

Comments to City Council re: 2011 budget
April 27, 2010

Honorable Mayor
Members of the City Council

Dear Council Members:

As you know, Virginia Beach Vision is a non partisan association of business executives and professionals interested as citizens in the long term economic viability and prosperity of the City of Virginia Beach. As such, our focus is generally on long term strategic issues that will affect the City over time.

In that regard, in reviewing this year's budget, the lens through which we look is the long term fiscal health of the municipal corporation. We believe that the citizens have had the opportunity through the public hearing process to support the service level they want and the tax rate that they are willing to pay to provide that level of service.

However, as we view long term trends as they are reflected in the proposed budget, we note areas that concern Vision as we look into the future, and we welcome this opportunity to bring these to your attention.

In this tough budget climate, we note that our real estate tax rate is still much lower than our neighbors in Hampton Roads, and we ascribe this to your and past council's attention and commitment to investment in projects that increase the size of the commercial tax base, thereby reducing the amount that must be paid by homeowners. This commitment to new strategic investments such as the continued development of town center, the commitment to public private ventures in other strategic growth areas, and public private ventures at the resort which stimulate increased quality and opportunity for citizens and visitors alike, are crucially important and should be funded.

In regard to the CIP, with the exception of projects funded by federal stimulus, we note the dearth of transportation projects which in many cases can be attributed to the withdrawal of support from the Commonwealth of Virginia. As this appears to be a long term trend, the partnership between the state and local government to build and maintain urban roads seems to be at an end. Therefore, we applaud your commitment to consider the impacts of this change in intergovernmental policy, and to pursue other alternatives, including light rail, public transit, and asking our citizens if they will support local efforts to sustain and improve our transportation network.

Lastly, in reviewing the work of the Blue Ribbon committee, and the work of our own budget and benefit task forces, we note that the current system of defined benefits for employees is

simply unsustainable. We support efforts by the City to join with other local governments and the Commonwealth of Virginia to reform this system before the unfunded liabilities create a crisis from which we cannot recover. Specifically, we support legislation that would allow the City to create defined contribution plans for new employees in lieu of participation in VRS, retirement age adjustments for those in VRS, the authority to require existing employees to make the match contribution from their own compensation, and revisions to the method for determining COLA adjustments. In addition, we note that the City Manager has continued to significantly reduce the number of authorized positions in the city work force, and we applaud this and encourage continued assessment of the size and qualifications of the city work force.

In summary, while we all want the lowest tax rates possible, we must ensure that the long term fiscal health of the City is not jeopardized by a short term focus created by special economic and fiscal conditions that are changing already. We trust the citizens to testify as to the necessary service level, and you to adjust the rates as necessary, but we implore you not to let short term thinking override your fiduciary responsibility to long term health of the municipal corporation.

Respectfully,

Michael J. Barrett

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