The permit fees were last adjusted to a rate of \$30 in FY 2003-04. The fee for these permits in FY 2022-23 will now be \$50. A comprehensive list of these permits and fees can be found in the Summary of Fee and Tax Adjustments section of this document. In total, the department anticipates these new fees will generate an additional \$626,194 in revenue, which will be used to support new positions within the department.

State and Federal Revenue

In FY 2022-23, revenues from the Commonwealth are projected to be \$588.9 million, a 4.8% increase from the Adopted FY 2021-22 Budget. The majority of this revenue – approximately 76.1% – is for Virginia Beach City Public Schools (VBCPS). City departments with notable revenue from the Commonwealth include Human Services, Housing and Neighborhood Preservation, the Virginia Beach Sheriff's Office, and Public Works, which receives financial assistance for road maintenance.

Revenues from the federal government are projected to be \$221.5 million in FY 2022-23. This represents a 13.9% or \$35.7 million decrease from FY 2021-22. The decline in these revenues is attributable to funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA) not being appropriated in FY 2022-23 to the Schools' grant funds. As with revenues from the Commonwealth, the majority of the revenue goes to VBCPS, with federal revenue for Schools estimated to be \$167.9 million. The departments of Human Services and Housing and Neighborhood Preservation also receive significant federal funding for various programs.

Overall, Commonwealth and federal revenues are expected to represent approximately 33% of the total revenues for the City in FY 2022-23. This represents a 5% decrease in the share of total revenues from these sources, as compared to FY 2021-22. The decrease is attributable to VBCPS's one-time payments from the state and federal governments for CARES and ARPA in FY 2021-22.

Annual Tax and Fee Impact

The following tables illustrates a comparison between the estimated impact of the Proposed FY 2022-23 Budget on a household in Virginia Beach, as compared to the Adopted FY 2021-22 Budget. Values and totals in orange reflect changes in tax rates or adjustments in values in this Budget.

The bottom-line impact for taxpaying households will vary for each individual taxpayer depending on variables such as home value, vehicle value, the number of cars owned, and consumption choices. The FY 2022-23 calculation also assumes the continuation of the discounted fair market value of vehicles in the City as it relates to personal property taxes.

2022

Tax or Fee	Value	Annual
Real Estate Tax	\$267,600 (City Median of All Residences) X \$.99 per \$100 of value	\$2,649
Personal Property Tax	\$8,200 (City Car Average)/100 X \$4 X 54.5% Citizen Share X 2	\$358
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/mo. "bundle" + cable ROW fee (\$1.60/mo.) + E-911 tax (82¢ /mo.)	\$83
Restaurant Tax	Meals at Restaurants, Carry-outs, and Other* (\$3,232) X 5.5%	\$178
Admissions Tax	Participatory* (\$87 X 5%) + General Admissions* (\$188 X 10%)	\$23
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 Fee	Average cost of a 5,000 Gallon household	\$717
	Water: \$28.91 per month; Sewer \$30.81 per month	
	Total	\$4,656

2023

Tax or Fee	Value	Annual
Real Estate Tax	\$297,900 (City Median of All Residences) X \$1.013 per \$100 of value	\$3,018
Personal Property Tax	\$8,610 (City Car Average) X 25% discount (Fair Market Value discount)/100 X \$4 X 51.8% Citizen Share X 2	\$356
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/mo. "bundle" + cable ROW fee (\$1.60/mo.) + E-911 tax (94¢ /mo.)	\$84
Restaurant Tax	Meals at Restaurants, Carry-outs, and Other* (\$3,232 * 1.0335) X 5.5%	\$184
Admissions Tax	Participatory* (\$87 * 1.0162 X 5%) + General Admissions* (\$188 * 1.0162 X 10%)	\$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 Fee	Average cost of a 5,000 Gallon household	\$717
	Water: \$28.91 per month; Sewer \$30.81 per month	
	Total	\$5,030

**Figures come from 2019 BLS Consumer Expenditure Survey (CES) for Virginia Beach's median income level. The 2020 CES is available, but Covid-19 significantly reduced spending at restaurants and on admission venues. Therefore, staff adjusted the 2019 spending amounts by the CPI for Foods Away from Home (restaurants) and the CPI for Admissions to Movies, Theaters, and Concerts as proxy for both Participatory and General Admissions.*

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 2022-23 and Other Cities Adopted FY 2021-22							
	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
<i>In dollar amounts:</i>							
Real Estate (per \$100 /A.V.)	\$1.013	\$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	\$25.25	\$43.88	\$28.47
<i>In percent:</i>							
Meals	5.5%	5.5%	6.5%	7.5%	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%
Hotel Flat Tax	\$2.00	\$1.00	\$3.00	\$3.00	\$1.00	\$2.00	\$1.00

*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%).

** Effective July 1, 2021, local government cigarette tax authority in the Commonwealth of Virginia will be capped at the rate set by the local government as of January 1, 2020

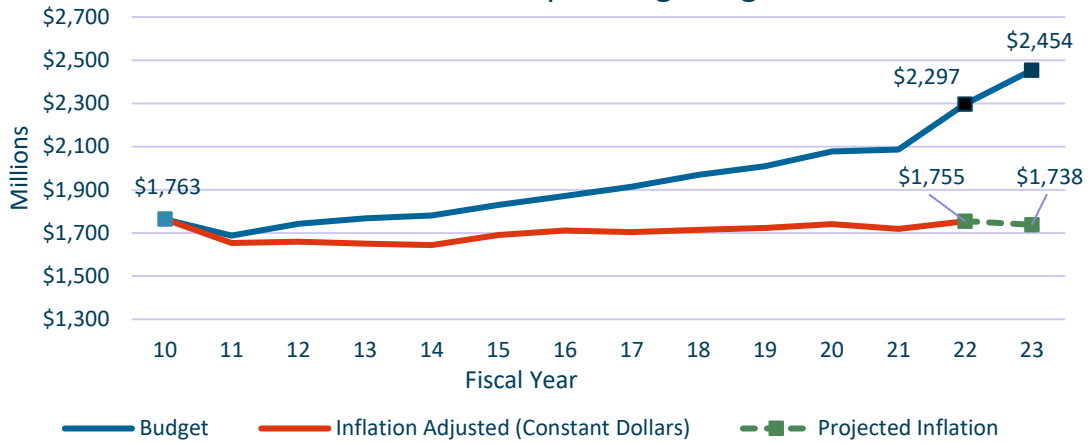
***Hampton represents average monthly cost of recyclers and non-recyclers. Newport News represents an average for Standard and Medium Container.

Inflation and City Resources

While it has been noted that the FY 2022-23 budget is growing by 6.8% year-over-year, it is important to note that the City is not immune to the same inflationary concerns as citizens. Since 2010, the City's Operating Budget has grown from \$1.76 billion, to \$2.45 billion. In nominal terms, that represents a growth rate of approximately 39.2% or 3% annually; however, when controlled for inflation the budget has actually shrunk by 1.4%. In other words, one dollar in 2010 is now worth 98.6¢, and in real terms the budget has fallen from \$1.76 billion, to \$1.74 billion. This represents a \$25.5 million reduction in buying power for the City during the last 13 years.

The graph below illustrates the City's nominal operating budget as compared to its inflation-controlled operating budget. The inflationary figure used for 2023 is based on a 12-month average inflation rate from March 2021 through February 2022, according to the Bureau of Labor Statistics.

Nominal vs. Real Operating Budget

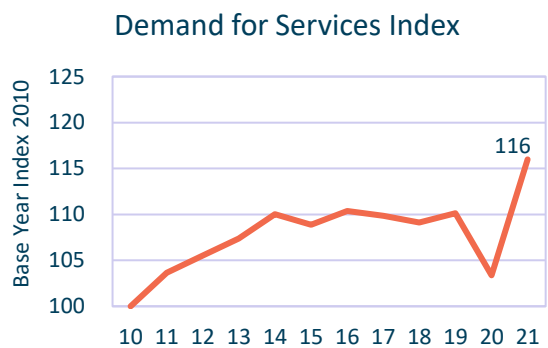


As reflected in the graph, in real terms, the City’s budget has not grown year over year; in fact, since 2010, the average real growth in the operating budget has been negative 0.1%. The highest growth in real terms was in 2015, which experienced real growth of 2.8%. In FY 2022-23, the budget is expected to grow 6.8% in nominal terms, when controlled for inflation, the budget is expected to shrink by 1.0%.

The City makes every attempt to position the budget conservatively and with attention to the impact on the City’s taxpayers. The FY 2022-23 budget provides several efforts to alleviate the burden on taxpayers as it relates to individuals’ real estate and personal property tax bills. As illustrated above, the FY 2022-23 not only accomplishes this, but also expands services with fewer resources (in real terms) than provided in the Adopted FY 2021-22 Budget.

The City’s population remained relatively stable from 2010 to 2020 with an annual growth rate of 0.48% on average. Total population growth does not necessarily equate to the growth in services citizens demand, which often increases at greater rates. Consider the growth in the following categories of services, nearly all of which exceed the growth in population and serves as one reason why the total population growth is not necessarily a representative benchmark against which expenditure growth should be compared: number of vehicles, lane miles maintained, Police, Fire, EMS calls for service, number of inmates, Commonwealth Attorney cases, SNAP cases, Medicaid recipients, library material borrowing, and park visitation.

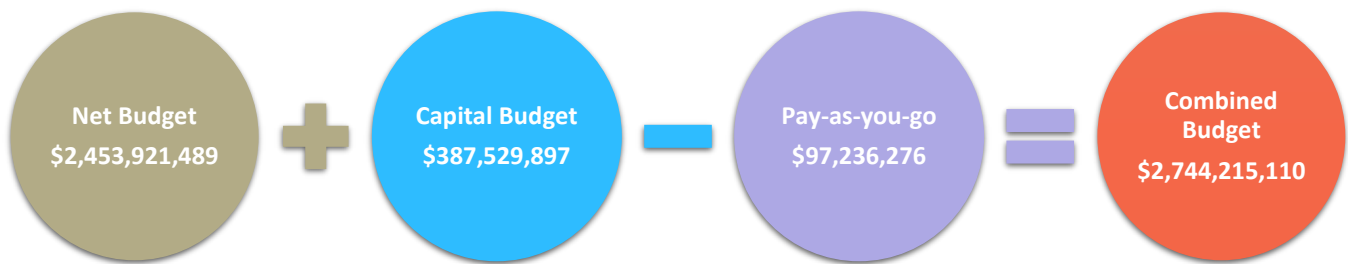
To illustrate the collective growth in these services a “Demand for Service Index” can be calculated. If demand for services and population grew equally, the index would remain at 100. As the accompanying chart shows, the demand for services is growing about 16% above population growth since 2010. That growth still occurred with the pandemic induced reductions in nearly all categories in 2020.



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 2022-23 through FY 2027-28 CIP (including appropriations to date) totals over \$4.70 billion. The combined total appropriations for the FY 2022-23 Operating Budget and Capital Budget are shown below.

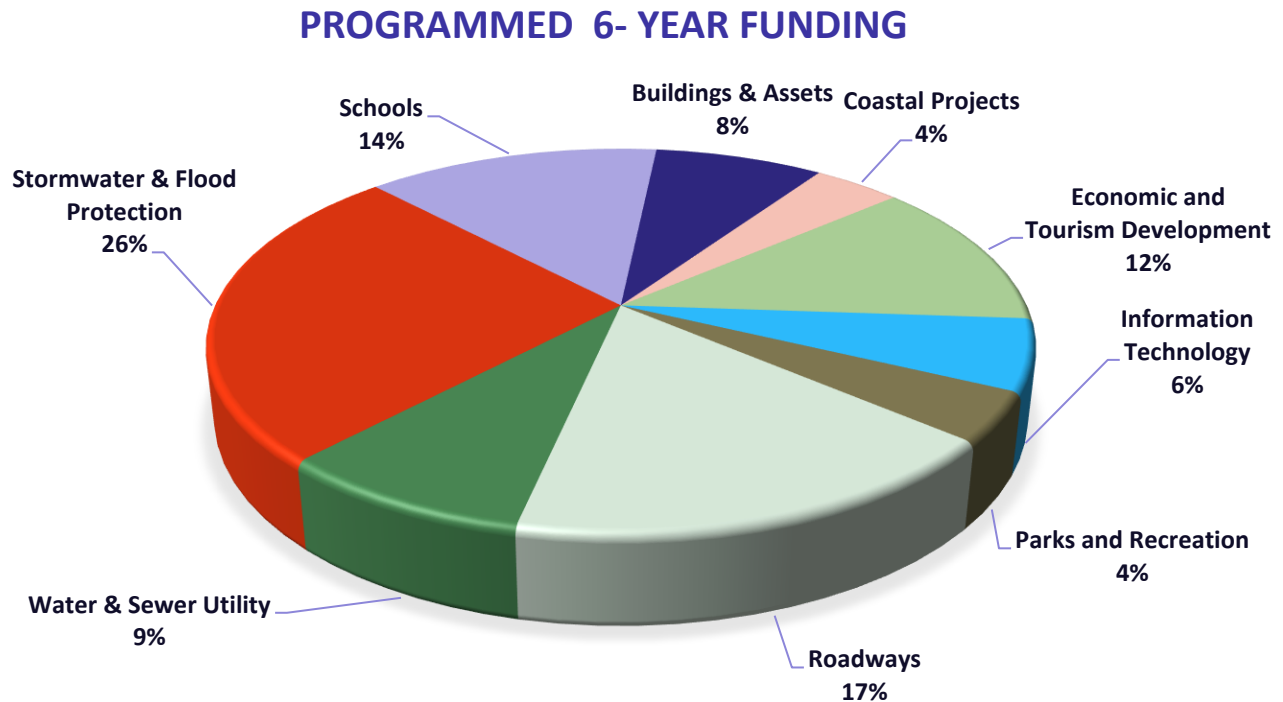


The combined budget included in the Resource Management Plan for FY 2022-23 is \$2,744,215,110. Just as internal service funds and interfund transfers must be subtracted from the Operating Budget to calculate the Net Budget, pay-as-you-go funding must be reduced from the Capital Budget or the funding 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, including appropriations to date.

CIP Sections	Appropriated to Date	FY 2022-23 Capital Program	Remaining Years of Capital Program	Programmed 6- Year Funding
Buildings & Assets	235,274,979	24,160,095	111,988,240	371,423,314
Coastal Projects	108,450,456	14,160,321	70,347,243	192,958,020
Economic and Tourism Development	317,426,049	90,347,443	175,745,833	583,519,325
Information Technology	140,237,375	48,927,015	91,341,883	280,506,273
Parks and Recreation	114,227,570	8,387,502	72,230,060	194,845,132
Roadways	490,613,837	58,536,448	258,594,758	807,745,043
Sewer Utility	115,764,294	16,705,176	131,345,999	263,815,469
Stormwater	292,796,446	25,698,075	139,219,923	457,714,444
Water Utility	74,215,617	16,916,147	50,502,000	141,633,764
Schools	252,554,846	83,196,675	311,000,000	646,751,521
Flood Protection	751,607,876	495,000	5,000,000	757,102,876
Total Capital Projects	\$2,893,169,345	\$387,529,897	\$1,417,315,939	\$4,698,015,181

Buildings and Assets

Overall, the Buildings and Assets section of the CIP totals \$24.2 million in FY 2022-23 and \$136.1 million over the six-year program, excluding appropriations to date.



The Buildings and Assets section addresses City Council’s priorities of public safety and building maintenance through a variety of projects. The six-year CIP includes \$1.4 million to establish CIP 100614, “Leroy Road Impound Lot and Remedial Action.” This project will remediate an approximately 3.6-acre property at 2638 Leroy Road and repurpose the site as an impound lot for the Virginia Beach Police Department. This section also includes \$2.3 million in year five of CIP 100616, “MOCA Building Rehabilitation.” These funds will be used for repairs of the Museum of Contemporary Art (MOCA) building envelope. This project is intended to enhance the building envelope and extend the life of the facility in accordance with a facility condition assessment conducted in September 2021.

Also included in this section is \$14.5 million funding for the CIP project 100168, “Euclid Yard Facility Replacement.” This facility has been used with minor renovations since the City inherited it in 1963 when Princess Anne County merged with the Town of Virginia Beach. The project scope includes the design, construction, and replacement of the field offices and storage facilities located at the Euclid maintenance yard and will include administrative offices, training rooms, locker rooms, storage facilities, kitchen area, and other supporting features.

Another project receiving additional funding in the Building and Assets FY 2022-23 CIP is CIP 100535, “Correction Center – Renewal and Replacement.” This project has programmed funding of \$13.07 million and will address a multitude of rehabilitation and renewal projects throughout the Corrections Center. Projects that would be funded through this project include: improvements to the visitation area, re-coating of showers throughout the facility, replacement of kitchen equipment, installation of bird netting in the sallyport, replacement of tile and carpeting, improvements and upgrades to plumbing systems, lighting upgrades, replacement and/or renovation of existing gas/electrical infrastructure, and other similar items.

In addition to these projects, the Buildings and Asset section has a number of projects within the programmed CIP that will continue into construction during the six-year program. Major projects include “Operations Facilities Renovations” (100291), replacement of the “Beach Maintenance Facility” (100260), and “Judicial Center Escalator Replacement” (100503).

Roadways

The Roadways section of the CIP totals \$58.5 million in FY 2022-23 and \$317.1 million over the six-year Capital Improvement Program, excluding appropriations to date. On average, 60% of Roadways appropriations are funded by local sources, while 40% come from the federal government or from the Commonwealth.

In this CIP, Roadways was able to create several new projects. CIP 100634, “Construction Engineering and Inspection Program,” (CEI) was established to ensure projects stay on schedule and are built to comply with all applicable standards. In particular, State and Federally funded projects are required to be built within strict time and limits. This project will provide construction, engineering, and inspection services for all projects managed by Public Works Engineering Construction Bureau. This project provides the section flexibility to use contingency funds for construction increases related to inflation or supply chain issues instead of CEI.

Another new project under the Roadways CIP section is the CIP 100627, “Relocation of 19th Street and Pacific Avenue Signal.” Funding of \$1.2 million was allocated for this project. The scope of work includes the removal of the existing signal at 19th Street and Pacific Avenue and the installation of a new signal at 20th Street and Pacific Avenue including pedestrian crossing improvements.

To increase awareness of pedestrian activities and to reduce the severity of crashes along Atlantic Avenue north of the Oceanfront area, Roadways established CIP 100633 “Atlantic Avenue Pedestrian Improvements.” Funding for this project is \$1.1 million. The scope of work includes enhancing pedestrian facilities, installation of ADA ramps or landing areas at 18 intersections, installation of high visibility crosswalk markings, and LED pedestrian warning signs.

In addition to the new projects added within the CIP, this year’s program provides \$2.9 million in additional funding in year one to keep several projects, such as Pleasure House Road, from being delayed as a result of inflation.

Schools

In FY 2022-23, the Virginia Beach City Public School (VBCPS) section of the Capital Improvement Program totals \$83.2 million in year one and \$394 million over the six-year CIP, excluding appropriations to date.

In FY 2022-23, VBCPS will add three new projects for a total of \$19.3 million using a combination of reversion funds and a transfer from Renovation and Replacements – Phase III. The new projects include replacement of the payroll system for \$4.3 million. The VBCPS Enterprise Human Capital Management System, known as WISE, was implemented twenty years ago, support for which is expected to end in the next five years. Another new project is the “School Bus and White Fleet Replacement” for \$7.7 million. VBCPS has a fleet of approximately 800 busses and a white fleet of approximately 375 vehicles. The operating budget has not been able to support the demand for replacement of aging fleet vehicles. The project will also provide funding for maintenance of the fleet. Another new project is the replacement of the aging phone system for \$7.2 million.

Over the past ten years VBCPS has modernized and/or replaced twelve school facilities through a capital investment of approximately \$457 million. Most recently, the \$28 million modernization of John B. Dey Elementary School (CIP 601005) and the \$32 million replacement of Thoroughgood Elementary School (CIP 601006), which was completed in the summer of 2020. The replacement of Princess Anne Middle School (CIP 601007), \$77.2 million project, was completed in 2021. In the past two decades, 34 of VBCPS’ oldest facilities have been modernized or replaced including these three schools.

In FY 2022-23, an additional \$34.1 million is programmed for the “Princess Anne High School Replacement” (CIP 601015). This additional funding is provided largely from the use of \$15 million in Public Facility Revenue Bonds and the use of \$11 million in School Reversion funding. Other notable changes to the Schools’ CIP are the inclusion of partial funding for the replacement of Bayside High School and adequate funding to complete the B.F. Williams

replacement project. These projects are estimated to total over \$197.7 million and \$68.4 million respectively. In FY 2022-23, VBCPS included an additional \$21.4 million from the State Construction Grant funds, allowing for the timeline of these projects to be moved up by several years.

The Proposed CIP continues the use of Public Facility Revenue bonds in Year Six of the program. This use of debt financing will impact the City's overall debt metrics; however, the resulting debt service payments will be the responsibility of Virginia Beach City Public Schools per the City/School Revenue Sharing Policy.

Despite these investments, 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.

Stormwater

In FY 2022-23, the Stormwater section of the Capital Improvement Program totals \$25.7 million in year one and \$164.9 million over the six-year CIP, excluding appropriations to date. Overall, this section maintains the previous level of funding provided to maintenance and water quality, except the addition of two projects funded through the *American Rescue Plan Act* (ARPA). Projects "Enhanced Neighborhood Rehab – ARPA" (CIP 100585) and "Lake Management – ARPA" (CIP 100586) have been established to prioritize rehabilitation or repair of existing neighborhood structure as well as additional dredging and structural repairs of City lakes to support City efforts related to rehabilitation of stormwater infrastructure. Total programmed combined funding for both projects through ARPA is \$44.9 million.

As mentioned in the revenue section of this document, the FY 2019-20 Operating Budget authorized a 3.5¢ increase in the daily Stormwater ERU rate annually through FY 2024-25; however, after the passage of the Stormwater Bond Referendum in November 2021, City Council adopted an ordinance eliminating the previously approved rate increase. The current ERU rate of 49.3¢ daily will remain in effect until FY 2028-29. The revenue collected from this fee will be dedicated to stormwater operations, maintenance, and water quality.

A stormwater project included within the Economic and Tourism Development CIP section is the "17th Street Stormwater Facility" (CIP 100630). This project includes the design and construction of a regional stormwater management facility. The Regional Stormwater Management Facility has potential to provide stormwater management—both water quality treatment and quantity management—for the future redevelopment of private properties that front the south side of 17th Street between North Birdneck Road and Cypress Avenue. Funding for this project is programmed at \$18.7 million and is being supported through the TIP Fund.

Flood Protection

The FY 2022-23 CIP is the first year to include the Flood Protection section as a standalone section from the rest of Stormwater. This section is separated by master projects – seven umbrella projects –that group the numerous subprojects in each watershed. These master projects allow the flexibility to transfer between projects within the same grouping to ensure efficient execution of the overall program.

During the November 2021 election, voters overwhelmingly approved the Flood Protection Bond Referendum which created the legal capacity to authorize \$567.5 million in charter bonds to finance Flood Protection projects. To finance the referendum, a tax increase equivalent to 4.3¢ in the real estate rate would have been necessary to support the debt service associated with those bonds. After a thorough review of the needs throughout the organization and allocating resources to maintain those baseline needs, the Proposed Budget recommends a tax rate increase of 2.3¢ in lieu of the 4.3¢ referenced in the bond referendum. The total revenue needed to sustainably finance the bond referendum has not changed and is still nearly \$28 million, as well as a need for future projected growth. To cover the gap between the proposed tax increase and total revenue needed, the Proposed FY 2022-23 Operating Budget

establishes a real estate dedication equivalent to \$12.3 million and redirects those revenues from the General Fund to a newly established Flood Protection Referendum Fund. These revenues redirected from the General Fund were the result of organic growth and not related to the tax rate adjustment. Some notable projects in the Flood Protection Section are:

- “West Neck Creek Bridge” CIP 100602 - \$69 million
- “Central Resort District 21st and Baltic Drainage” CIP 100275 - \$15 million
- “Lake Bradford/Lake Chubb” CIP 100229 - \$7 million
- “Windsor Woods Drainage” CIP 100486 - \$25.6 million

Because of the referendum, minimal additional funding is provided to the section in FY 2022-23’s CIP. The only project receiving funding is “Stormwater Project Administration” to assist with the implementation of the overall program.

Coastal

In total, the Coastal section will be appropriated \$14.1 million in FY 2022-23 and \$84.5 million throughout the six-year program, excluding appropriations to date. In FY 2022-23, the Coastal section was able to add one new project, CIP 100617, “Rudee Inlet Weir Replacement.” This project provides funding for the design and construction to modify and replace the sand weir and terminal groin structures at Rudee Inlet. The weir cap has experienced numerous failures in recent years requiring sectional repairs. A complete evaluation and replacement of the structure will be performed to ensure that the weir and jetty infrastructure perform as designed and to extend the service life of the system.

The programmed CIP also provides \$770,000 in funding over the six-year period for “Croatan Beach Restoration” (CIP 100142). This project is necessary to create a long-term beach erosion control and beach replenishment program for Croatan Beach. Funding this project will provide design, permitting, and construction for a beach and dune nourishment project by way of either sand truck hauled to Croatan Beach or hydraulically placed from the Rudee Inlet Outer Deposition Basin. The project will replenish the recreational flat beach berm width and dune system by placing 50,000 cubic yards of beach quality sand between Lockhead Avenue and the weir on a five-year cycle when needed.

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 navigable waterway.

Economic and Tourism Development

The Economic and Tourism Development CIP includes multiple projects that primarily support the Resort Area Strategic Action Plan (RASAP). In total, the Economic and Tourism Development section will be appropriated \$90.3 million in FY 2022-23 and \$266.1 million over the course of the six-year program, excluding appropriations to date. Primarily through the elimination of the various dedications to the TIP Fund, this section increased by \$266 million from the Adopted Budget.

The “Strategic Site and Acquisition and Disposition” project (CIP 100577) is receiving an additional \$5 million over the next five years to support economic and tourism development goals. The scope of the project includes potential site acquisition opportunities as well as investment in public-private partnership opportunities. As the sale of future properties occurs, the project will receive monies from the City and the Virginia Beach Development Authority for appropriation to purchase future sites.

The FY 2022-23 CIP also includes an additional \$10 million by FY 2023-24 for the “Corporate Landing Business Park Infrastructure” project (CIP 100635). Corporate Landing Business was established in 1990 as a planned multi-faceted

business park encompassing 325 acres of land. The existing infrastructure that was constructed upon establishment of the park has enabled all developable parcels to be sold. This funding will be used to design and construct essential infrastructure to create developable parcels for the remaining vacant land.

The Economic and Tourism CIP section also includes an additional \$1 million for the establishment of project “Visitor Information Services” (CIP 100628). Funding for this project will provide support for the modernization of the Guest Services Program. The current visitor service program is antiquated, where visitors come in and pick up paper brochures or a paper map. Phone calls are tracked on paper. Mailing services are provided and questions are answered. The 21st-century guest services program would provide a customer focused interactive experience, such as the ability to purchase tickets to area attractions; a place to charge your cellphone; QR codes placed in key areas to download maps and brochures; downloadable digital discount cards; and potentially wayfinding, etc.

Another new project for the section in the FY 2022-23 CIP is “Sports Tourism Infrastructure” (CIP 100629), which is intended to support Council’s economic and tourism development goals. The provided funding of \$19.5 million will allow the City of Virginia Beach to reinvest and remain relevant in a potentially lucrative market. Funding will support renovating and maintaining of existing facilities and venues, such as the Virginia Beach SportsPlex, Princess Anne Athletic Complex, and the Hampton Roads Soccer Complex. Funding will also provide resources to explore and facilitate new development opportunities and reinvest in current facilities and venues.

Funding within “Resort Area Site Acquisition” (CIP 100631) in the amount of \$45 million will be used to provide flexibility to purchase land within the Resort Area. Another project in the Resort Area, “Resort Parking District” (CIP 100059), includes additional funding of \$15 million in year one and \$60 million in year five to purchase parking spaces for public use in private garages; acquisition of key parcels for the use of public parking; and/or design and construction of new public parking. Additional funding is also provided for CIP 100300, “Atlantic Avenue Street Improvements,” for the design and construction of streetscape improvements along Atlantic Avenue identified in the Resort Area Mobility Plan (RAMP). Funding of \$9.9 million in the FY 2022-23 CIP is provided for this project.

For continuous improvements of Burton Station, an additional \$7 million in year two has been provided for project “Burton Station Road Improvements III,” CIP 100048. The purpose of this project is to provide a connection between Burton Station Road and Air Rail Avenue via an extension of Tolliver Road (formerly Golf Course Road) to provide infrastructure necessary to promote future development consistent with the phasing and implementation goals recommended in the adopted Burton Station/Northampton Boulevard Corridor Strategic Growth Area Implementation Plan.

Parks and Recreation

The COVID-19 pandemic severely impacted the Department of Parks and Recreation's programs and services, causing a reduction in department specific revenue. Typically, the Department transfers \$1 million of fund balance from the Parks and Recreation Special Revenue Fund and \$1 million as a pay-go funding from the Department's Special Revenue Fund to the Parks and Recreation CIP section each year. Due to the use of the fund balance to mitigate revenue loss, the Department did not transfer fund balance or pay-go funding to the Parks and Recreation CIP in FY 2022-23. This reduction in support to the Parks and Recreation CIP may impact recreation center maintenance schedules and postpone equipment replacement at City recreation centers.

The "Open Space Park Development and Maintenance I" project first appeared in the FY 2008-09 with funding beginning in FY 2011-12. Throughout the years, the scope of work and the funding formula for this project have changed several times. In the FY 2022-23 CIP, this project was retitled "Open Space Site Acquisition" and the scope was amended to pertain to site acquisition, and not maintenance. This project provides funds for the acquisition and associated costs for real estate planned for preservation or future improvement for recreational purposes. Acquired sites may remain natural areas or preserve floodplains, act as stormwater management facilities, or be improved and used as parks and active recreation facilities, trails, public waterway access sites, or used for other outdoor recreational purposes. Appropriations in this project will be used to acquire open space sites as directed by City Council. Costs associated with the \$2.5 million annual contribution used for park maintenance prior to FY 2022-23 are moved to a newly established General Fund supported project.

This newly established project, "Park Infrastructure Replacement and Underdeveloped Park Improvements," CIP 100632, was added within this year's CIP. This project funds the design, construction, and replacement of existing parks and recreation assets, as well as the implementation of improvements and additions to underdeveloped park sites per the Parks Needs Assessment & Development Strategy. A total of \$21 million in General Fund support has been programmed for this project over the six-year period. Of this amount, \$15 million is to relieve the Open Space fund and \$6 million is to further work down the maintenance backlog in the short term. In future years, resources will be redirected towards park development. In the FY 2021-22 CIP, the Department was also awarded \$15.2 million through the American Rescue Plan Act (ARPA) to address the over \$30 million backlog in parks deferred capital replacement that exists throughout the City.

The Parks and Recreation capital improvement section totals \$8.4 million in FY 2022-23 and \$80.6 million over the six-year Capital Improvement Program (CIP), excluding appropriations to date.

Information Technology

For FY 2022-23, the Information Technology section of the CIP totals \$48.9 million, while the total six-year program invests a total of \$140.2 million in information technology related projects, excluding appropriations to date. In the FY 2022-23 CIP, several new projects were established to continue upgrading outdated systems to manage the critical needs of the City.

The "Check Processing System Upgrade," CIP 100619, was established to transform the Treasurer's Office check handling operation, which processes 700,000 bills and checks annually. This project will modernize the operation from the point a payment is received to when the City's deposit to a bank is created. The total programmed funding for this project is \$677,000.

Additionally, \$1.7 million is programmed in CIP 100618, "Revenue Management System Sustainment," to fund the sustainability of current and future software products that support city operations. This will allow for

enhancements of the Treasurer Payment Portal and the Citizen Calendar app, iNovah upgrades, as well as change requests for vendor execution. Additionally, it would enable the team to look at requests, consider each request's integration and impact on other applications, conduct resource planning, vendor delivery requests, test planning events, and provide departments with implementation plans that meet their schedules.

Several of the newly established projects are intended to implement various systems in the Human Services Department.

- The “Children’s Services Act Modernization” (CIP 100621) provides \$975,000 to support the acquisition and implementation of a modernized financial software solution and a comprehensive case management solution to replace the legacy Harmony system used by the Children’s Service Act (CSA) Program. Implementing modernized cloud-based financial and case management solutions will provide the ability to generate reports, enable vendors to directly bill the business through an electronic system, manage invoices electronically, efficiently manage case records, and automate authorizations and processing of financial and service documents. The selected solution will adhere to HIPAA, FERPA, and City IT Standards.
- The “Human Services - Document Management System Expansion” (CIP 100620) was established to implement a paperless document management cloud-based system that will support all 65 of the Human Services programs and administrative/operational teams to gain efficiencies in processing documents; ensuring files reside in the appropriate systems of record; documents are retained in accordance with Federal statutes, the Virginia Library of Records code, and City of Virginia Beach policies; and documents are readily available when required for review to improve audit outcomes and reduce risks to the organization. Funding of \$1.3 million has been programmed for this project.
- The “Human Services – Evidence Management System” (CIP 100622) will fund the procurement of an Evidence Management System for the Program for Adult Protective Services (APS) and the Child Protective Services (CPS) to provide a cloud-based enterprise class solution for video, audio, and image files that are part of the documentation and potential evidence that APS and CPS Case Workers/Investigators obtain during investigations. These files may be received from a variety of sources, including law enforcement, family members, witnesses, and other relevant individuals connected to a case. The total funding for this project is \$520,000

Additionally, two projects have been established to support the Virginia Aquarium operations:

- The “Migration of Virginia Aquarium SCADA to the City Network” project (CIP 100623) serves to migrate the Virginia Aquarium & Marine Science Center's Life Support System (LSS) Supervisory (SCADA) system from the Virginia Aquarium Foundation's network to the City's network infrastructure support. Currently there is no City IT support for the Internet connection or security configuration and patching of the Internet connected router/firewall device. A total funding of \$403,000 has been programmed for this effort.
- To expand video surveillance capability for the inside and outside of the Aquarium exhibits and Nature Trails, the project “Virginia Aquarium Security Cameras” CIP 100625 has been established and funded at \$551,345. This project would increase situational awareness, help to confirm the operations response for recommendations for incidents, and provide real-time information for tactical decision making. The scope being proposed is to build upon the existing enterprise Genetec system.

This section also includes \$560,625 (CIP 100626) in additional funding to modernize the Public Use Meeting Spaces at 15 sites between Parks and Recreation, Cultural Affairs, and the Virginia Aquarium. These sites will be upgraded with modern collaborative meeting room equipment to support the customer and staff needs of the meeting spaces. Furthermore, each department will get an allocation of mobile meeting room units that will provide breakout capacity for collaborative meeting spaces that are not restricted to just the Public Use Meeting Rooms.

This budget also provides \$506,000 for the establishment of CIP 100624, “Forensic Evidence Management.” Evidence management is a crucial component of the forensics process at every stage. Forensics is responsible for identifying, collecting, categorizing, analyzing, and documenting the analysis findings. Each stage of this process is critical in ensuring evidence is not compromised, contaminated, or degraded, as well as ensuring that all chain of custody procedures are followed at every step. The scope of this project is to provide a business analysis for solutioning, complete market scanning, and to implement a viable Forensics Evidence Management solution as associated hardware.

Expanding Availability of Broadband

A Regional Connectivity Ring is planned to be completed by December 2024. A public-private partnership was established through the regional broadband authority—the Southside Network Authority. The members of the authority signed a \$24.5 million contract in March 2022 to build a 119-mile fiber ring through the five cities of southside Hampton Roads. The ring is Phase I of a regional fiber network that will connect transatlantic subsea cables from Spain and Cape Town, South Africa, to the cities of Virginia Beach, Chesapeake, Norfolk, Portsmouth, and Suffolk. Each city committed \$5 million to finance the construction of the ring, and Virginia Beach met this obligation through funding from the American Rescue Plan Act, appropriated in November 2021 to project 100593, “Southside Network Authority Regional Broadband Ring.” Among the benefits of the project:

- Providing jurisdictional connectivity for Southside operations for the jurisdictions of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach
- Creating regional interoperability - a unified and redundant 911 center
- Constructing broadband infrastructure to support business incubators, technology innovators, product accelerators, and data centers
- Fostering an ecosystem for low-cost internet service providers to meet demand for affordable internet to address the business Digital Divide
- Integrating higher education and biomed institutions for collaborative research
- Providing bandwidth to support growing educational needs (e.g., virtual classrooms)
- Providing affordable access to underserved and unserved citizens to address the residential Digital Divide and contribute to Digital Equity

Water and Sewer

The Water and Sewer sections of the FY 2022-23 to FY 2027-28 CIP total \$33.6 million in year one, while the six-year program totals \$215.5 million, excluding appropriations to date. The six-year CIP reflects the need for continued investment in rehabilitating, replacing, and renewing water and sanitary sewer infrastructure.

In FY 2022-23, \$3.8 million is programmed in year one of the “Green Garden Water System Improvements” project (CIP 100612) for the design, property acquisition, and construction of approximately 15,000 linear feet of water line and associated service connections in the Green Garden subdivision. This project is coordinated with the rehabilitation of deteriorated sanitary sewer infrastructure under the companion CIP Project PG100611 – “Green Garden Sanitary Sewer System Improvements.” Additional funding of \$2.2 million has been programmed for this project.

This section also includes a total of \$5.2 million for the establishment of CIP 100613 “Kings Grant Water System Improvements”. This project provides funding for design, property acquisition, and construction of approximately 20,000 linear feet of water line and associated service connections in the Kings Grant subdivision.

Both water and sanitary sewer programs in the FY 2022-23 to FY 2027-28 CIP reflect a multi-phased approach to rehabilitating, replacing, and renewing water and sanitary sewer infrastructure.

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.

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 (56.81%) 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, major flood control projects, and roads. This CIP includes \$201.7 million of debt financing budgeted in FY 2022-23.

Pay-As-You-Go financing (pay-go), accounts for 27.4% of the financing for the six-year programmed 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.

The use of fund balance makes up 13.8% of the financing of the FY 2022-23 CIP, of which 53.5% is from the General Fund. This increased availability of fund balance is a direct result of better-than-expected revenue collection during the pandemic and available due to attrition savings. The City's fund balance policy is to maintain a fund balance in the General Fund between 8 and 12% of the following year's estimated revenues. At the end of FY 2021-22, the Proposed Budget anticipated the fund balance of the General Fund to be 9.15%.

CIP Means of Financing	Year 1	Years 2 - 6	Total Programmed Funding
Pay-as-you-go	97,236,276	398,006,071	495,242,347
Bonds	201,748,995	712,821,230	914,570,225
Fund Balance	50,401,459	199,835,005	250,236,464
State Contribution	25,268,927	22,524,698	47,793,625
Federal Contribution	10,815,303	70,884,940	81,700,243
Other	2,058,937	13,243,995	15,302,932
Total	\$387,529,897	\$1,417,315,939	\$1,804,845,836

THE FIVE STRATEGIES

The Proposed Budget for FY 2022-23 includes funding that targets each of City Council’s five strategies. In an effort to demonstrate the alignment of resources allocated in the budget and CIP to these strategies, the following section includes performance measures that directly address these focus areas.

21st Century Infrastructure



Safe and Healthy Communities



Growing Economic Opportunity



Thriving Neighborhoods



Innovative and Sustainable Government



21st Century Infrastructure

Protecting and modernizing the City’s 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 technology. This includes building a flooding and sea level rise resilient community; building a safe, reliable, and accessible multimodal transportation network; and implementing technology upgrades for the City and its citizens.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Citizen Satisfaction with the Flow of Traffic	N/A	51.6%	N/A	50.4%	N/A	40.3%	N/A	41.0%	N/A	N/A
Percent of Lane Miles in the Two Lowest Grades for Transportation Efficiency – City Roads	19.9%	20.0%	19.0%	19.6%	19.0%	19.0%	19.0%	19.0%	18.0%	N/A
Street System Meeting the Minimum Physical Condition Rating – City Roads	82.0%	82.0%	81.0%	81.0%	80.0%	80.0%	83.0%	86.0%	84.0%	N/A
Bikeability Score	N/A	N/A	46	N/A	46	N/A	41	44	44	42
Percent of Residents Who Commute Using Alternative Forms of Transportation	18.2%	18.7%	17.1%	16.3%	19.5%	17.4%	17.8%	17.8%	N/A	N/A
Walkability Score	N/A	N/A	31	N/A	33	N/A	33	33	32	33
Commute Time (in Minutes)	22.6	23.6	23.8	24.1	23.4	23.3	23.7	28.7	N/A	N/A
Resident Satisfaction with the Planning and Construction of New City Roads	N/A	70.2%	N/A	71.7%	N/A	55.1%	N/A	61.0%	N/A	N/A
Residents Satisfied with the Condition of the Streets in their Neighborhood	N/A	81%	N/A	81%	N/A	76%	N/A	78%	N/A	N/A
Resident Satisfaction with the Maintenance of Existing City Roads and Bridges	N/A	69%	N/A	71%	N/A	66%	N/A	68%	N/A	N/A
Percent of Households with a Broadband Internet Connection	N/A	84.2%	83.7%	84.8%	89.6%	90.9%	87.8%	83.9%	N/A	N/A

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

Safe and Healthy Community

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. In addition, City Council is striving to ensure the health of the city and its residents by implementing a COVID-19 vaccination and recovery plan, being prepared for all-hazards, reducing homelessness, and ensuring equitable access to quality social services.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residents Reporting That Their Neighborhood is a Safe Place to Live	N/A	90.7%	N/A	90.2%	N/A	86.4%	N/A	96.0%	N/A	N/A
Property Crime Rate	26.5	25.3	21.9	22.3	22	19.5	17.6	17.7	17.6	16.6
Violent Crime Rate	1.7	1.5	1.4	1.3	1.4	1.4	1.4	1.4	1.3	1.3
Number of health services provided to elderly citizens	4,012	2,209	3,776	2,857	2,094	1,495	1,881	1,920	5,390	4,146
Total number of immunization visits	4,143	4,319	3,214	3,242	2,602	2,615	2,347	2,151	1,323	144,853
Number of children's dental visits	1,221	1,203	886	1,037	1,037	696	797	1,205	851	0
Cardiac Arrest Survival Rate	36.0%	33.0%	41.0%	41.0%	38.0%	37.0%	36.0%	51.0%	27.0%	25.0%
Fire Deaths Per 100,000	0.9	1.1	1.3	0.9	0.9	0.9	0.6	0.4	0.6	0.4
Residents Reporting That Virginia Beach is a Safe Place to Live	N/A	94.8%	N/A	94.0%	N/A	88.0%	N/A	96.0%	N/A	N/A
Homeless Population	440	456	440	419	389	349	243	260	N/A	N/A
Residents who are Satisfied with City Services for Needy or Homeless Families	N/A	75.0%	N/A	73.0%	N/A	55.0%	N/A	60.0%	N/A	N/A
Residents Who are Satisfied with City mental health and intellectual disability Services	N/A	79.0%	N/A	81.0%	N/A	69.0%	N/A	68.0%	N/A	N/A

Growing Economic Opportunities

A growing economy provides citizens with higher paying 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. City Council has created a strategy to increase the quantity and quality of economic opportunities for residents by competing regionally, nationally, and globally for higher paying jobs, building opportunities for Small, Women, and Minority (SWAM) owned businesses, and creating incubators to encourage start-up businesses.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Average Monthly Employment	215,847	218,890	221,324	219,985	220,574	224,576	226,811	229,159	215,991	215,245
Average Monthly Unemployment Rate	5.6%	5.3%	4.8%	4.2%	3.9%	3.5%	2.8%	2.6%	6.2%	3.8%
Average Weekly Wage	\$759	\$749	\$765	\$783	\$789	\$805	\$823	\$854	\$931	\$939
Median Household Income	\$61,126	\$62,855	\$68,816	\$67,281	\$71,117	\$72,586	\$77,059	\$74,222	N/A	N/A
Residents Satisfied with the Job Opportunities in Virginia Beach	N/A	78.30%	N/A	76.90%	N/A	73.40%	N/A	81.00%	N/A	N/A
Number of Startups per 100,000 Residents	108	104	106	135	117	101	89	107	87	133
Average Monthly Jobs	164,585	169,419	171,026	173,655	176,470	178,341	178,196	179,379	167,802	170,498
Median Single-Family Home Value	N/A	\$242,700	\$239,400	\$247,200	\$252,300	\$260,100	\$281,500	\$286,500	\$302,300	\$334,801
Individuals in Poverty	8.8%	8.8%	8.2%	7.9%	7.9%	8.0%	6.9%	10.6%	N/A	N/A
Poverty Rate - Children	15.5%	13.0%	11.5%	11.9%	10.8%	10.6%	9.2%	13.9%	N/A	N/A
Poverty Rate - Elderly	4.9%	7.2%	6.6%	3.5%	5.1%	5.6%	4.2%	7.5%	N/A	N/A

Thriving Neighborhoods

Neighborhoods are where we live, work, and play. They need to be safe with proper neighborhood amenities. To this end, City Council has developed a strategy to build a community made of distinct and diverse neighborhoods with more affordable housing, equitable access to parks and other recreational opportunities, and world-class schools.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Renters Paying in Excess of 30% of Median Household Income for Housing Expenses	55.2%	53.1%	52.5%	54.5%	49.7%	51.5%	49.3%	43.1%	N/A	N/A
Homeowners Paying in Excess of 30% of Median Household Income for Housing	33.6%	31.4%	28.9%	29.3%	33.2%	34.1%	29.4%	29.9%	N/A	N/A
High School Dropout Rate	5.6%	4.7%	4.8%	5.3%	4.7%	4.5%	3.8%	3.0%	2.9%	2.7%
On-time High School Graduation Rate	86.9%	88.0%	88.5%	89.8%	91.3%	91.9%	93.4%	93.9%	94.2%	94.8%
Percent of Children Reading at Grade Level by 3 rd Grade	73.0%	74.0%	73.0%	75.0%	76.8%	76.2%	75.8%	79.3%	N/A	71.0%
Percent of Children Whose PALS-K Scores Meet or Exceed Kindergarten Readiness Levels	90.7%	90.7%	90.9%	90.3%	88.7%	89.0%	88.0%	88.0%	87.9%	N/A
Resident Satisfaction with the City's Public School System	N/A	88%	N/A	86%	N/A	84%	N/A	82%	N/A	N/A
Percent of High Schools that are Blue Star Certified	N/A	8.1%	81.8%	90.9%	90.9%	83.3%	75.0%	90.9%	75.0%	N/A
Percent of High School Graduates with an Advanced Diploma	56.0%	57.0%	56.0%	58.0%	57.3%	56.6%	56.7%	55.9%	51.5%	55.3%
Percent of Virginia Beach preschool centers receiving early literacy story times and deposit collections through outreach library service	N/A	N/A	25.0%	36.0%	38.0%	57.0%	57%	61.3%	45%	53%
Percent of youth with library cards	N/A	N/A	N/A	N/A	N/A	36.0%	37.7%	24.1%	38.4%	35.4%
Number of VA Quality Rated preschool centers	N/A	N/A	N/A	N/A	N/A	30	39	34	34	34
Resident Satisfaction with the Appearance of Their Neighborhood	N/A	91.3%	N/A	90.4%	N/A	89.9%	N/A	90.0%	N/A	N/A
Resident Satisfaction with the Overall City Appearance	N/A	92.3%	N/A	91.7%	N/A	96.3%	N/A	92.0%	N/A	N/A
Resident Satisfaction with City Efforts to Protect Natural Resources, the Environment, and Open Space	N/A	81.3%	N/A	79.1%	N/A	69.9%	N/A	74.0%	N/A	N/A
Resident Satisfaction with the City's Planning for Residential Development	N/A	72.2%	N/A	71.9%	N/A	57.7%	N/A	68.0%	N/A	N/A
Percent of City Population with Walkable Park Access	62.0%	63.0%	62.6%	56.9%	58.0%	58.0%	60.6%	64.0%	64.5%	63.0%
Acres of Parkland per 1,000 Residents	57.8	N/A	55.7	55.6	54.9	54.9	54	54	61.8	57
Overall Real Estate Assessment Average Change	3.09%	5.29%	2.22%	1.93%	1.94%	2.79%	2.21%	3.10%	3.60%	3.50%
Public Open Space per 1,000 Residents	16.7	16.5	16.5	16.4	15.6	15.6	15.6	15.6	11	11

Innovative and Sustainable Government

The City of Virginia Beach provides excellent and varied services to our citizens as evidenced by the consistently high citizen satisfaction metrics. To continue providing excellent services and to ensure that City operations are sustainable, City Council is focusing on recruiting and retaining a high-quality workforce, upgrading and repurposing aging City buildings and assets, and creating a city government that works effectively and collaboratively for all.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pounds of Solid Waste Produced per Capita per Day - FY	1.71	1.64	1.59	1.61	1.65	1.69	1.6	2.12	2.21	2.22
Recycling Rate	41.2%	39.9%	37.4%	31.7%	34.7%	34.0%	28.5%	18.9%	35.9%	
Water Consumption per Capita (Gallons per Day) - FY	73.3	71.7	70.5	68.0	67.7	68.9	67.9	66.3	66.8	68.8
Residents Who Agree They Can Conveniently Access City Services	N/A	95.4%	N/A	94.6%	N/A	92.1%	N/A	93.0%	N/A	N/A
Residents Who "Overall" Are Satisfied with City Services	N/A	93.8%	N/A	94.0%	N/A	90.7%	N/A	90.0%	N/A	N/A
Resident Satisfaction with the Courtesy of City Employees	N/A	92.1%	N/A	91.0%	N/A	85.8%	N/A	89.0%	N/A	N/A
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	\$3,977	\$3,944	\$3,947	\$4,037	\$4,105	\$4,186	\$4,300	\$4,382	\$4,550	\$4,540
Number of Volunteer Hours (In Millions)	1.4	N/A	1.4	1.3	1.2	1.2	1.1	1.1	1.0	0.761
Percent of Drinking Water Tests Meeting or Exceeding Federal Standards	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Resident Satisfaction with the Opportunity to Share Ideas or Opinions Before the City Makes Important Decisions	N/A	70%	N/A	68%	N/A	63%	N/A	70%	N/A	N/A
Residents voting in Elections for Local Office	74.50%	37.00%	30.90%	23.00%	66.00%	43.00%	56.00%	39.00%	70.73%	50.85%
Resident Satisfaction with the Level of Communication the City has with them	N/A	75%	N/A	75%	N/A	70%	N/A	76%	N/A	N/A

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 initiatives that Virginia Beach operates in order to promote transparency and civic engagement.

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 Adopted 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 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/>

FINANCIAL STRATEGY

Confirmed by rating agencies, 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. The FY 2022-23 Resource Management Plan complies with all relevant financial policies.

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.virginiabeach.gov
- Purchases and contracts will continue to be made on a competitive basis to ensure best pricing 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.
- Fund capital projects using a pay-as-you-go strategy first (current funding strategy is state or federal revenues first, followed by local revenues, and finally available City fund balance) and only then look to debt financing strategies. Debt is only applied to payouts with an acceptable life that is equal to or exceeds the bond term.

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.
- To ensure the City maintains adequate funding to address emergency needs; assure the City's bondholders 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 year's revenues.
 - An annual regular 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 provide 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 fund 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

Projection of General Fund Balance

At June 30, 2022

Beginning Fund Balance at July 1, 2021*	\$129,697,091
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Add: FY 2021-22 General Fund Revenues		
Budgeted Revenues	\$1,234,874,374	
Revenue Revision	\$50,083,825	
		<u>1,284,958,199</u>

Total Fund Balance and Revenues	\$1,414,655,290
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Less:		
Operating Expenditures	\$623,592,621	
Debt Service	\$53,684,568	
Pandemic Relief	7,177,181	
School Operations**	456,886,835	
Other Transfers**	60,621,758	<u>1,201,962,963</u>

Total Projected Fund Balance at June 30, 2022	\$212,692,327
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Less: Anticipated Uses of Fund Balance:		
Loans, Advances, and Inventory	\$10,382,972	
Encumbrances and Carryforwards	10,000,000	
General Fund Use for CSB	2,901,470	
Schools Share of Over Realized General Government Revenues	22,712,938	
Human Services	250,000	
Pembroke Six Remodel	522,483	
Camp Pendelton- Water & Sewer	682,718	
CIP 100529 Elbow Road Extended II-B & 100381 Shore Drive Corridor Improvements F	12,280,218	
FY 2021-22 Capital Budget (General Fund)	29,932,447	<u>89,665,246</u>

Total Estimated Unassigned Fund Balance at June 30, 2022	\$123,027,081
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Calculation of Unassigned General Fund Balance

Projected FY 2022-23 General Fund Revenues***	\$1,344,978,262
Unassigned Fund Balance as a percentage of FY 2022-23 Revenues	9.15%

Notes:

*The total General Fund balance reported in the FY 2021 Annual Comprehensive Financial Report was \$349,491,284. This included \$10,749,308 for the School Reserve Fund and \$1,438,760 in Trust and Gift funds that are reported with the General Fund in the Annual Comprehensive Financial Report but not included in the number above.

** Reflects full transfer of budgeted amounts

*** Net of Fund Balance Usage

REVENUE SUMMARY

	FY 2021 Actual	FY 2022 Adopted	FY 2023 Proposed	Change
Revenue from Local Sources:				
General Property Taxes:				
Real Estate	631,547,266	632,694,229	708,409,199	12.0%
Personal Property	<u>176,265,881</u>	<u>172,420,788</u>	<u>192,955,366</u>	<u>11.9%</u>
Total General Property Taxes	807,813,147	805,115,017	901,364,565	23.9%
Other Local Taxes:				
General Sales Tax	78,732,948	72,833,624	93,871,862	28.9%
Utility Tax	45,536,509	44,494,069	43,125,249	-3.1%
Business License	54,766,642	53,181,894	55,915,491	5.1%
Automobile License	11,009,970	11,420,785	11,278,097	-1.2%
Cigarette Tax	9,702,875	9,617,625	9,217,731	-4.2%
Amusement Tax	3,407,996	4,498,652	7,254,292	61.3%
Hotel Room Tax	36,821,128	34,440,654	50,121,107	45.5%
Restaurant Meal Tax	65,572,965	62,537,453	89,471,605	43.1%
Other Taxes	<u>17,684,748</u>	<u>12,902,688</u>	<u>14,608,818</u>	<u>13.2%</u>
Total Other Local Taxes	323,235,781	305,927,444	374,864,252	22.5%
Other Local Revenue:				
Permits, Privilege Fees, and Regulatory Licenses	7,556,469	9,231,749	9,861,585	6.8%
From the Use of Money and Property	7,771,806	14,443,899	12,892,425	-10.7%
Charges for Services	110,239,013	300,564,928	298,936,698	-0.5%
Miscellaneous Revenue	10,992,869	15,603,714	20,534,881	31.6%
Fines and Forfeitures	<u>299,993</u>	<u>541,000</u>	<u>2,031,736</u>	<u>275.6%</u>
Total Other Local Revenue	136,860,150	340,385,290	344,257,325	1.1%
Revenue from the Commonwealth:				
State Shared Sales Tax	87,120,778	81,922,118	91,899,883	12.2%
Other Sources from the Commonwealth	<u>422,355,888</u>	<u>480,229,503</u>	<u>497,005,730</u>	<u>3.5%</u>
Total Revenue from the Commonwealth	509,476,666	562,151,621	588,905,613	4.8%
Revenue from the Federal Government:				
Federal Sources	148,618,691	257,229,391	221,517,057	-13.9%
Total Revenues	<u>1,926,004,435</u>	<u>2,270,808,763</u>	<u>2,430,908,812</u>	<u>7.1%</u>
Fund Reserves Summary:				
Specific Fund Reserves	<u>-</u>	<u>25,951,650</u>	<u>23,012,677</u>	<u>-11.3%</u>
Total Financing	<u>1,926,004,435</u>	<u>2,296,760,413</u>	<u>2,453,921,489</u>	<u>6.8%</u>

DEDICATION OF LOCAL REVENUES

Real Estate *			
\$704,750,539 (Rate = \$1.013 per \$100 of assessed value)			
Recreation Centers	\$23,735,660 (3.476¢)	Agricultural Reserve Program	\$6,145,597 (0.90¢)
Outdoor Initiative CIP	\$3,209,367 (0.47¢)	General Fund Stormwater Operations	\$17,071,101 (2.5¢)
City Council Priorities	\$12,632,614 (1.85¢)	Flood Protection	\$27,996,608 (4.1¢)
Public Safety	\$6,828,440 (1¢)	Town Center TIF	\$9,460,247
Hold Harmless	\$22,096,833 (3.236¢)		
Special Service Districts			
Sandbridge SSD \$595,285 (additional rate of 4¢)		Town Center SSD \$2,313,491 (additional rate of 45¢)	
Bayville Creek SSD \$73,772 (additional rate of 47.2¢)		Harbour Point SSD \$29,490 (additional rate of 12.0¢)	
Chesapeake Colony SSD \$229,078 (additional rate of 29.13¢)		Old Donation Creek SSD \$78,679 (additional rate of 18.4¢)	
Shadowlawn Area SSD \$34,628 (additional rate of 15.94¢)		Hurds Cove SSD \$245,416 (additional rate of 43.8¢)	
Gills Cove SSD \$14,739 (additional rate of 6.3¢)		Schilling Point \$44,082 (additional rate 40.4¢)	
Restaurant Meals *			
\$89,471,606 (local rate = 5.5%)			
Tourism Investment Program \$17,224,346 (1.06%)	Open Space \$7,149,728 (0.44%)	Tourism Advertising Program \$8,124,691 (0.50%)	
Hotels *			
\$50,121,106 (local rate = 8% plus \$2 per room night)			
Tourism Advertising Program (TAP) \$7,767,367 (1% plus \$1 per room night)	Tourism Investment Program (TIP) \$24,056,929 (5% plus \$1 per room night)	Central Business District TIF \$500,000	Sandbridge SSD \$7,060,280 (\$1 per room night plus 6.5% of the tax generated in the Sandbridge SSD)
Other Revenue Dedications			
Amusement \$7,254,292 (local rate = 5% & 10%)		Cigarette * \$9,217,731 (local rate = 75¢ per pack)	
Tourism Investment Program \$7,254,292 (100%)		Economic Development Investment Program \$1,966,449 (16¢)	Tourism Investment Program \$614,515 (5¢)
Other Non-Dedicated Local Revenues			
City Tax on Deeds * \$10,804,957	Bank Net Capital * \$3,696,076	City Tax on Wills * \$107,785	Automobile * \$11,278,097 (\$30 vehicles under 4,000 pounds)
Business License * \$55,915,491	General Sales * \$93,871,862	Utility Taxes * \$25,891,109	Personal Property * \$192,955,366 (Rate = \$4.00 per \$100 of value)

SUMMARY OF TAX AND FEE ADJUSTMENTS

Department	Title	Current Fee	Proposed Fee
General Government	Amount of Levy on Real Estate	\$0.99 per \$100 of assessed valuation	\$1.013 per \$100 of assessed valuation
General Government	Energy Efficient Buildings - Partial Real Estate Tax Reduction for Qualified Buildings	\$0.84	\$0.863
General Government	Virginia Landmarks Register - Partial Real Estate Tax Reduction on Historical Buildings	\$0.52	\$0.543
Planning & Community Development	Building Permits	\$30.00	\$50.00
Planning & Community Development	Electrical Permit	\$30.00	\$50.00
Planning & Community Development	Plumbing Permits	\$30.00	\$50.00
Planning & Community Development	Gas Permits	\$30.00	\$50.00
Planning & Community Development	Mechanical Permit - Base Fee	\$30.00	\$50.00
Planning & Community Development	Technology Fee - Base Fee	\$5.00	\$10.00
Planning & Community Development	Technology Fee - Moving & Hauling	\$0.00	\$10.00

EXPENDITURE SUMMARY

Department Name	FY 2021 Actual	FY 2022	FY 2023	% Change
		Adopted	Proposed	
Agriculture	4,901,798	8,347,020	13,120,084	57.2%
Budget and Management Services	1,176,139	1,307,448	1,384,854	5.9%
City Attorney	4,628,528	4,729,428	5,255,955	11.1%
City Auditor	818,850	879,989	961,666	9.3%
City Clerk	558,055	603,096	624,826	3.6%
City Manager's Office	4,523,254	2,919,902	3,046,364	4.3%
City Real Estate Assessor	3,147,929	3,314,793	3,458,662	4.3%
City Treasurer	5,741,410	6,429,767	6,954,104	8.2%
Commissioner of the Revenue	5,087,420	5,459,303	5,835,305	6.9%
Commonwealth's Attorney	10,028,580	10,504,364	11,216,451	6.8%
Communications Office	1,938,883	1,833,048	2,267,933	23.7%
Convention and Visitors Bureau	21,661,719	23,620,722	38,390,633	62.5%
Courts and Courts' Support	7,188,099	7,221,901	7,681,778	6.4%
Cultural Affairs	4,068,568	3,942,218	4,285,024	8.7%
General Fund Debt Service	51,731,594	59,311,299	59,311,299	0.0%
Economic Development	12,081,256	13,797,615	11,931,528	-13.5%
Emergency Communications and Citizen Services	9,054,166	11,131,565	11,685,280	5.0%
Emergency Medical Services	16,123,548	13,623,696	17,868,540	31.2%
Finance	6,057,265	7,420,177	7,771,817	4.7%
Fire	63,571,161	59,980,672	68,098,038	13.5%
Health	3,971,768	3,720,802	3,781,386	1.6%
Housing and Neighborhood Preservation	38,798,931	38,154,687	40,244,890	5.5%
Human Resources	4,642,965	6,236,572	6,631,378	6.3%
Human Services	126,907,727	128,641,535	135,054,621	5.0%
Information Technology	22,741,053	22,113,999	23,742,093	7.4%
Library	17,800,789	18,601,735	19,259,065	3.5%
Municipal Council	590,812	662,373	677,735	2.3%
Non-Departmental	59,236,744	43,485,998	51,647,966	18.8%
Office of Emergency Management	2,583,537	625,120	1,048,211	67.7%
Parks and Recreation	48,214,646	58,544,387	63,351,860	8.2%
Pay-As-You-Go Capital Projects	67,816,431	66,523,391	97,236,276	46.2%
Planning and Community Development	22,602,487	19,999,757	13,111,456	-34.4%
Police	105,142,652	107,691,627	113,277,278	5.2%
Public Education	902,200,131	1,120,398,982	1,130,335,493	0.9%
Public Utilities	111,460,095	114,937,637	119,546,797	4.0%
Public Works	160,772,179	164,880,828	163,495,255	-0.8%
General Fund Reserve for Contingencies	-	22,393,785	41,044,095	83.3%
Flood Protection Reserve for Future Use	-	-	27,501,608	0.0%
Resort Management Office	1,949,475	7,401,286	-	-100.0%
Sheriff's Office	53,686,234	50,975,527	57,594,269	13.0%
Special Finance Department	14,527,450	38,562,034	46,235,382	19.9%
Office of Performance and Accountability	569,556	833,380	933,697	12.0%
Virginia Aquarium	10,556,580	12,701,247	14,502,760	14.2%
Voter Registration & Elections	3,038,919	2,295,701	2,517,777	9.7%
TOTAL EXPENDITURES	2,013,899,383	2,296,760,413	2,453,921,489	6.8%

CITY PERSONNEL SUMMARY

	FY 2020-21 Final Actuals	FY 2021-22 Amended	FY 2022-23 Proposed	Change
Agriculture	9.00	9.00	9.00	-
Virginia Aquarium	140.95	127.00	128.85	1.85
City Auditor	7.00	8.00	8.00	-
Budget and Management Services	13.00	13.00	13.00	-
City Attorney	43.00	43.00	39.60	(3.40)
Clerk of the Circuit Court	57.00	57.00	57.00	-
Circuit Court	12.00	12.50	13.50	1.00
City Clerk	6.00	6.00	6.00	-
City Manager	20.00	21.00	21.00	-
City Real Estate Assessor	35.00	35.00	35.00	-
City Treasurer	76.60	76.60	76.60	-
Communications Office	20.00	22.00	24.00	2.00
Commissioner of the Revenue	63.93	63.93	64.93	1.00
Cultural Affairs and Historic Houses	12.00	12.00	12.00	-
Convention and Visitor's Bureau	109.28	109.28	119.28	10.00
Commonwealth's Attorney	102.83	102.83	104.83	2.00
Emergency Communications and Citizen Services	133.75	133.75	133.75	-
Economic Development	21.00	32.00	33.00	1.00
Emergency Management	8.00	8.00	10.00	2.00
Emergency Medical Services	94.55	101.55	124.55	23.00
Finance	61.00	62.00	62.00	-
Fire	523.43	555.23	558.23	3.00
Health Department	11.38	11.38	11.38	-
Housing and Neighborhood Preservation	82.00	87.00	88.00	1.00
Human Resources	55.00	63.00	64.00	1.00
Human Services	1,183.70	1,193.20	1,191.57	(1.63)
Information Technology	191.00	189.00	195.00	6.00
Juvenile Probation	4.00	4.00	4.00	-
Libraries	249.50	241.50	241.50	-
Municipal Council	11.00	11.00	12.00	1.00
Office of Performance and Accountability	6.00	8.00	8.00	-
Parks and Recreation	868.11	869.11	869.11	-
Planning	128.00	133.00	142.00	9.00
Police	1,048.86	1,048.80	1,050.90	2.10
Public Utilities	415.00	415.00	415.00	-
Public Works	944.88	975.88	975.88	-
Resort Management Office	10.00	10.00	0.00	(10.00)
Sheriff	531.82	535.99	535.99	-
Voter Registration and Elections	12.00	13.00	13.00	-
Total City Positions	7,321.57	7,419.53	7,471.45	51.92
Total School Positions	10,554.87	10,580.87	10,639.35	58.48
Total Positions	17,876.44	18,000.40	18,110.80	110.40

Totals

Total City Full Time Positions	6,875.00
Total City Part Time Positions	585.45
Total City Council Members	11.00
Total School Positions	10,639.35
Total Positions	18,110.80

CITY FTE ADDITIONS & REDUCTIONS

Department	FTE changes between Adopted FY 2021-22 & Adjusted FY 2021-22	# FTEs	FTE changes between Adjusted FY 2021-22 & Proposed FY 2022-23	# FTEs	Total Dept. FTE Variance
<i>Virginia Aquarium</i>			Accountant II	1.00	
			Administrative Technician	1.00	
			Clerk Cashier	1.00	
			Exhibits Technician II	1.00	
			Program Educator III	2.00	
			Operations Assistant I	(1.00)	
			Operations Assistant II	(1.15)	
			Program Educator II	(1.00)	
			Support Specialist II	(1.00)	
					1.85
<i>City Attorney</i>	Associate City Attorney	(1.00)	Associate City Attorney	0.60	
	Deputy City Attorney	(1.00)			
	Office Assistant I	(1.00)			
	Paralegal	(1.00)			
					(3.40)
<i>Circuit Court</i>			Law Clerk	1.00	
					1.00
<i>City Manager</i>			Special Projects Manager	(1.00)	
					(1.00)
<i>Commissioner of the Revenue</i>			Account Clerk II	0.25	
			Revenue Agent III	0.75	
					1.00
<i>Convention and Visitor's Bureau</i>			Administrative Specialist II	1.00	
			Event Coordinator	5.00	
			Office Assistant II	1.00	
			Resort Administrator	1.00	
			Resort Special Events Coordinator	1.00	
			Special Events and Resort Manager	1.00	
					10.00
<i>Commonwealth's Attorney</i>			Legal Assistant	1.00	
			Clerk II	1.00	
					2.00

Department	FTE changes between Adopted FY 2021-22 & Adjusted FY 2021-22	# FTEs	FTE changes between Adjusted FY 2021-22 & Proposed FY 2022-23	# FTEs	Total Dept. FTE Variance
<i>Economic Development</i>			Special Projects Manager	1.00	1.00
<i>Emergency Management</i>			Security Program Specialist	2.00	2.00
<i>Emergency Medical Services</i>			Administrative Technician	1.00	23.00
			EMS Captain	1.00	
			EMT Intermediate	12.00	
			Paramedic	8.00	
			Senior Paramedic	1.00	
<i>Fire</i>			Firefighter Recruit	3.00	3.00
<i>Housing</i>			Housing Specialist I	1.00	1.00
<i>Human Resources</i>	Member Communication Manager	(1.00)	Human Resources Analyst I	1.00	2.00
	Administrative Analyst	1.00			
	Administrative Specialist II	1.00			
<i>Human Services</i>	Administrative Analyst	(1.00)	Accountant II	1.00	
	Administrative Specialist II	(1.00)	Accountant III	1.00	
	BH/DS Clinician I	2.00	BH/DS Assistant	5.00	
	BH/DS Clinician II	7.00	BH/DS Behavior Specialist I	0.75	
	BH/DS Clinician III	5.00	BH/DS Clinician I	2.00	
	BH/DS Behavior Specialist I	2.00	BH/DS Clinician III	1.00	
	BH/DS Community Services Liaison	1.00	BH/DS Clinician IV	1.00	
	Administrative Analyst	1.00	BH/DS Fee Clerk	1.00	
	Account Clerk III	1.00	Clerk III	2.00	
	Clinician Drug Treatment Court	1.00	Family Services Assistant	1.00	
			Family Services Specialist I	1.00	
			Family Services Specialist II	2.00	
			Registered Nurse	2.00	
			Adult Psychiatrist	(0.39)	
			BH/DS Assistant	(1.50)	

Department	FTE changes between Adopted FY 2021-22 & Adjusted FY 2021-22	# FTEs	FTE changes between Adjusted FY 2021-22 & Proposed FY 2022-23	# FTEs	Total Dept. FTE Variance
			BH/DS Clinician I	(4.43)	
			BH/DS Clinician II	(1.00)	
			BH/DS Clinician III	(1.75)	
			BH/DS Clinician IV	(0.50)	
			Clerk I	(1.28)	
			Clerk III	(0.75)	
			Custodial Worker I	(0.25)	
			Office Assistant II	(1.00)	
			Support Specialist	(0.40)	
			Van Driver	(4.50)	
					(1.63)
<i>Information Technology</i>			Systems Analyst I	4.00	
			Systems Analyst II	2.00	
					6.00
<i>Municipal Council</i>			Citizen Review Board Administrator	1.00	
					1.00
<i>Planning and Community Development</i>	Construction Inspector III	1.00	Deputy Director	1.00	
			Account Clerk II	1.00	
			Permit Services Coordinator	1.00	
			Code Inspector I	3.00	
			Planning Aide I	2.00	
			Plans Examiner I	1.00	
					10.00
<i>Police</i>	Police Cadet	6.70	Public Safety Investigator	2.10	
					8.80
<i>Public Works</i>	Media and Communication Coordinator III	(1.00)			
	Construction Inspector III	(1.00)			
					(2.00)
<i>Resort Management Office</i>			Administrative Specialist II	(1.00)	
			Event Coordinator	(5.00)	
			Office Assistant II	(1.00)	
			Resort Administrator	(1.00)	

Department	FTE changes between Adopted FY 2021-22 & Adjusted FY 2021-22	# FTEs	FTE changes between Adjusted FY 2021-22 & Proposed FY 2022-23	# FTEs	Total Dept. FTE Variance
			Resort Special Events Coordinator	(1.00)	
			Special Events and Resort Manager	(1.00)	
					(10.00)
Total Net New					51.92

SCHOOL PERSONNEL SUMMARY

Budgeted Positions for All School Board Funds

	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget	FY 2021-22 Budget	FY 2022-23 Adopted Budget	Variance
General Fund						
Fund 115 - School Operating						
Instruction	6,972.45	7,118.65	7,073.85	7,076.25	7,093.15	16.90
Administration, Attendance, and Health	281.30	284.30	386.30	398.90	403.90	5.00
Pupil Transportation	693.88	693.88	690.88	690.88	690.88	-
Operations and Maintenance	1,134.50	1,123.50	1,119.50	1,121.50	1,132.50	11.00
Technology	186.00	185.00	186.00	186.00	188.00	2.00
School Operating Fund Total	9,268.13	9,405.33	9,456.53	9,473.53	9,508.43	34.90
Fund 201 - Green Run Collegiate	39.30	38.80	39.20	39.20	39.80	0.60
General Fund Total	9,307.43	9,444.13	9,495.73	9,512.73	9,548.23	35.50
Categorical Grants and Other Funds						
Fund 213 - Cafeterias	492.89	527.39	536.64	536.64	529.62	(7.02)
Fund 214 - Categorical Grants	521.10	504.60	508.50	516.50	546.50	30.00
Fund 215 - Textbooks	1.50	1.50	1.50	1.50	1.50	-
Fund 650 - Risk Management	4.00	4.00	5.00	5.00	5.00	-
Funds 652/653 - Health Insurance	6.50	6.50	7.50	8.50	8.50	-
Other Funds Total	1,025.99	1,043.99	1,059.14	1,068.14	1,091.12	22.98
TOTAL BUDGET	10,333.42	10,488.12	10,554.87	10,580.87	10,639.35	58.48

SCHOOL PERSONNEL SUMMARY

(continued)

Categorical Grants and Other Funds Budgeted Positions

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
	Budget	Budget	Budget	Budget	Adopted	Variance
					Budget	
Adult Basic Education Funds	5.00	5.00	5.00	5.00	4.00	(1.00)
American Rescue Plan ESSER III	-	-	-	-	29.00	29.00
CARES Act ESSER	-	-	-	7.00	-	(7.00)
DoDEA MCASP Operation GRIT	1.00	1.00	1.00	-	-	-
DoDEA Spanish Immersion	-	-	-	-	1.00	1.00
DoDEA Special Education	1.00	-	-	-	-	-
Preschool Incentive	4.00	4.00	4.00	4.00	4.00	-
Title I, Part A	125.00	111.00	101.90	101.90	106.40	4.50
Title I, Part D - Subpart 1	-	0.50	-	-	-	-
Title I, Part D - Subpart 2	1.00	0.50	-	-	-	-
Title II, Part A	18.00	17.00	17.00	18.00	18.00	-
Title III, Part A - Language Acquisition	1.00	1.00	1.00	1.00	1.00	-
Title IV, Part A	1.00	4.00	4.00	5.00	4.50	(0.50)
Title VI, Part B (IDEA)	245.80	248.80	262.80	262.80	262.80	-
Virginia Preschool Incentive Plus (VPI+)	12.00	-	-	-	-	-
Federal Grants Total	414.80	392.80	396.70	404.70	430.70	26.00
Early Intervention Reading Initiative (PALS)	1.00	1.00	1.00	1.00	1.00	-
Jail Education Program	1.50	1.00	1.00	1.00	1.00	-
Juvenile Detention Home	11.00	11.00	12.00	12.00	12.00	-
Virginia Preschool Initiative	90.00	86.00	86.00	96.00	100.00	4.00
Virginia Preschool Initiative Plus (VPI+)	-	10.00	10.00	-	-	-
State Grants Total	103.50	109.00	110.00	110.00	114.00	4.00
Hampton Roads Workforce Council – ALC	0.80	0.80	0.80	0.80	0.80	-
Hampton Roads Workforce Council – STEM (OSY)	2.00	2.00	1.00	0.75	0.75	-
Hampton Roads Workforce Council – STEM (ISY)	-	-	-	0.25	0.25	-
Local Grants Total	2.80	2.80	1.80	1.80	1.80	-
Categorical Grants Total	521.10	504.60	508.50	516.50	546.50	30.00
Cafeterias	492.89	527.39	536.64	536.64	529.62	(7.02)
Health Insurance	6.50	6.50	7.50	8.50	8.50	-
Risk Management	4.00	4.00	5.00	5.00	5.00	-
Textbooks	1.50	1.50	1.50	1.50	1.50	-
Other Funds Total	504.89	539.39	550.64	551.64	544.62	(7.02)
Categorical Grants and Other Funds Total	1,025.99	1,043.99	1,059.14	1,068.14	1,091.12	22.98

DEMOGRAPHICS

	1980	1990	2000	2010	2019
<u>Gender:</u>					
Male	50.8%	50.8%	49.5%	48.9%	49.1%
Female	49.2%	49.2%	50.5%	51.1%	50.9%
<u>Age:</u>					
Under 18	30.7%	28.0%	27.5%	24.0%	22.0%
65 and Over	4.5%	5.9%	8.4%	10.7%	14.7%
Peak Earning Years (age 35 – 54)	23.1%	24.9%	30.5%	28.3%	25.6%
Median Age	26.9	28.9	32.7	34.9	36.6
Dependency Population (<18 & > 65)	35.2%	33.9%	35.9%	34.7%	36.7%
<u>Race: *</u>					
White	86.5%	80.5%	71.4%	67.7%	65.6%
Black/African American	10.0%	13.9%	19.0%	19.6%	18.9%
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%	7.3%
Other Race	0.7%	0.9%	1.5%	2.0%	1.9%
Two or More Races	NA	NA	2.7%	4.0%	5.9%
Hispanic	2.0%	3.1%	4.2%	6.6%	8.5%
<u>Households:</u>					
Family Household	79.2%	75.4%	71.8%	68.6%	63.7%
Married Couple Family	66.6%	62.9%	55.7%	52.9%	51.4%
Female Head of Household	10.3%	9.5%	12.4%	12.3%	27.8%
Households with Children under 18	NA	44.8%	42.1%	35.4%	32.1%
Housing Occupancy: Owner	64.2%	62.5%	65.6%	65.7%	62.3%
Housing Occupancy: Renter	35.8%	37.5%	34.4%	34.3%	37.7%
Average Household Size	2.97	2.82	2.70	2.65	2.52
Average Family Size	3.35	3.21	3.21	3.16	3.03
<u>Health Insurance</u>					
% with Health Insurance Coverage	NA	NA	NA	88.9%	93.6%
<u>Marital Status:</u>					
Single, Never Married	26.5%	24.7%	25.5%	28.3%	30.0%
Married	61.0%	58.4%	57.1%	53.5%	52.4%
Separated	3.0%	5.4%	3.2%	2.9%	2.2%
Widowed	4.0%	4.0%	4.7%	4.7%	4.2%
Divorced	5.5%	7.6%	9.5%	10.5%	11.2%
<u>Median Household Income</u>					
	\$20,203	\$36,271	\$48,705	\$64,212	\$79,054
<u>Median Family Income</u>					
	\$21,809	\$39,122	\$53,242	\$75,757	\$91,608
<u>Per Capita Income</u>					
	\$12,004	\$21,744	\$32,350	\$44,673	\$57,513

Poverty:

	1980	1990	2000	2010	2019
Persons	8.9%	5.9%	6.5%	7.5%	7.3%
Families	7.7%	4.3%	5.1%	5.5%	6.8%
Children under 18	13.0%	7.6%	8.6%	10.5%	8.8%
65 and Over	10.3%	8.0%	4.7%	5.0%	4.6%
Female Head of Household	38.9%	20.2%	18.9%	18.9%	12.7%
Female Householder with Children	45.8%	26.5%	23.1%	24.2%	19.0%
Housing Expenses: *					
Owner Expenses Exceeding 30% of Income	26.3%	30.7%	27.4%	42.7%	25.5%
Renter Expenses Exceeding 30% of Income	37.8%	39.0%	37.9%	53.5%	43.1%
Percent of Homeowners Mortgage Free	11.1%	11.4%	13.9%	19.7%	25.6%
Educational Attainment:					
High School Graduate	80.0%	88.0%	90.4%	93.1%	93.5%
College Graduate	22.4%	25.5%	28.1%	31.6%	36.0%
Labor Force:					
Civilian Labor Force Participation Rate	58.3%	62.5%	63.2%	71.0%	71.9%
Civilian Female Labor Force Participation	54.6%	63.5%	62.9%	63.7%	64.8%
Percent of Labor Force in Armed Forces	18.2%	18.6%	13.3%	10.2%	6.9%
Percent Unemployed	5.3%	4.7%	4.1%	6.5%	4.1%
Transportation-Related:					
Percent Who Drive Alone	67.5%	78.4%	82.0%	82.5%	82.2%
Percent Who Carpool	21.2%	12.0%	10.8%	9.4%	7.2%
Percent Who Use Public Transportation	1.7%	0.8%	0.7%	0.8%	0.9%
Percent Who Work at Home	1.1%	3.3%	2.8%	4.3%	4.7%
Mean Travel Time (minutes)	21.9	22.7	23.9	23.4	24.1

*Totals may not equal 100% due to rounding.

Note about 2019 and 2020: Due to the impact of the Covid-19 pandemic on data collection, the Census Bureau will release (late March, 2020 for localities) experimental estimates and products from the 1-year American Community Survey data instead of the traditional 1-year estimates. Therefore, the table displays the 2019 estimates released in the fall of 2020.

Sources: Decennial Census for 1980, 1990, and 2000. American Community Survey 1 Year Estimates for 2010 and 2019, Bureau of Economic Analysis for Per Capita Income

DEPARTMENTS / FUND MATRIX

City Departments	Major Funds			Non-Major Funds			
	General Fund	Water & Sewer Fund	Storm Water Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Miscellaneous Fund / Donations / Gifts
Agriculture	✓			✓			
Budget & Management Services	✓						
City Attorney	✓						
City Auditor	✓						
City Clerk	✓						
City Council	✓						
City Manager	✓						
City Real Estate Assessor	✓						
City Treasurer	✓						
Clerk of the Circuit Court	✓						
Commissioner of the Revenue	✓						
Commonwealth's Attorney	✓			✓			
Communications Office	✓						
Convention and Visitor's Bureau	✓			✓			
Courts and Court Support	✓						
Cultural Affairs & Historic Houses	✓			✓			
Economic Development	✓			✓	✓		
Emergency Communications & Citizen Services	✓			✓			
Emergency Management	✓			✓			
Finance	✓					✓	
Fire	✓			✓			
Health Department	✓			✓			
Housing & Neighborhood Preservation	✓			✓			✓
Human Resources	✓						
Human Services	✓			✓			✓
Information Technology	✓					✓	
Library	✓			✓			✓
Office of Performance & Accountability	✓						

DEPARTMENTS / FUND MATRIX

(continued)

City Departments	Major Funds			Non-Major Funds			
	General Fund	Water & Sewer Fund	Storm water Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Miscellaneous Fund / Donations / Gifts
Parks & Recreation	✓			✓		✓	✓
Planning & Community Development	✓			✓			
Police	✓			✓			
Public Works	✓		✓	✓	✓	✓	
Public Utilities		✓			✓		
Sheriff & Corrections				✓			
Virginia Aquarium	✓						
Voter Registration & Elections	✓						

PERFORMANCE MEASURE DATA SOURCES

Measure	Source
21st Century Infrastructure	
Citizen Satisfaction with the Flow of Traffic	Citizen Satisfaction Survey
Percent of Lane Miles in the Two Lowest Grades for Transportation Efficiency – City Roads	Virginia Beach Department of Public Works
Bikeability Score	WalkScore.com
Percent of Residents Who Commute Using Alternative Forms of Transportation	American Community Survey Virginia Beach Economic Data Profile
Walkability Score	WalkScore.com
Commute Time (in Minutes)	American Community Survey Virginia Beach Economic Data Profile
Resident Satisfaction with the Planning and Construction of New City Roads	Citizen Satisfaction Survey
Residents Satisfied with the Condition of the Streets in their Neighborhood	Citizen Satisfaction Survey
Resident Satisfaction with the Maintenance of Existing City Roads and Bridges	Citizen Satisfaction Survey
Percent of Households with a Broadband Internet Connection	American Community Survey Virginia Beach Social Data Profile
Safe and Healthy Communities	
Residents Reporting That Their Neighborhood is a Safe Place to Live	Citizen Satisfaction Survey
Property Crime Rate	Virginia Beach Police Department
Violent Crime Rate	Virginia Beach Police Department
Number of health services provided to elderly citizens	Virginia Beach Health Department
Total number of immunization visits	Virginia Beach Health Department
Number of children's dental visits	Virginia Beach Health Department
Cardiac Arrest Survival Rate	Virginia Beach Emergency Medical Services
Fire Deaths Per 100,000	Virginia Beach Fire Department
Residents Reporting That Virginia Beach is a Safe Place to Live	Citizen Satisfaction Survey
Homeless Population	U.S. Department of Housing and Urban Development
Residents who are Satisfied with City Services for Needy or Homeless Families	Citizen Satisfaction Survey
Residents Who are Satisfied with City mental health and intellectual disability Services	Citizen Satisfaction Survey
Growing Economic Opportunities	
Average Monthly Employment	US Bureau of Labor Statistics
Average Monthly Unemployment Rate	US Bureau of Labor Statistics
Average Weekly Wage	Virginia Employment Commission Community Profile
Median Household Income	American Community Survey Virginia Beach Economic Data Profile
Residents Satisfied with the Job Opportunities in Virginia Beach	Citizen Satisfaction Survey
Number of Startups per 100,000 Residents	Virginia Employment Commission Community Profile
Average Monthly Jobs	Virginia Employment Commission Community Profile
Median Single Family Home Value	Real Estate Assessor's FY 2022 Annual Report
Individuals in Poverty	American Community Survey Virginia Beach Economic Data Profile
Poverty Rate - Children	American Community Survey Virginia Beach Economic Data Profile
Poverty Rate - Elderly	American Community Survey Virginia Beach Economic Data Profile

PERFORMANCE MEASURE DATA SOURCES

(continued)

Measure	Source
Thriving Neighborhoods	
Renters Paying in Excess of 30% of Median Household Income for Housing Expenses	American Community Survey Virginia Beach Economic Data Profile
Homeowners Paying in Excess of 30% of Median Household Income for Housing	American Community Survey Virginia Beach Economic Data Profile
High School Dropout Rate	Virginia Department of Education
On-time High School Graduation Rate	Virginia Department of Education
Percent of Children Reading at Grade Level by 3rd Grade	Virginia Beach Public Schools
Percent of Children Whose PALS-K Scores Meet or Exceed Kindergarten Readiness Levels	The Annie E. Casey Foundation Kis Count Data Center
Resident Satisfaction with the City's Public School System	Citizen Satisfaction Survey
Percent of High Schools that are Blue Star Certified	Working in Support of Education (W!se)
Percent of High School Graduates with an Advanced Diploma	Virginia Beach City Public Schools
Percent of Virginia Beach preschool centers receiving early literacy story times and deposit collections through outreach library service	Virginia Beach Public Library
Percent of youth with library cards	Virginia Beach Public Library
Number of VA Quality Rated preschool centers	Virginia Quality
Resident Satisfaction with the Appearance of Their Neighborhood	Citizen Satisfaction Survey
Resident Satisfaction with the Overall City Appearance	Citizen Satisfaction Survey
Resident Satisfaction with City Efforts to Protect Natural Resources, the Environment, and Open Space	Citizen Satisfaction Survey
Resident Satisfaction with the City's Planning for Residential Development	Citizen Satisfaction Survey
Percent of City Population with Walkable Park Access	The Trust for Public Land 2020 ParkScore Index
Acres of Parkland per 1,000 Residents	The Trust for Public Land 2020 ParkScore Index
Overall Real Estate Assessment Average Change	Real Estate Assessor's Annual Report
Public Open Space per 1,000 Residents	Open Space/Parkland Statistical Analysis
Innovative and Sustainable Government	
Water Consumption per Capita (Gallons per Day) - FY	Virginia Beach Public Utilities
Residents Who Agree They Can Conveniently Access City Services	Citizen Satisfaction Survey
Residents Who "Overall" Are Satisfied with City Services	Citizen Satisfaction Survey
Resident Satisfaction with the Courtesy of City Employees	Citizen Satisfaction Survey
Operating Expenditures Per Capita	Virginia Beach Department of Budget and Management Services
Number of Volunteer Hours (In Millions)	Office of Volunteer Resources
Percent of Drinking Water Tests Meeting or Exceeding Federal Standards	Virginia Beach Public Utilities
Resident Satisfaction with the Opportunity to Share Ideas or Opinions Before the City Makes Important Decisions	Citizen Satisfaction Survey
Residents voting in Elections for Local Office	Virginia Beach Department of Voter Registration and Elections
Resident Satisfaction with the Level of Communication the City has with them	Citizen Satisfaction Survey