



CITY OF VIRGINIA BEACH 2015/2016 BUDGET
POSITION ADOPTED BY BOARD OF DIRECTORS
APRIL 30, 2015

Over the past months a joint task force of Virginia Beach Vision has met and been briefed on the proposed city and school budgets for 2015/2016. After careful review of the information and lengthy discussion, the Virginia Beach Vision Board of Directors has adopted a formal position in support of the City Manager's proposed budget, inclusive of a six-cent increase in the real estate tax rate.

Virginia Beach Vision, Inc. strongly reaffirms its support for the Light Rail Extension Project and believes that adoption of the proposed budget and tax increase are necessary to move the project forward in a fiscally responsible manner. Further, Vision recognizes other driving factors that make an increase in revenues necessary at this time.

For the last five years funding to the City from the Commonwealth for education, transportation and other municipal services has dramatically decreased. The combined impact of reduced state funding and expanded state mandates now exceeds \$91 million per year, the equivalent of 17.8¢ on the real estate tax rate.

The Virginia Beach School System needs to have first-class educators and not continue, beyond the current proposed budget, to increase class size in response to budget pressures. Our school and city employees alike deserve a salary increase, with their wages having been effectively stagnant for the past decade.

Aside from the recommended increase in the real estate tax rate, support of the other revenue enhancers proposed in the budget should be approved as necessary to allow essential projects and infrastructure such as the arena, the bio-medical cluster and the ViBe cultural district to move forward.

Concurrently, Virginia Beach Vision encourages the city administration and the public school system to seek further operational efficiencies. A review of the School budget suggests that the administrative staff and other non-teaching positions within the school system may be more heavily staffed than is necessary. It is suggested that the School Board form a committee, with business sector representation, to conduct a detailed review of the school system budget focused on identifying positions that could be eliminated or outsourced.

While we recognize efficiency improvements to city operations of \$39 million over the past 10 years, the city must continue an emphasis on identifying and implementing further efficiencies. Based on a \$1.8 billion operating budget, the current level of savings represents 1.4 basis points per year, a level of average improvement well below an acceptable level in the private sector. It is suggested that an independent outside review be contracted to look at each city department and staff position to assess which functions could be eliminated or privatized. A review of the city's employment benefit packages should also be analyzed and modified to more closely reflect private sector offerings. Use of incentive bonuses for employee ideas that achieve cost savings with the incentive based on long-term (such as a rolling five-year average sustainable) cost savings might facilitate discovery of operational efficiencies.