

It's Nice to be Able to Share Good News about the FY 19 Proposed Budget

It's a great feeling to be in a better place with our FY 18/19 budget. We didn't have to worry about revenue shortfalls or cutbacks. In fact, it was just the opposite. We were able to recommend funding to add positions and projects. Pay increases are included once again, along with a couple of other benefits that I think you'll be pleased about.

How can we afford to recommend these positive changes and increases? *Real estate assessments*. They serve as our largest single revenue source and are projected to grow 2.8 percent next year. Other tax collections are seeing modest growth too (i.e., general sales tax, hotel tax, meals tax). As I often remind everyone, we must grow our economy in order to preserve our quality of life.

And, as I've shared with you in the past, recruiting and retaining outstanding employees is high on my list of priorities. I hope you'll see this reflected in next year's budget recommendations.

We spent time this year focusing on ways to enhance your work/life balance. We already approved Maternity and Parental Leave, and a new Sick Leave Donations Program is on the way. Some of the proposed recommendations below add a little more time to this work/life balance.

Employees would be eligible to receive the following:

▶ On July 1, 2018:

➤ **Full-time** employees would receive a 2 percent merit increase based on the midpoint of their pay range (School employees will also receive a 2 percent increase)

➤ **Part-time** employees would receive a 2 percent general increase

▶ Around 320 full-time employees who are **at the top of their pay range** (topped-out) would receive a 2 percent lump sum based on the midpoint of their pay range – 1 percent provided on July 1, 2018 and 1 percent on January 1, 2019

▶ **New hires** on probation would receive a 2 percent merit increase based on the midpoint of their pay range on their one-year anniversary

▶ **Additional Flexible Holiday** — Beginning January 1, 2019, we're eliminating Birthday Leave, currently available only to full-time employees with 10 or more years of service, and replacing it with a Flex Day

▶ **Full-day Christmas Eve**, instead of a half-day, starting in 2018; and the full day will be provided regardless of what day it falls on

Merit Increase Process is Just Like This Year

◆ On **July 1, 2018**, a **2 percent merit increase** (explained below), which also helps to address compression, would be provided to full-time employees whose performance evaluation meets expectations (at a minimum).

⇒ Your merit increase would be based on the *midpoint of your pay range*. Employees would receive the same dollar amount whether they're at the bottom or top of their range. (A PDF is provided with this newsletter that includes the midpoint amounts.)

⇒ In keeping with our accountability efforts, deemed important in your Member Survey results, supervisors must **ensure performance evaluations have been completed**. Supervisors will **not** receive a merit increase until evaluations for all of their employees have been completed.

⇒ Merit increases provided on July 1, 2018 would be based on performance evaluations completed between July 1, 2017 and June 30, 2018.

Health Insurance & New Positions

Health insurance costs for the City/Schools and for employees will increase by 1 percent on January 1, 2019. For employees in the Standard POS plan with “employee only” coverage, this would equate to about 50 cents more per month; those with “family” coverage would pay around \$4.67 more per month. The new monthly premiums/rates will be communicated once they are finalized in the next few months.

We’re proposing **71.25 new City positions** to meet citizen demands for services (some are being converted from contractual to full-time). The majority of the positions are in public safety and in areas that have external funding sources or deliver services to the most vulnerable members of our City.

Some of the proposed new positions include:

- ▶ 23 in public safety – 11 Police (1 non-sworn); 4 Sheriff’s Office; 3 Comm. Atty. Office; 2.5 Fire; 1 EMS; 1 Emergency Management
- ▶ 23 in Public Works (*engineers, inspectors, plumber, motor equipment operator, etc.*)
- ▶ 10 in Human Services (*clinicians, family services, clerks, etc.*)
- ▶ 9 in Information Technology (*systems analysts, systems engineer*)

What about Tax/Fee Increases?

City Services Bill — For the fourth year in a row, there are no increases proposed for water or sanitary sewer service. The **trash fee** is recommended to increase \$1 a month (\$23/month to \$24/month) to cover increasing costs for landfill operations, capital replacement, maintenance and monitoring. Households that receive collections from the City will pay \$12 more per year for trash collection. The **storm water fee** is proposed to increase as well. This is based on a previously approved 2.5 cents per day increase in the Equivalent Residential Unit (ERU) to support storm water infrastructure. This increase will cost a household an additional \$9.12 annually.

Personal Property Tax — 10 cent increase that will be dedicated to public safety (from \$4 to \$4.10 per \$100 assessed)

Vehicle Registration Fee — \$2 increase annually to offset the cost of DMV collection

Cigarette tax — 10 cent increase to address economic development efforts (75 cents to 85 cents per pack)

Misc. fees — mainly Parks & Recreation and Planning

Real Estate Tax Rate — No increase is proposed. But, we are recommending reallocating .7 of the .9 cent real estate taxes dedicated to the Agricultural Reserve Program (ARP) to address storm water projects by providing almost \$75 million over the next 15 years.

ARP — An additional .05 of the .9 cents dedicated to ARP will return to the General Fund to support the Agriculture operating budget, leaving .15 cents in the ARP.

Major recommendations in the FY 18/19 budget include:

- ▶ Continuing phase-in of police body cameras
- ▶ Opening of the Housing Resource Center
- ▶ Funding for critical technology projects including Enterprise Resource Planning (ERP) financial systems, Human Resource Management, document and plans submittal, and agenda management – this includes selecting and purchasing a timekeeping system to better track employees’ time, schedules and leave balances
- ▶ Tourism Investment Program (TIP) funding for long awaited projects in the Entertainment District to keep Virginia Beach competitive – this includes a sports center, Dome site, public pier and central resort parking
- ▶ Additional funding for biomedical and cyber security initiative
- ▶ Adding over \$300 million for road construction over a six-year planning period
- ▶ Funding for 12 additional schools to begin full-day kindergarten; 28 more teaching positions to help decrease class sizes

You can review the entire proposed budget details [here](#).

The proposed budget is a balancing act. We review departmental needs, community needs, infrastructure needs, new projects, total compensation, etc. and weigh them to see how they will impact our taxpayers. We want to do what's best for everyone — now and for the future. Our goal is to deliver a fair and balanced budget proposal for the City Council to review, deliberate, modify and approve.

Providing you with a quality work environment remains at the forefront of my decisions. I truly appreciate all that you do.

Sincerely,



Dave Hansen
City Manager

