



CITY OF VIRGINIA BEACH

# EXECUTIVE SUMMARY

PROPOSED FY 2026-27



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# DISTINGUISHED BUDGET AWARD

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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, 2025**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a 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**

For the Fiscal Year Beginning

July 01, 2025

*Christopher P. Morill*

Executive Director

## Recognition For Budget Preparation

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual (s) or department designated as being primarily responsible for having achieved the award. This has been presented to **Budget and Management Services, City of Virginia Beach, Virginia.**



### The Government Finance Officers Association of the United States and Canada

*presents this*

## CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

*to*

**Budget & Management Services**  
City of Virginia Beach, Virginia



*The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.*

Executive Director

*Christopher P. Morill*

Date: 8/25/2025

## ACKNOWLEDGEMENTS

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The Department of Budget and Management Services would like to express our gratitude to every department for their thoughtful submissions that went into the development of the FY 2026-27 Budget. A special thank you goes to the City Manager, Deputy City Managers, and Chief of Staff who all spent many hours sorting through a variety of complex budget and policy issues. As with every proposed budget, staff's objective is to meet the goals established by City Council. We appreciate City Council's guidance, direction, and vision for the future of Virginia Beach.

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.

*Annika Anderson ♦ ♦ J. Hunter Anderson ♦ ♦ Joseph Brown ♦ ♦ Sharla Burnett  
Jacqueline Conley ♦ ♦ Beyza Gurler ♦ ♦ Kaitlyn James  
Roksana Kusum ♦ ♦ Stuart McCrery ♦ ♦ Emily Nelson ♦ ♦ Miranda Ramos  
Joshua Swartz ♦ ♦ Connor Wiley*

Sincerely,



Kevin M. Chatellier, Director  
Budget and Management Services

# OVERVIEW

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The Resource Management Plan is comprised of three volumes: Operating Budget, Capital Improvement Program, and Executive Summary. 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.

## *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.

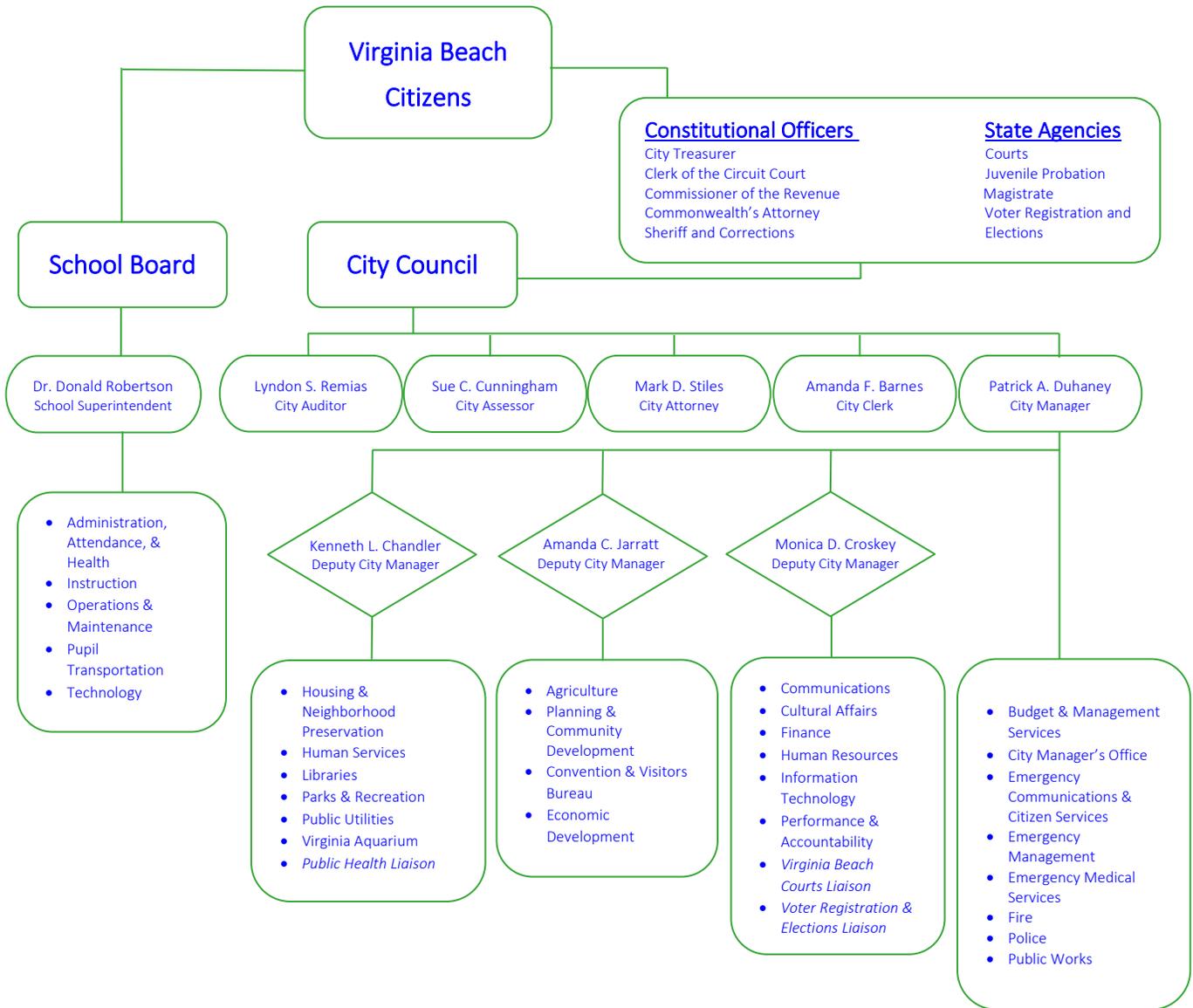
## *Executive Summary*

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.

# 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.

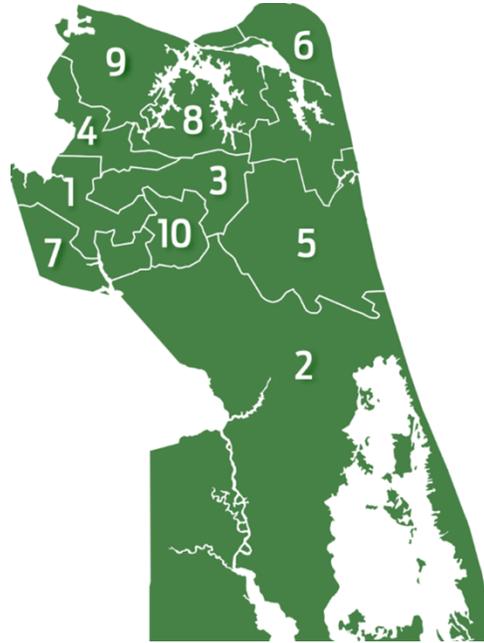
Virginia Beach has 258.7 square miles of land and 51.3 square miles of water. According to the Weldon Cooper Center, there is an estimated population of 453,788 as of July 1, 2025, of which 338,735 registered voters according to the Virginia Department of Elections. Per the City Real Estate Assessor, the estimated number of residences in the City for FY 2026-27 is 188,095.



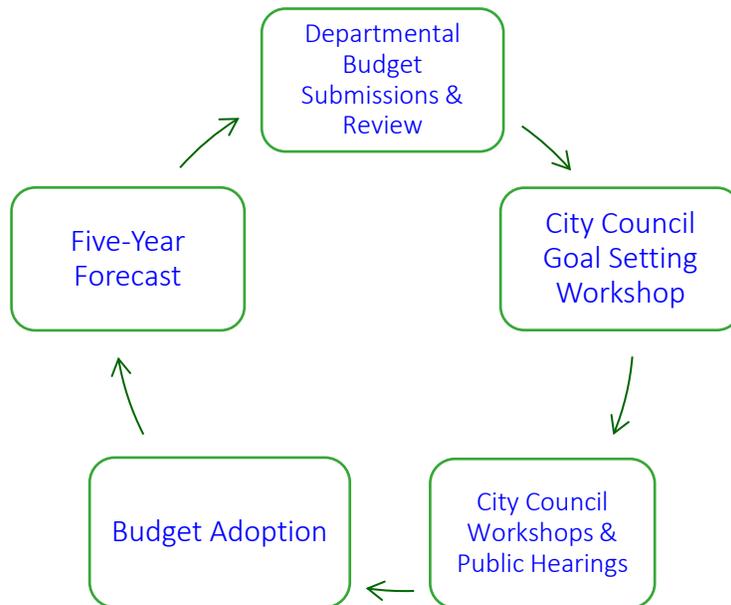
# CITY COUNCIL

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 has a 10-1 election district system. Under this 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.

- Robert M. “Bobby” Dyer, Mayor, At-Large
- Member(s) Residing in Each District:
  - David W. Hutcheson, District 1
  - Barbara M. Henley, District 2
  - Michael F. Berlucchi, District 3
  - Dr. Amelia N. Ross-Hammond, District 4
  - Rosemary C. Wilson, Vice Mayor, District 5
  - Robert W. “Worth” Remick, District 6
  - Cal “Cash” Jackson-Green, District 7
  - Stacy N. Cummings Jr., District 8
  - Joashua F. “Joash” Schulman, District 9
  - Jennifer V. 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:



# SCHEDULE OF WORKSHOPS AND PUBLIC HEARINGS

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DATE:	EVENT:	LOCATION:
March 24	<b>Budget Presentation to City Council</b> ("Proposed" FY 2026-27 Resource Management Plan)	City Council Chamber
April 7	<b>Council Workshop</b>	City Council Chamber
April 14	<b>Council Workshop</b>	City Council Chamber
April 15	<b>Public Hearing</b> ("Proposed" FY 2026-27 Resource Management Plan)	<b>Virginia Beach Convention Center</b> (1000 19 <sup>th</sup> Street, Virginia Beach) 6:00 p.m.
April 21	<b>Council Workshop</b>	City Council Chamber
April 21	<b>Public Hearing</b> ("Proposed" FY 2026-27 Resource Management Plan)	<b>City Council Chamber</b> (City Hall – Building #1) 6:00 p.m.
April 28	<b>Council Workshop</b>	City Council Chamber
May 5	<b>Reconciliation Workshop</b>	City Council Chamber
May 12	<b>City Council Votes on Budget</b> ("Adopted" FY 2026-27 Resource Management Plan)	City Council Chamber

**March 24, 2026**

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

**Subject: FY 2026-27 Proposed Resource Management Plan**

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Dear Mayor and Members of the City Council:

Within the year, the City of Virginia Beach has been recognized as one of the safest cities in the U.S., one of the hardest working cities in the nation, and recognized by the New York Times as being one of the top “52 Places to Go” worldwide. While there were other accolades the City received, the three noted are of particular importance as these speak to the very fabric of Virginia Beach’s local economy.

Recognition from outside organizations and visitors is wonderful; however, the City of Virginia Beach is ultimately responsible for answering to the residents. Per the 2025 resident satisfaction survey, over 86% of Virginia Beach residents rated Virginia Beach as a “great” or “good” place to live. This score well exceeded the average score for surveyed cities in the Atlantic Region (58%) and the U.S. (48.5%).

Virginia Beach was also recognized as one of the best run cities in the United States. Managing and operating an award-winning and highly rated municipality of more than 450,000 could not occur without the hard work and dedication of City Council, City staff, and departmental leadership. That being said, this work would not be possible without sufficient resources.

Inflationary cost increases mixed with lower levels of revenue growth have had a negative impact on the City over the last several budget cycles. The last several budgets have not been easy to navigate as there was a need to eliminate/delay capital projects, eliminate filled positions, redirect dedications to address funding needs, and implement new fees to sustainably support core governmental services. Each budget decision of the City Council was weighed through the lens of trying to balance service delivery needs with sustainability and taxpayer affordability.

At the January 2026 City Council retreat, a mid-budget process update was provided to City Council in an effort to obtain additional budget guidance and direction. The majority were at consensus that base line cost increases will naturally occur as a result of inflation and beyond covering those essential needs, should sufficient funding be available, concentrated efforts should be on providing tax relief, investing in infrastructure needs, and investing to attract and retain a qualified workforce. It is through your retreat guidance that the FY 2026-27 Proposed Budget and Capital Improvement Program was formulated. I am pleased to inform you that my Proposed Budget provides the City Council with an option to maintain current services, provide tax relief, make strategic investments in the workforce, and invest in deferred capital infrastructure projects.

### **Baseline Budget Drivers**

Often, baseline operating expenditures that increase year over year for obligations are referred to as “budget drivers.” An example of a budget driver is General Fund debt service obligations - which are increasing by \$6 million - necessitating the need for additional resources. Other examples of budget

drivers include fuel and energy costs. The City, just like the typical homeowner, is negatively impacted by rising fuel and energy costs. Included in the Proposed Budget is \$2.5 million fuel and energy reserve to position the City to adapt to likely fuel and energy price increases over the next year.

As society further integrates with technology in day-to-day operations, software and subscriptions costs are becoming larger budget drivers. The purchase of technology is a one-time cost, but the annual utilization and support of the software and licensing is on-going cost subject to annual contractual increases. Examples include Microsoft, body-worn cameras, election management, and result reporting systems.

Even though no additional employee health plan changes or offerings are being proposed, additional contributions towards health insurance are necessary to offset the overall rising cost of healthcare services. Recent trends indicate costs are increasing nearly 8% with future projections being 10% or more. The Proposed FY 2026-27 Operating Budget includes an increased employer contribution of \$9 million toward the City's Health Insurance Fund. For the first time in seven years, the City's workforce will be asked to share in the cost of rising healthcare to ensure the Health Fund retains sufficient reserves and remains sustainable. The long-term goal is to avoid reductions or significant changes in plan offerings that could make Virginia Beach less competitive as an employer, but to do so will require consistent increased contributions by both the employer and employees.

Day-to-day supplies and equipment replacement needs are not often large enough to be considered drivers of the operating budget; however, the cost of equipment replacement for some departments is large enough that replacements are managed with the Capital Improvement Program (CIP). A good example is the Fire Department in which the Proposed FY 2026-27 CIP includes an additional \$9 million for apparatus replacement and \$10 million for the replacement of Self-Contained Breathing Apparatus (SCBA) which are nearing the end of their useful life.

### **Tax Relief**

City Council has a long history of tax relief initiatives. In recent years, the primary tool utilized for tax relief has been reductions in the real estate tax rate. The real estate tax rate has been reduced by 4.75¢ since FY 2020-21. That relief effort is the amount when looking at the adopted rate; however, during that same time frame, City Council opted to dedicate 4.1¢ of the existing real estate tax rate in lieu of raising taxes to support the \$567 million Stormwater Flood Protection bond referendum. Combined, that is nearly 9¢ of real estate tax rate avoidance/relief, or \$75.6 million in FY 2026-27.

Retreat guidance from City Council was to explore additional tax relief opportunities should resources be available. After discussion, the takeaway was to explore real estate and personal property as options with preference being for tax relief being afforded to the highest number of residents. The FY 2026-27 Proposed Budget includes tax relief through the utilization of a 10.1% personal property local tax relief credit totaling \$12.8 million. This local tax credit will apply to the first \$20,000 in assessed value for each of the estimated 495,000 registered personal vehicles. As proposed, this credit would apply to each personal vehicle owned by a Virginia Beach residents regardless of if they rent or own their home. If an individual has a vehicle worth \$20,000 or more, they will receive a maximum credit of \$80. If the individual has two vehicles worth \$20,000 or more, they will receive a credit of \$160. Per the American Community Survey (ACS), the average household in Virginia Beach has two or more cars. Additional

information from the ACS indicates that in Virginia Beach there are 113,535 property owners of which 27,477 are cost burdened and 66,408 renters of which 35,399 are cost burdened, indicating that personal property tax credits affords more residents an opportunity to receive tax relief. For comparison, a 2-cent real estate tax rate reduction would save the average homeowner \$77 per year, based on the median home value of \$383,600.

### **Workforce**

Based on the findings of a market salary survey, 48% of the City's workforce was identified as being behind the market in pay. As is often the case, resources were not available to fully implement the findings for the whole workforce as a part of the FY 2025-26 Operating Budget. As such, City Council prioritized the implementation of public safety as the data showed some of their positions were some of the furthest behind the market. This made a significant improvement in sworn public safety pay as the average sworn employee received an increase between 11-14%.

The FY 2026-27 Operating Budget includes a total General Fund Payroll reserve of \$24.8 million for additional compensation. Of this amount, \$7.5 million is for a January 2027 implementation of market salary adjustments for segments of the non-sworn public safety workforce that did not previously receive market adjustments. The remaining \$17.3 million will provide a 3.5% compensation increase for the workforce. Members of the workforce on a step plan will receive a 3% step adjustment and a 0.5% general increase. Members of the workforce not on a step plan will receive a 3.5% general increase.

### **Infrastructure**

As an aging city, there are numerous facilities near 60 years old that are in need of repair and renovation to continue to meet the service delivery needs of the public and for the workforce. The aging facilities have been a topic of discussion in recent years with a concentrated effort by City Council to invest in major facilities, such as the Courthouse and the Law Enforcement Training Academy. This information gave the City Council the opportunity to advise staff that additional investments in infrastructure should be made if funding capacity exists.

Standalone maintenance projects currently exist for fire facilities, recreation centers, the Aquarium, and the Convention Center; however, the remaining City facilities (approximately 300 buildings) have shared a capital improvement budget of around \$6.3 million annually for HVAC, roof, and other various repairs. The Proposed Budget includes dedicated projects for the Municipal Center, libraries, and Human Services locations. Through additional revenues, the FY 2026-27 Proposed Budget allows for a combined additional \$9.5 million to be invested into these municipal facilities.

Other facility infrastructure projects receiving programmed funding within the CIP include Great Neck Recreation Center, Bayside Recreation Center and Princess Anne Recreation Center. Programmed funding for these renovations will be provided through the Parks and Recreation Special Revenue Fund in accordance with the financing plan as communicated as a part of the Retreat.

Also included is a new project in the Proposed FY 2026-27 CIP to begin the conceptual planning and further exploration of options regarding possible refurbishment or construction of a new Aquarium facility. A committee comprising of City staff, Aquarium Foundation members, and City Council liaisons would utilize the programmed funding to obtain options on a scope and cost for City Council's

consideration. Guidance would then be provided prior to the appropriation of future funding for facility design.

### **Sustainably Balanced Operating Budget**

The Proposed FY 2026-27 Operating Budget includes increased one-time investments, such as contractual funding for zoning ordinance modernization and strategic realignments separating programs supported by state and local funding; however, very few program expansions occurred. Those that did expand either had a dedicated revenue source to act as a bill payer or a corresponding reduction occurred elsewhere in the budget to offset the increased investment minimizing the growth of the General Fund. A good demonstration of this can be found in reviewing the City's changes in FTEs. The total net increase for the City is 27.27 FTEs. Of that total, 25.68 net FTEs are either enterprise fund supported positions or EMS positions supported through the compassionate EMS Billing Fund. The remaining 1.59 net FTE additions are attributable to positions added to Human Services through a conversation of contracted manpower funding and the redirection of seven long-term vacancies from the Department of Emergency Communications and Citizen Services to other emergent needs. These emergent needs include the establishment of a Park Ranger program for enhanced security presence and the establishment of a Special Events crew to address the increased workload demands of special events on Public Works. One-time costs are associated with the establishment of these initiatives, but the on-going impact will be minimal.

Programmatic fees were adjusted within some departments to help cover cost increases associated with operations, or in the case of some departments, programmatic fee revenue estimates were increased to better align with organic revenue growth. In both scenarios, these revenue increases reduced the need for General Fund tax revenue support while avoiding reductions in services.

### **Schools**

On February 24, 2026, the Virginia Beach City Public Schools (VBCPS) School Board was presented with the FY 2026-27 Superintendent's Estimate of Needs (SEON). The SEON typically becomes the basis for the budget ultimately adopted by the School Board. The School Board is not scheduled to vote on the VBCPS budget until March 24, 2026. Due to timing, the Proposed Budget for your consideration only reflects the Proposed SEON. Additional adjustments and refinements will likely be necessary as a part of Reconciliation to reflect the VBCPS FY 2026-27 Approved Budget. In addition, each budget bill in the General Assembly currently has additional funding for VBCPS above what was included in the Governor's Proposed Budget. Estimates of additional revenue range between \$8-\$23 million which would need to be appropriated by City Council.

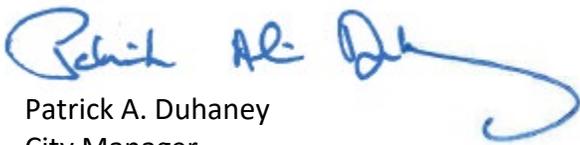
### **Conclusion**

The total FY 2026-27 Proposed Operating Budget is \$2.9 billion, and the CIP is a six-year plan totaling \$5.3 billion. The operations and vast number of services provided by the City cannot be summarized in a single letter. The annual budget process results in the creation of three documents which are the Executive Summary, Operating Budget, and Capital Improvement Program. The Proposed version of these documents is available for review by the public and include detailed information about projects, departments, programs, revenues and demographic trends.

Historically, City Council has requested budget presentations by each department and CIP section. At the retreat, City Council communicated a desire for budget presentations to be handled differently to allow more time for meaningful City Council discussion. To meet City Council's request, themed department information, trends, issues, major budget changes or topic specific information will be provided in advance. The goal is to allow the workshop meeting time to be utilized for your discussions in lieu of multiple presentations. Staff will be available to answer questions at each meeting.

The Proposed FY 2026-27 Operating Budget and CIP address several of the priority areas and concerns communicated from the City Council. I look forward to our ongoing discussions regarding the proposed FY 2026-27 Resource Management Plan as City Council works towards an adopted budget.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick A. Duhaney", with a long, sweeping flourish extending to the right.

Patrick A. Duhaney  
City Manager

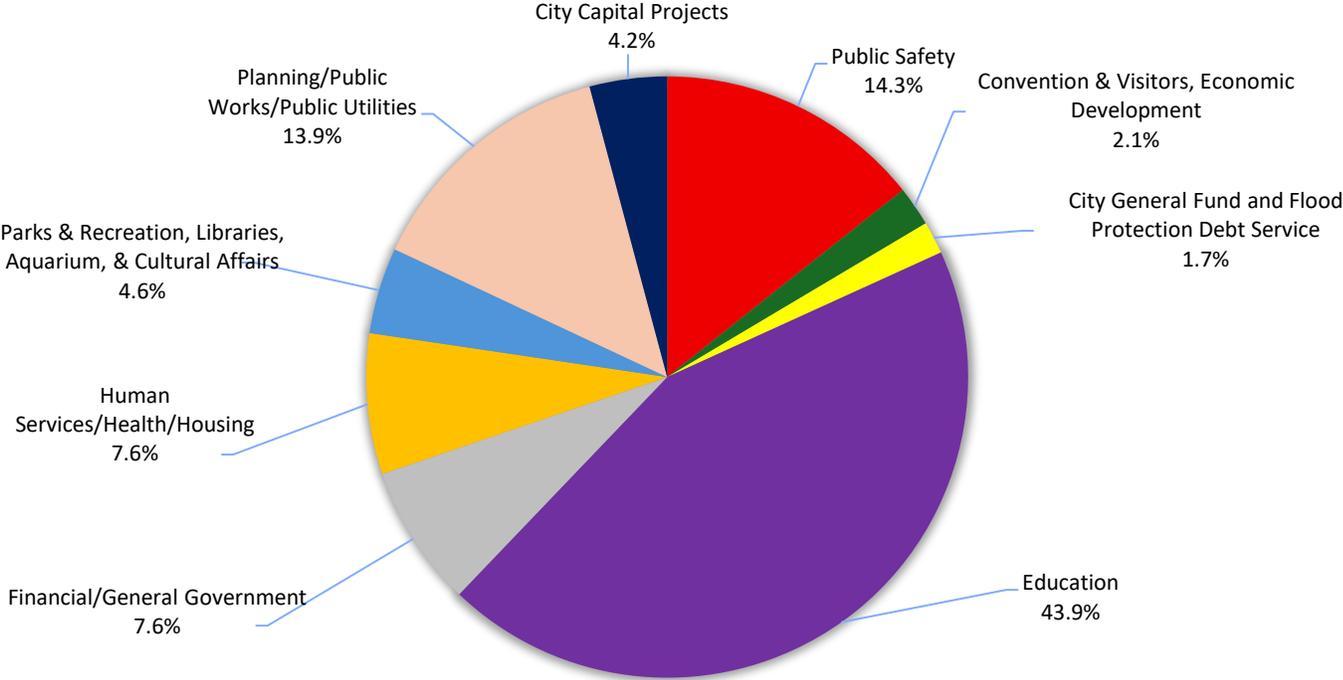
# HIGHLIGHTS OF THE FY 2026-27 RESOURCE MANAGEMENT PLAN

## Budget Overview

The City Manager’s Proposed FY 2026-27 Operating Budget, which includes the Virginia Beach City Public Schools’ (VBCPS) Operating Budget, is growing by 3.27% when compared to the previous fiscal year’s Amended Budget. This budget aims to follow the direction of the City Council and meet the needs of the community. The budget provides tax relief, sustainable funding for maintenance of capital infrastructure, and investments in the City’s workforce.

In total, the Proposed Budget reduces a net of 25.48 positions. Overall, there is an increase of 27.27 positions for the City, and a reduction of 52.75 for Virginia Beach City Public Schools (VBCPS), primarily from the conclusion of federal grants. As in prior years, each position added by the City is offset by either a reduction in staffing from another department, or a dedicated funding source outside of the City’s General Fund.

The Proposed FY 2026-27 Net Operating Budget including all funds for both the City of Virginia Beach and VBCPS totals \$2,883,974,039. As the pie chart illustrates, the largest portion of resources is dedicated to the City Council priorities of education (43.9%), public safety (14.3%), and infrastructure-related departments such as Planning, Public Works, and Public Utilities (13.9%).



Of the total \$2.9 billion proposed budget, the School Division comprises \$1.3 billion. As the result of changes to the timeline of the School’s Budget process, the proposed budget is based off the Superintendent’s Estimate of Needs (SEON) presented on February 24, 2026, not the School Board Approved Budget. The School Board is expected to approve the FY 2026-27 Budget on March 24, 2026, the same day as the City Manager’s Proposed Budget is presented to the City Council. The Virginia General Assembly has yet to finalize State-aid for FY 2026-27 to School Divisions. The SEON based revenue from the Commonwealth on the Governor’s Proposed Budget as announced in December 2025. Once final

amounts from the Commonwealth are known, they will be incorporated into the overall City budget prior to adoption in May 2026.

### ***City Council 2026 Winter Retreat Guidance***

In January 2026, the City Council held a two-day retreat to provide guidance to City staff on the development of the FY 2026-27 Operating Budget. Included within the Retreat was an exercise to gauge the direction on allocation of potential additional available resources – through directing funds to federal and/or state funding gaps, taxpayer relief, capital infrastructure, or the workforce. Through this exercise, it was determined that additional funds should be prioritized for taxpayer relief, attracting and retaining a qualified workforce, and strategic investment in capital infrastructure.

#### **Tax Relief**

During the Retreat, there was consensus on the need to provide tax relief to the residents of Virginia Beach should sufficient resources be available to do so. The City Council provided direction for staff to explore tax relief options beyond Real Estate tax rate reductions and to bring a proposal forward for consideration within the FY 2026-27 Proposed Budget. Direction was also given to strive to provide sustainable relief to the most Virginia Beach residents as possible while minimizing negative impacts on financial plans supported by real estate tax dedications.

Historically, tax relief has focused on the largest revenue source – Real Estate taxes. However, this only directly benefits homeowners and business owners, not individuals who rent their homes. According to American Community Survey (ACS) data provided by the United States Census, approximately 63% of Virginia Beach residents own their own homes and the remainder rent. There are approximately 66,408 renter-occupied dwellings and approximately 35,399 of these renters are cost burdened, paying over 30% of their household income towards rent. While only 27,477 homeowners (out of 113,353) are cost burdened due to their mortgage and housing costs.

Reducing resident's vehicle tax bills will provide financial relief to more residents than a real estate tax rate reduction as there are over 495,152 taxable personal property items in Virginia Beach and only 113,535 homeowners. For this reason, the Proposed FY 2026-27 Budget includes a 10.1% local tax relief credit towards the personal property tax bill. Applying the local 10.1% tax relief credit reduces the tax obligation by \$48 per vehicle owned when using the average car appraisal of \$11,913. Credit eligibility will be applied up to the first \$20,000 of vehicle value, potentially reaching a maximum credit of \$80 per vehicle for a total tax relief of \$12.5 million citywide. ACS data also indicated that the average household owns two vehicles, expanding tax relief per home. For example, if a home has two vehicles greater than \$20,000, the 10.1% credit would provide \$160 in relief. For comparison, a 2-cent real estate tax rate reduction would save the average homeowner \$77 per year, based on the median home value of \$383,600.

#### **Investment in the Workforce**

When resources make it possible, the Virginia Beach City Council has invested in the workforce through compensation increases, market salary studies, benefit offerings, and changes to leave policies. During the Budget Retreat, the City Council indicated a willingness to continue investing to ensure Virginia Beach remains competitive in the market to attract and retain talent.

Within the FY 2024-25 Budget Reconciliation, City Council approved the solicitation of a consultant to evaluate the City's market competitiveness via a market salary survey. A consultancy firm was used to measure the City's market position for base and supplemental pay, benefits, and working arrangements to provide the City Council with compensation recommendations to increase our market competitiveness. The market salary survey benchmarked the City with ten Virginia public sector employers, five municipalities across the country, and five private sector data sources. The survey indicated that 48% of the workforce were below the market average. Funding limitations prevented the full implementation

within the FY 2025-26 Adopted Operating Budget. For that reason, a 3% general increase for all employees was authorized with an additional market adjustment for sworn public safety, resulting in an average 11-14% increase for sworn positions.

At the time of the Five-Year Forecast in November 2025, it was assumed that the FY 2026-27 Operating Budget would provide for a 3.0% general increase for all City positions, to align with the adopted step-plan. Following Council direction at the Retreat, due to a more favorable revenue outlook, the Proposed FY 2026-27 Budget includes funding for a 3.5% increase for all positions to be effective in July 2026. In addition, the Proposed Budget includes a reserve of \$7.5 million to provide targeted pay increases in January 2027 to non-sworn positions identified to be less competitive than the market. This funding will assist in keeping the City competitive in the labor market.

### **Capital Infrastructure**

The third priority of the City Council during the Retreat was continued investment in capital infrastructure. As an aging City, there are numerous facilities that are in need of repair and renovation to continue to meet the needs of the public and the workforce. Within the last several budgets, investment has been made in major facilities such as the Courthouse and the Law Enforcement Training Academy. Through additional revenues, the FY 2026-27 Proposed Budget allows for a combined additional \$9.5 million to be invested into municipal facilities.

Prior to FY 2026-27, with the exception of fire facilities, recreation centers, the Aquarium, and the Convention Center, the nearly 300 remaining City buildings share a capital improvement budget of \$6.3 million annually for HVAC, roof, and other various repairs. The Proposed Budget includes dedicated projects for the Municipal Center, libraries, and Human Services locations. This investment, if approved, will allow the City to better target the backlog of maintenance and repairs in a more predictable and sustainable way.

### **Additional Guidance – Health Insurance Parity**

In addition to the three major investment strategies outlined during the Retreat, City Council gave additional direction to City staff to explore establishing formal health insurance premium parity between the City and the Schools. In 1999, the City of Virginia Beach and the Virginia Beach City Public Schools collaborated to become self-insured and consolidated health plan offerings.

Today, the City and VBCPS have more than 17,000 employees, dependents, and retirees enrolled in the health insurance plan. Although the health plan offerings are identical, employee and employer contributions from each entity are tracked in separate operating funds. In addition to the plan offerings, historically, the premiums charged to employees have been identical, with limited exception. The City Council expressed a desire to formalize this policy, and the Proposed Budget includes the following language within the Revenue Sharing Policy for consideration for adoption:

*Both the City and Schools have a consolidated health insurance plan with equal health benefit coverage and offerings. Recommendations on premium adjustments as well as plan design changes are made by the Benefits Executive Committee (BEC) comprised of staff members from both City and Schools. Recommended health insurance premiums, as well as, plan offerings for both City and School employees, should remain in unison, to the greatest extent possible, with School health premiums not being below the recommended premiums of the City.*

*Should the School Board desire to establish employee premiums below the City employee premiums, the School Board will notify City Council by resolution of the desired change. The resolution will provide the following: 1) the desire to decrease premiums; 2) the reason as to why the lower rates are being requested; 3) the requested premium rates and effective date; 4) the*

*recommended employer contribution change and revenue sources supporting changes; and 5) a projection of the health fund balance demonstrating future sustainability.*

Further information on budgetary changes to health insurance is included in the “Compensation and Benefits” section of this document.

## ***Tax and Fee Highlights***

### **Real Estate Tax**

Real estate taxes remain the largest single source of revenue for the City. As presented by the Real Estate Assessor in February 2026, assessments are projected to increase an average of 6.0% citywide. This growth is being driven primarily by residential properties, which includes growth of 0.8% and appreciated value of 5.2%. Each penny of the Real Estate tax rate of 97 cents per \$100 of assessed value is anticipated to generate \$8.5 million.

At the time of the Five-Year Forecast in November 2025, initial assessment increases for FY 2026-27, provided by the Real Estate Assessor, were estimated to be approximately 2.8%. Better-than-expected assessments, especially in multifamily properties increased this initial estimate by over 3.0%, or \$20 million. This additional revenue is offset largely by the proposed Personal Property Tax credit within the General Fund. As a result of the additional Real Estate revenue, the City/School Revenue Sharing Formula has increased \$1.3 million from the amount incorporated within the Schools’ Proposed budget. This amount is currently held in a reserve within the City’s General Fund, pending direction from the City Council.

However, budgeted revenue growth from Real Estate taxes is only estimated to increase by 3.59% for two reasons. The first is related to increased participation in various tax relief programs offered by the City. The Commonwealth of Virginia exempts from taxation the real property, including the joint real property of husband and wife, of any veteran who has been rated by the U. S. Department of Veterans Affairs or its successor agency pursuant to federal law to have a 100% service-connected permanent and total disability, and who occupies the real property as his or her principal place of residence. A constitutional amendment was approved by voters in the November 2024 General Election which expanded tax relief eligibility to spouses of service members who were killed in the line of duty. Program participation in the Veterans Real Estate Tax Relief Program has risen by 6,636 individuals since 2015. Total relief provided by this program is estimated to be \$46.0 million in FY 2026-27, equal to 5.4 cents of the Real Estate tax. When compared to FY 2025-26, this represents an annual increase of \$10.6 million or 30%.

In addition to the mandated Veteran’s Tax Relief Program, Virginia Beach offers a locally administered program for elderly and disabled individuals. Income requirements for this program are updated annually to mirror the average increase or decrease in the value of a single-family home as a part of the budget process. In FY 2026-27, total participation is expected to be approximately 5,000 individuals and cost \$16.6 million, or 2 cents of the real estate tax. When compared to FY 2025-26, this represents an annual increase of \$1.3 million or 9%.

The second reason for lower year to year growth is due to an accounting change in the elderly and disabled tax relief program. Prior to FY 2026-27, the revenue associated with the Elderly and Disabled Program was estimated as part of the total real estate revenue, then treated as an expense to the General Fund. This practice caused the General Fund to bear the full cost of the tax relief program and overstate the budgeted appropriations supporting general government services. Starting in FY 2026-27, this program will be budgeted in the same manner as the Commonwealth mandated Disabled Veterans Tax Relief Program, wherein the anticipated revenue is not estimated. This change allows for the true cost of the tax relief program to be shared among all dedications including the Revenue Sharing Formula with Schools.

### **Additional Fees for Service**

The City Council's appointed Process Improvement Steering Committee (PISC) recommended the City consider the use of fees for service instead of reliance on the General Fund, where appropriate.

A full schedule of all tax and fee changes can be found in the "Summary of Tax and Fee Adjustments" section of this document. A summary of the purpose of each can be found below and more detailed information about the impact of the revenue sources can be found throughout this document and the Operating Budget document.

In addition to fee modifications, several departments such as the City Treasurer, Convention and Visitors Bureau, and Planning were able to increase department specific revenue estimates based on historical trend data to reduce reliance on General Fund resources.

### **Water and Sewer Fees**

To accommodate past and current cost increases, the Department of Public Utilities has implemented a five-year rate increase, both approved by City Council in FY 2023-24. FY 2026-27 is the fourth year of the rate increase plan and includes a 31-cent increase to the water commodity rate, for a total fee of \$6.54 per 1,000 gallons of water consumed. The water service availability charge varies depending on the meter size. For the smallest size, a 5/8-inch meter, the water service availability charge increased by 30 cents to a total monthly charge of \$6.30. The full schedule of fees is available in Section 37-46 of City Code.

The FY 2026-27 Proposed Budget also includes minor changes to the sewer fee structure, eliminating the Pump Station Fee and incorporating its cost into the Sewer Capital Recovery Fee. These changes allow for a reduced Sewer Capital Recovery Fee when a property will not be discharged through a publicly owned pump station, or the property owner is required to construct or modify a pump station to provide additional capacity for the property. These changes better align the rate structure with industry standards, reduce the administrative burden on staff, and make connection fees more straight-forward for builders and developers. The full extent of these changes are included in the change to City Code in the FY 2026-27 Operating Budget.

### **Waste Management Fees**

The Public Works Waste Management Division is responsible for curbside pickup of waste, landfill operations, on-call collection of household bulky items, and yard debris containers. These services are provided through various minor fees for service and a monthly \$30.55 fee per household. In order to offset the cost of service for specific purposes, without raising the fee for all homes, the Proposed Budget includes small fee increases for two services.

The first is an increase to the refuse container replacement fee by \$25 from \$75 to \$100. This fee has not been updated since 2004. The department currently provides delivery of trash bins for \$75, with no additional charge for delivery and replacement of recycling bins. The second fee is for yard debris container rentals. The fee is currently set at \$40 for a 24-hour period during the week, and \$75 for containers delivered on Fridays and collected the following Monday. This fee has not been updated since 2008. The requested increase raises the fee to \$50 per day during the week, and \$150 for the weekend.

### **Parks and Recreation Various Fee Increases**

For FY 2026-27, the Department of Parks and Recreation Budget includes proposed increased fees for several of their programs including memberships, aquatic certification courses, and the usage of certain facilities. The fees have a budgetary impact on revenue for the General Fund and the Parks and Recreation Special Revenue Fund. The fee increases that will affect General Fund revenue are the Out-of-School Time Fees, shelter rentals, event equipment, and the Early Childhood Monthly Fee for all day childcare. Modestly

increasing fees for service helps to ensure the cost-of-service delivery is not outpacing revenue collections and putting strain on the General Fund for programs used by a subset of the population.

The fee increases that affect revenue for the Parks and Recreation Special Revenue Fund include the Recreation Center Membership Fees, room rentals, pool rentals, gym rentals, and aquatics certification course fees. Special revenue fund increases are designed to keep pace with cost of operation and maintenance of space associated with the recreation centers and assist with the funding plan to renovate the three oldest recreation centers within the next ten years as included within the Proposed Capital Improvement Program.

### **Library Fees**

In order to remove barriers for access to more Library services and create a more efficient, cashless workspace, Virginia Beach Public Libraries (VBPL) proposed to eliminate printing and duplication fees for all visitors in FY 2026-27. To ensure this change is sustainable and not abused, VBPL will pilot a daily page limit per user, depending on the kind of paper and ink used.

In FY 2021-22, Virginia Beach Public Libraries made library cards free to all Virginia residents, following industry trends. Since then, demand for digital materials from streaming services and databases has rapidly increased for libraries across the country. Consequently, while users from outside of Virginia Beach did not noticeably contribute to the library's digital materials budget in 2022, their impact is highly pronounced now, with Virginia Beach Public Libraries estimating that \$202,647 of its digital media costs were going to users outside the City in FY 2025-26. As both the cost of and demand for digital media continue to rise, the Library will struggle to meet the demands of City residents within current budget constraints. In order to ensure that digital media demands are met and sustainably funded, Virginia Beach Public Libraries will introduce a fee to any users outside of Virginia Beach to access services including Hoopla, Overdrive, and Kanopy. Nonresident users can pay \$10 to access these services for three months or \$35 for twelve months.

### ***Dedications***

In the FY 2025-26 Adopted Operating Budget, significant changes to revenue dedications were made to establish the Major Projects Fund which is a sustainable funding source for otherwise unfunded major capital improvement projects. This Major Projects Fund was established through various new and redirected dedications across multiple revenue streams that when combined generate \$21 million annually.

The revenue is generated by the following funding sources as approved in FY 2025-26:

- A 0.3 cent redirection of the real estate tax from the Agricultural Reserve Program (ARP)
- 0.77% of the Restaurant Meals tax (0.27% of which was redirected from the Open Space Fund)
- A 40% redirection of Town Center Tax Increment Financing (TIF) real estate revenue

Planned projects for the Major Projects Fund included within the current CIP are Courthouse Modernization, Indian River Road Safety Improvements, Virginia Beach Trail Phase I, and the replacement Law Enforcement Training Academy.

The FY 2025-26 Budget Reconciliation also included direction for staff to provide comprehensive review of the capacity within dedications at a minimum of every three years, and to report to the City Council on the capacity, overall health, and if the fund is sufficient to meet dedication obligations. Direction provided at the 2026 Winter Retreat reemphasized this guidance to ensure local funds are being used as efficiently as possible to meet evolving community needs.

While the FY 2026-27 Proposed Budget does not recommend any immediate changes to existing dedications, City staff continue to review dedication capacity annually. In future fiscal years, the City Council

may be able to redirect existing dedications to meet infrastructure needs across the city, including for the Interfacility Traffic Area (ITA). Through the adopted Focused Action Plan, the City Council has provided additional direction to initiate the process for amending the ITA and Vicinity Master Plan to incorporate and reconcile active and passive recreation, economic development, and municipal facility uses and to identify next steps, including funding infrastructure needs. While decisions regarding the ITA are still ongoing, potential capacity is preserved within the ARP and Open Space Funds, depending on final recommendations and what is adopted by City Council. Upon identification of the need and cost of the infrastructure, options for consideration will be provided. Current fund balance of the ARP fund is \$26.6 million, and the Open Space Fund is \$12.5 million, excluding the unexpended appropriations in the Capital Improvement Project.

## ***Compensation and Benefits***

Balancing the needs of the workforce with the needs of the community is one of the most critical parts of the budget development process. Compensation, including wages, payroll taxes, and benefits, is the largest operating expenditure of the entire \$2.9 billion budget.

### **Compensation**

The FY 2026-27 Proposed Operating Budget continues to invest in the City's workforce by providing a minimum of a 3.5% pay increase for all City employees. For positions on the step plan, this translates to a one-step (3.0%) increase, and a 0.5% general pay increase. For positions on the open range plan, a 3.5% general pay increase will be provided in July 2026.

As full implementation of the Market Survey was not feasible in FY 2025-26, the FY 2026-27 Proposed Budget continues the investment in the workforce by establishing an additional payroll reserve to implement further market adjustments in January 2027. Direction was provided at 2026 Winter Retreat to invest in the workforce to ensure the City remains a competitive employer and to recruit and retain talent.

### **Health Insurance**

Since FY 2018-19, the City has held employee health insurance premiums flat to limit the impact of rising healthcare costs on employees to the greatest extent possible. Over the last seven years the City has increased its employer contribution annually to maintain the financial viability of the Health Insurance Fund. However, healthcare costs continue to rise significantly and additional premiums from both the employee and employer will be necessary in calendar year 2027. Draw downs of the fund balance have begun to occur. In order to retain sufficient funding, continued employer and employee premium increases will be required to ensure sustainability.

Employer premiums for each plan offering will increase 15% in the budget period, and employee premiums will increase 10% for each plan offering.

The City and Schools offer multiple health insurance plans for employees and retirees, with tiered costs based on plan per pay period. The majority (41%) of City health insurance subscribers have a single subscriber point of service plan. The employee premium for this plan has remained at \$1,265.88 annually since 2019. In 2027, the proposed rate will be \$1,392.47, \$126.59 per year, or \$5.27 per pay period increase beginning in January 2027.

### **Virginia Retirement System**

The FY 2026-27 Budget includes a 3.06% decrease in the budgeted rate for the City's contribution to the Virginia Retirement System (VRS). Within the General Fund, this impact was over \$13 million in cost avoidance, which was redirected largely to health insurance and compensation increases. 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 2026-27, the VRS rate is 15.92% of each full-time salary and will remain at that percentage through FY 2027-28. Starting in FY 2026-27, the City will budget for the required employer match for voluntary contributions to the VRS Hybrid Retirement Plan. Employees on the Hybrid Retirement Plan are required to contribute 1% of their compensation to their retirement plan; however, an employee may make an additional voluntary contribution of up to 4%. The City is required to contribute a partial match, the maximum rate being 2.5% for a 4% voluntary contribution.

Previously, this match was funded through attrition; however, as the proportion of employees under the Hybrid Retirement Plan grows, it has become necessary to account for these expenses in advance. VRS provides the City with a new rate every other year. This is the first time since FY 2016-17 that the rate has decreased, typically the biannual increase is more than 1%. The reduction offsets the above-average growth since the pandemic, putting the rate between its levels in FY 2018-19 and FY 2020-21. Should changes occur over the next two years changing pension liability (i.e. lower returns, labor contracts, higher wages, etc.) the rate would be adjusted by the Commonwealth accordingly.

## *Day-to-Day Operations*

### **Information Technology Contracts**

One of the major budget drivers for the FY 2026-27 Operating Budget is the increase in costs of the City's subscriptions. Subscriptions primarily are housed in and paid for out of the Information Technology Internal Service Fund (ISF). Certain examples of subscriptions that the City pays for include Microsoft, Workday, GIS Services, Salesforce, and Prisma. In total, within the Information Technology ISF there are 34 subscriptions within the fund for FY 2026-27. Subscriptions costs have increased \$5.6 million from the year prior in the FY 2025-26 Amended Operating Budget.

In addition to the enterprise-wide ISF subscriptions other technology costs have increased within departmental budgets including major changes within the Voter Registrar, the Sheriff, and the Police Department.

The Voter Registration and Elections Office budget was increased by \$150,000 to pay for the ongoing costs of software upgrades including election official management software, election results reporting software, Facility Force cloud-based software, and ballot-on-demand printing software. These upgrades meet the operational needs of the Voter Registration and Elections Office while also increasing the efficiency and security of elections within the City.

To coordinate civil process efforts within the Virginia Beach Sheriff's Office and to provide the public with a means to look up and track the status of court papers, the Civil Process Division utilizes a specialized civil process software. To guarantee that the civil process platform remains functional and that Civil Process Division personnel could upgrade to modern computers, the Department Information Technology purchased a new civil process software in FY 2025-26. Starting in FY 2026-27, the Virginia Beach Sheriff's Office is responsible for funding the annual subscription and maintenance fees for the new software.

In FY 2026-27, the Virginia Beach Police Department will continue efforts to implement the "Drone as First Responder (DFR)" program. This program will provide overwatch and situational awareness for staff responding to calls and for Virginia Beach Police Department leadership to gain an enhanced operating picture. The DFR program will autonomously launch drones to specific calls for service in designated areas. These areas include the Real Time Crime Center where the drone pilot will be located, and drones geographically placed on rooftops for rapid deployment. The drones will fly to calls for service and flight can be assumed by a pilot from the Real Time Crime Center.

## AI Initiatives

Investing in technology, including AI, to aid service delivery remains a top priority for the FY 2026-27 Proposed Operating Budget. The Proposed Budget strategically invests in two AI initiatives, funded through offsetting reductions in other operation expenses for 911 Quality Assurance and Code Enforcement. In addition to these two initiatives, the proposed budget includes a \$250,000 reserve for future AI Initiatives within the General Fund. This reserve will allow flexibility for the City Manager to explore different options for the City to utilize artificial intelligence for possible efficiency opportunities.

The Department of Emergency Communications & Citizen Services (ECCS) will implement a new AI software tool to improve timeliness and efficiency with 911 Quality Assurance and Training. The new software will assist the department with conducting comprehensive quality assurance reviews on every call that is received. This software will send automated notifications to ECCS' leadership and supervisors if the established quality assurance criteria is not met. The current process for quality assurance is completed manually and includes less than 1% of the total calls that are received by ECCS. Additionally, timely quality assurance feedback is necessary to ensure that call-processing and dispatch standards are consistently followed so that operational risk and liability are reduced. This AI tool will assist the department in striving towards providing efficient and timely care for the residents and visitors of Virginia Beach. Should the tool be successful, staff time saved could be redirected toward other priorities.

In addition to the ECCS investment, the Department of Housing and Neighborhood Preservation is implementing a limited pilot program for the "City Detect" platform to assess the effectiveness of AI-driven imagery for code enforcement. The pilot program will use two vehicle-mounted cameras to test the AI platform's ability to detect various types of property maintenance code violations, improve inspection efficiency, and integration with existing City systems. Should this be successful, a possibility exists for reduced manpower needs in the future for code enforcement.

## Public Works Staffing & Operating Support

Over the past five years, the Department of Public Works has faced high inflationary pressure and rapidly growing demand for its services across all divisions. The FY 2026-27 budget includes greater investment in the personnel and operations of multiple divisions and funds within the Department.

The Department of Public Works is responsible for managing and paying utilities for most City facilities. As energy costs have risen and new facilities have come online, Public Works has absorbed the cost increases by reducing operational expenses elsewhere in the budget. To ensure all City facilities receive adequate utility support, the Facilities Group received \$2,185,682 in additional General Fund support to ensure electric, gas, water, and sewer utilities are appropriately budgeted without impacting other services. This \$2.2 million increase aligns the budget for utilities with prior year expenditures. In addition to this increase, the General Fund has a \$2.5 million reserve for potential increases in electricity and fuel costs. The City received notification that municipal rates for electricity may increase by 32%. In addition, the City purchases fuel at market cost, and there have been recent increases in the cost of fuel.

Public Works is also responsible for the City's fleet, including fuel. A major portion of City fuel infrastructure, the Landstown fuel tank, has reached the end of its life cycle, which could lead to delays, downtime, and hazards. Public Works will utilize the Fuel Internal Services Fund, which is funded by departments that use their services, to replace the tank in FY 2026-27.

Externally, one of Public Works' roles is to support events at the beach. The number of events has steadily risen year-over-year, putting greater pressure on departmental resources. To ensure that the City can continue to provide necessary support to events, Public Works has received additional funding for equipment and personnel. The Beach Operations division received \$1.4 million in one-time support from the Tourism Investment Program (TIP) Fund for a new tractor and beach cleaner, both to support more

events and to provide a contingency in the event that the current tractor goes down for maintenance at an inopportune time. Public Works is also creating a six-person Special Event Team. To staff this team, Public Works is redirecting three vacancies within the department and is proposed to receive three new FTEs and additional operations funding for the sole purpose of supporting special events through the Streets and Traffic Operations division.

The remaining additions are to the staff of the Department's enterprise fund services, all of which are funded through rate increases authorized in prior years, revenue growth at current rates, or equivalent reductions in expenditures, meaning the following additions have a net zero impact on the City budget. The Stormwater Operations division is adding 3.0 FTEs to its pump station program, two Pump Maintenance Electricians and one Pump Maintenance Mechanic, and a Business Application Specialist to support the Stormwater Operations Control Center, all of which were included in the funding plan as adopted in FY 2025-26 rate increase. In addition, Waste Management is adding two full-time Motor Equipment Operators, to address shortages and enhance stability at the Landfill. The Parking Management division is adding 1.0 new FTE, a Business Application Specialist, to support the City's rapidly expanding parking technology programs.

### **Public Utilities Staffing**

In FY 2025-26, the City established the capital project "Water Meter Replacement Program" to provide a consistent and timely source of funding to upgrade approximately 130,000 aging and outdated direct read water meters and other equipment necessary for the operation of water meters as needed. In order to meet the current needs of the program, as well as keep pace with meters that age into the program, the Department of Public Utilities will add 7.0 new FTEs in FY 2026-27 consisting of three Utility Crew Leaders, three Utility Mechanics, and one Utility Mechanic Supervisor. The Department will also purchase three pickup trucks to access meters as needed. The additional staff and equipment is primarily funded through savings from the VRS rate reduction, as well as a minor adjustment to the payroll reserve.

### **Zoning Study**

Part of the updated Comprehensive Plan recommendations have identified the need to update the Zoning Ordinance. The current zoning ordinance was adopted in 1988 and focuses on greenfield and suburban development patterns. As land in Virginia Beach becomes an increasingly limited resource, the predominant development style is shifting to infill and denser development. The update would promote City Council initiatives to encourage affordable housing and development within the Strategic Growth Areas. Resources allocated for this would be used for public engagement, consultants for drafting local zoning codes, and outside legal counsel to review proposed code compliance with local and state laws. Direction for funding this Zoning Study was also included within the Approved Focused Action Plan.

## *Public Safety*

### **Police Staffing and Technology Updates**

Nationwide, police departments are struggling to recruit and retain officers, unfortunately, the Virginia Beach Police Department (VBPD) is not immune to this issue. In 2025, the VBPD forged a partnership with an advertising firm, which allowed them to implement a strategic recruitment plan to help address staffing concerns and boost recruitment efforts. This effort includes an updated ad campaign that targets women, minorities, veterans, and certified officers from other parts of the country.

During the FY 2026-27 budget process, the VBPD requested implementation of a program to have six dedicated Special Conservators of the Peace (SCOP) officers to assume the transportation and custody duties for individuals experiencing a mental health crisis that meets the criteria for involuntary hospitalization. These SCOP officers will free up police officers to respond to calls for service and other priority patrol duties. To support this, the Police Department will convert six vacant sworn positions to SCOP positions.

The VBPD is also continuously working on updating technologies, including integrating Peregrine, a data integrator technology, into their daily policing efforts. Peregrine enhances investigations by easily locating critical information, simplifies and interprets difficult digital evidence and provides streamlined analytical dashboards for data consumption.

### **Emergency Medical Services Positions**

In FY 2025-26, the City Council made the strategic decision to implement a compassionate billing program to maintain service delivery levels provided by Emergency Medical Services (EMS). This funding source, estimated at just under \$15 million annually supports EMS operations, and provides funding to the City's independent volunteer rescue squads. The FY 2026-27 budget continues investment in EMS using these new resources for the department.

Overall, in FY 2026-27, EMS is proposed to receive 12.0 additional FTEs which will be fully funded through the EMS Compassionate Billing Fund. Ten of the additional FTEs are Paramedics, one position is a Fleet Manager, and one position is a Volunteer Services Manager. According to the Virginia Beach EMS Needs Assessment, on average, 18 ambulances need to be fully staffed, with at least 20 ambulances during the day and 16 ambulances at night. EMS also relies on ambulance volunteers. Currently, EMS has 240 active ambulance volunteers, which is enough to staff four ambulances 24/7. Based on current manpower hours and existing service demands, an additional ten paramedics are proposed to be added through the FY 2026-27 Operating Budget. Over the last three fiscal years, EMS has received a total of 26.0 Paramedics to better meet the calls for emergency medical service needs in the city.

Through a fleet study, the EMS discovered that there are certain tasks, duties, and responsibilities that need to be directly managed within the Department's fleet and facilities. The size of the fleet, the daily challenges with readiness, and the complexity of a fleet owned and managed by individual rescue squads require a new full-time Fleet Manager position. The Fleet and Facilities Manager role will oversee implementation of a more standardized ambulance plan, track fleet metrics, develop centralized purchasing specifications and coordinate across operations, rescue squads, and fleet services.

The Volunteer Services Manager will be responsible for the oversight and administration of volunteer recruitment, retention, training, and volunteer programs. Prior to the addition of the Volunteer Services Manager, volunteers were managed through operational oversight and policy, and by reliance on volunteer squad commanders. Due to the limited capacity of the volunteer squad commanders, having the Volunteer Services Manager allows for the volunteer components of EMS to effectively grow and decreases inconsistencies and gaps within the volunteer programs.

### **Park Ranger Program**

Parks and Recreation will be implementing a Park Ranger Program to help alleviate the strain on Police Officers responding to non-violent calls for service in parks. The Park Rangers would be placed a grade below Police Officers, and their authority would be assisting the Police Department with responding to calls for service for non-violent calls. This program is planned to be implemented in multiple phases, with the first phase adding a Chief Ranger and two park rangers to establish standards of practice for the future full-scale implementation.

### **Fire Capital Improvement Program Additions**

The FY 2026-27 Capital Improvement Program includes additional funding to ensure that the Fire Department's (Vbfd) equipment and apparatus are up to date. Capital Project 100175 "Fire Apparatus IV" is proposed to receive an additional \$9.0 million in FY 2026-27 to ensure the Fire Department maintains an adequate number of Frontline apparatuses to effectively to calls for service. The Fire Department places vehicles in one of two main categories depending on age and condition: Frontline, which are used most frequently, and Reserve, which are only used when Frontline vehicles are not available. Fire Department standards dictate that they must have at least 26 Frontline Fire Engines to maintain operations. With fewer, the Department may be forced to rely on older Reserve Fire Engines, which have a higher risk of mechanical failure. Seven Fire Engines were put into service in 2019 and will age into Reserve use in 2029. Investing in additional apparatus now ensures that sufficient vehicles will be produced and delivered by 2029.

Another urgent capital need is the replacement of the Fire Department's Self-Contained Breathing Apparatus (SCBA) units. SCBA units are necessary for firefighters to enter hazardous environments without inhaling smoke or other dangerous substances. The Vbfd maintains 212 SCBA units for daily operations and an additional 136 for training and redundancy. All 348 units reach the end of their serviceable life in 2028. To ensure that this vital equipment remains safe and up to date, the FY 2026-27 Capital Improvement Program introduces Capital Project 100744 "SCBA Replacement" which provides \$10.0 million in FY 2026-27 to purchase 350 new SCBA units with Universal Rescue Connection, batteries, 661 SCBA cylinders, 700 facepieces, and other required accessories.

The FY 2026-27 Capital Improvement Program also includes Capital Project 100729 "Public Safety Equipment Replacement II." The project includes \$4,095,848 in FY 2026-27 for the purpose of replacing public safety systems and major equipment across all of the City's public safety departments. The project provides a funding source to replace critical equipment that cannot be replaced within a department's operating budget and does not have a dedicated capital project.

### **General District Court Staffing Support**

The General District Court has seen an increased workload due to a larger number of civil filings and a legislative change that imposes additional requirements on the management of the Court's files. The increased workload became a challenge for the Court to maintain adequate staffing. In order to support the increased workload within the court, an additional \$171,500 was budgeted for contracted manpower. Of this amount, \$150,000 is from a transfer from Virginia Beach City Public Schools to support the workload increase resulting from the increased number of school bus-stop arm violations. As speed enforcement cameras come online, there is the possibility that future workload increase will occur, resulting in additional funding requests.

## *Community Support*

### **Regional Grants**

Regional Grants provide funds to non-profit organizations, regional colleges, and governmental agencies such as Hampton Roads Planning District Commission that support City Council goals and complement City services.

As directed by the City Council in Reconciliation for FY 2025-26, beginning in FY 2026-27, the Community Organization Grant (COG) Committee is responsible for reviewing all non-MOU driven Regional Grant applications every five years. As of March 2026, the Council appointed COG Committee is still in the review process and will provide recommendations to the City Council in April 2026. A final list of recommendations is anticipated to be announced in time for potential inclusion in the FY 2026-27 Adopted Budget. City staff have created a \$2,054,561 reserve, equal to non-MOU regional grant funding in FY 2025-26 to be allocated as grants are awarded.

### **Housing Positions**

In FY 2026-27, six Code Enforcement positions have been proposed to be transferred from the Community Development Block Grant to the General Fund. This redirection frees up federal funding for the homeowner rehabilitation program and other eligible programs. The redirection of positions aligns local and federal program services with their appropriate funding sources which maximizes the impact of both local and federal resources. This redirection helps to support the City Council's goals of affordable and attainable housing. This funding alignment also buffers required local services from being negatively impacted should federal funding be reduced.

### **Human Services Positions**

Recent federal and state legislative changes, including House of Representative Bill 1 and Virginia House Bill 2206, have significantly expanded eligibility, work requirements, and verification standards across several Human Services programs, including Medicaid, SNAP, and the Child Care Subsidy Program (CCSP). These changes are expected to substantially increase the number of recipients subject to mandatory work requirements and the workload necessary to monitor compliance, verify eligibility, ensure accuracy, and provide supportive services, such as childcare.

The impact of these policy changes has already been reflected in the rising number of caseloads in the CCSP. Since the expansion of the CCSP after Virginia House Bill 2206 passed in 2021, the average caseload has increased from 74 cases per worker in 2021 to approximately 239 cases per worker in 2025. Additional Medicaid and SNAP work requirements implemented under House of Representatives Bill 1 are expected to increase the number of recipients requiring employment monitoring and supportive services. Under the same bill, new federal standards will impose financial penalties beginning in FY 2027-28 for states with benefit payment error rates exceeding six percent. Increased oversight and administrative capacity are necessary to ensure program accuracy and to maintain an acceptable error rate to avoid costly penalties.

To address the growing demands placed on these programs, three new positions have been added to the Department of Human Services FY 2026-27 Operating Budget. One Family Support Specialist III position will provide additional supervisory and caseload support. State and federal funds will cover 65% of the position leaving the City with a net cost of \$29,454 for this additional FTE. Two Benefits Program Assistant positions will improve the department's capacity to lower benefit error rates in advance of new and significant financial penalties that will be imposed in the upcoming year. \$109,176 in contracted manpower funding will be converted to pay for the two Benefits Program Assistant FTEs.

These staffing adjustments will help the department maintain manageable caseload levels and ensure compliance with new program requirements while continuing to provide timely and effective services to residents.

### **Library Books and Materials**

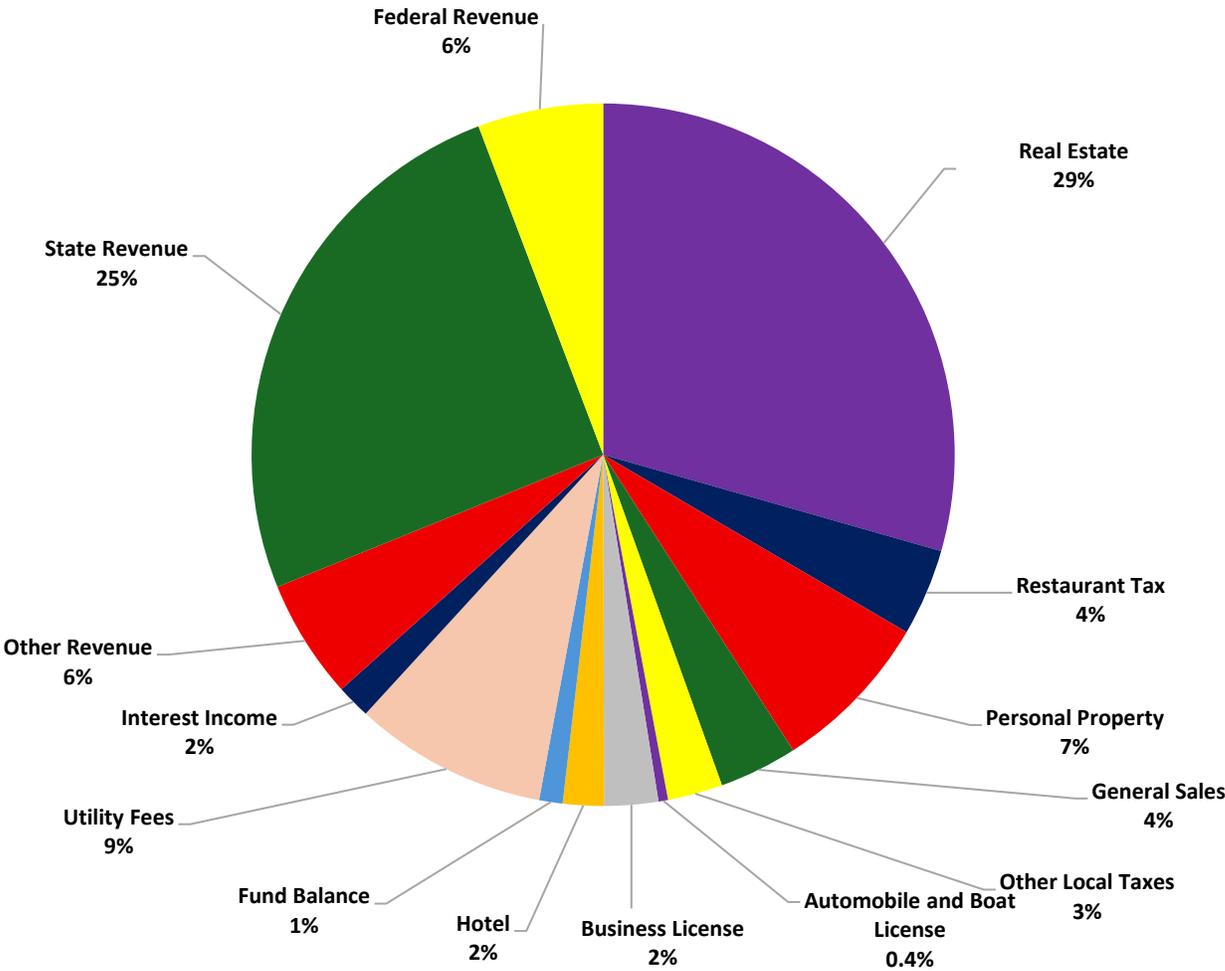
Library materials faced exceptionally high inflation over the past five years, outpacing the elevated general inflation rate. Licenses for digital materials were especially high, a trend exacerbated by fast-growing demand for digital media. To keep up with inflationary pressures, maintain a robust collection of materials, and meet the expectations of residents, the Department's Books and Materials budget has been increased by \$350,000, the first time the budget has increased for this purpose since 2019.

### **Beach Events**

The Proposed FY 2026-27 Budget continues investment for programming at the Oceanfront. Improving the entertainment offerings throughout the City is constantly being evaluated to identify opportunities to expand and enhance programming for citizens and guests throughout the year. The TIP Fund will support additional investment in entertainment by adding three additional Oceanfront Concert events, adding a third day to Funk Fest, establishing the East Coast Chess Championship, establishing the Sand Blast Jigsaw Puzzle Competition, a new event weekend activation, and a one-time additional fireworks show in celebration of the 250th anniversary of the United States.

In addition to these enhanced programs, the Proposed Budget also includes funding to re-imagine the holiday lights programming historically offered along the boardwalk. The Holiday Lights on the Boardwalk have been determined not to be feasible due to the strain the additional motor vehicle traffic puts on the Boardwalk, which primarily functions as a seawall. The new Holiday Lights event will be a walking experience held at the Virginia Aquarium with some one-time initial set up costs. This rework will also annualize some holiday experiences including Santa Seaside Cinema, Santa Paws Tuesdays, and enhanced décor on Atlantic.

# REVENUE



Total net revenue for the FY 2026-27 Proposed Budget is \$2,883,974,039, a 3.27% increase over the Amended FY 2025-26 Budget. The following table reflects all major revenue streams included in the Proposed FY 2026-27 Operating Budget. A more in-depth discussion of several of the revenues shown in the 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.

As in prior years, in terms of dollar value, real estate tax revenues are expected to drive the majority of the tax-based revenue growth in FY 2026-27. Other major revenue growth is associated with increased interest revenue from citywide fund balances and revenue from the Commonwealth.

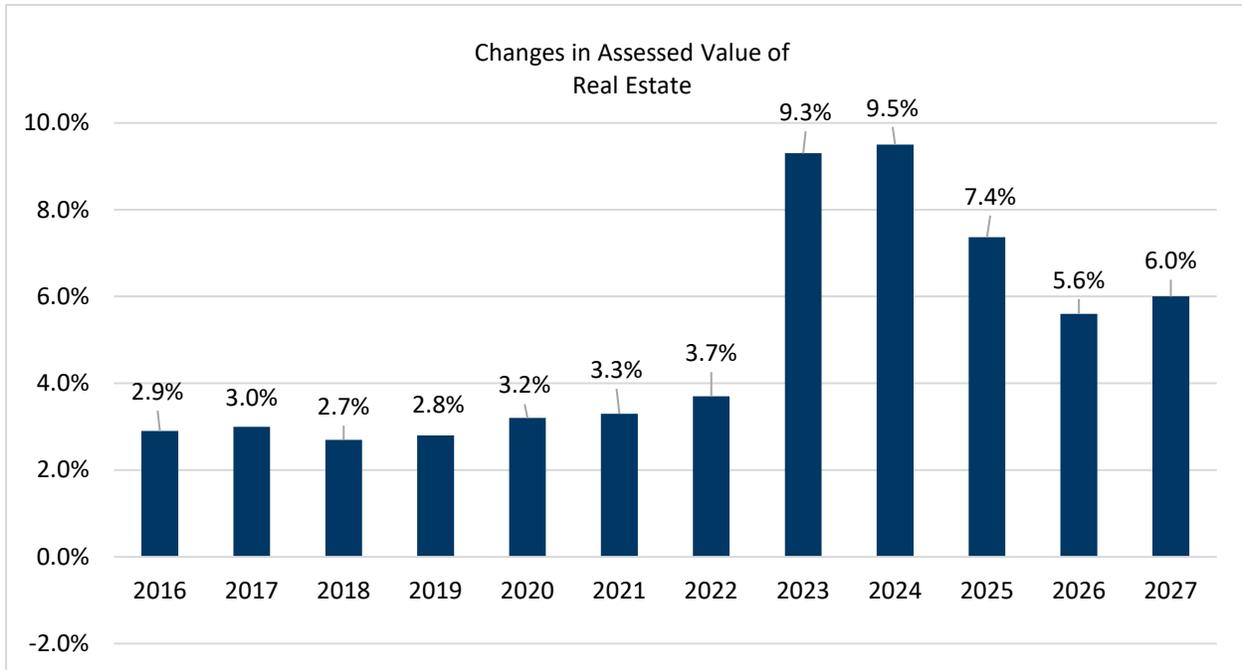
Source	FY 2025-26 Amended Budget	FY 2026-27 City Budget	FY 2026-27 School Budget	FY 2026-27 Total City & Schools Budget	% Change
Real Estate	819,226,589	539,172,761	309,446,697	848,619,458	3.59%
Personal Property	220,601,034	114,972,682	100,938,458	215,911,140	-2.13%
General Sales	100,380,053	56,456,123	47,340,713	103,796,836	3.40%
Utility Tax	43,108,389	22,417,033	19,680,682	42,097,715	-2.34%
Automobile License	10,639,555	5,484,712	4,815,216	10,299,928	-3.19%
Boat License Fee	2,359,470	2,359,470	-	2,359,470	0.00%
Business License	67,166,505	38,045,829	33,401,738	71,447,567	6.37%
Restaurant Tax	111,422,843	83,847,005	31,551,692	115,398,697	3.57%
Amusement Tax	9,473,204	11,865,456	-	11,865,456	25.25%
Hotel Room Tax	51,631,994	48,723,947	5,585,101	54,309,048	5.18%
Cigarette Tax	6,074,935	3,819,663	1,938,044	5,757,707	-5.22%
Tax on Deeds & Wills	8,023,726	4,578,009	4,019,191	8,597,200	7.15%
Bank Net Capital	4,437,248	2,484,957	2,181,629	4,666,586	5.17%
General Fund Balance	3,293,657	2,413,001	-	2,413,001	-26.74%
Other Fund Balance	28,924,306	9,358,288	19,332,654	28,690,942	-0.81%
Utility Fees	251,853,526	256,241,299	-	256,241,299	1.74%
Other Revenue	155,591,841	136,535,909	21,940,863	158,476,772	1.85%
Interest Income	19,786,996	43,465,834	1,510,666	44,976,500	127.30%
State Revenue	710,115,187	180,721,862	550,917,331	731,639,193	3.03%
Federal Revenue	168,639,051	63,651,610	102,757,914	166,409,524	-1.32%
<b>Total Revenue</b>	<b>\$2,792,750,109</b>	<b>\$1,626,615,450</b>	<b>\$1,257,358,589</b>	<b>\$2,883,974,039</b>	<b>3.27%</b>

*\*Note: This table follows the adopted Revenue Sharing Formula and does not match the currently budgeted amount to be provided to VBCPS from the City's General Fund. Following revised revenue estimates, an additional \$1.3 million is included within a reserve in the City's General Fund, pending further City Council direction.*

## Real Estate Tax

Revenue from real estate taxes remains the City's single largest source of revenue, making up approximately 29% of all revenue estimates and 56% of General Fund revenue estimates. In addition, FY 2026-27 marks the 13<sup>th</sup> consecutive year of real estate assessment growth. The City Real Estate Assessor is projecting \$92.5 billion in assessments for FY 2025-26. This growth is being driven primarily by residential properties, which includes both growth (0.8%) and appreciated value (5.2%). Both residential and commercial properties are assessed annually by analyzing sales, business activity, income and expense reports and rent rolls.

There was growth in the commercial sector as well; however, not all commercial property values are growing at the same pace. Hotels had the smallest change in assessed value at 0.8%, industrial grew the most at 22.2%, while offices grew 2.5% and general commercial grew 5.1%.



The median home assessment continues to increase year over year and has reached \$383,600 for all residence types with an average increase of 5.01% from FY 2025-26. These assessments vary widely depending on the property value, and the age of the property. As of January 2026, properties valued at \$750,000 or greater had a median change in assessment of 6.89%. This was the highest median percentage change of all home values. As the home value range decreased, so did the median change in assessment, with homes valued less than \$150,000 having a median percentage change of 2.61%. Median assessment values also had a wide range depending on the year that the home was built. Homes built prior to 1950 and 2020 to present had higher median assessments at \$551,900 and \$708,200 respectively. Homes in the middle range of 1970 through 1999 had a lower range of about \$399,000.

In FY 2026-27, the City is projected to generate \$848.6 million in real estate tax revenue. Of this amount, \$309 million is dedicated to Virginia Beach City Public Schools (VBCPS) and an additional \$160.9 million dedicated to various other priorities, special service districts, or the Town Center Tax Increment Financing District. Among these dedications is a \$35.0 million dedication to flood protection for the repayment of debt associated with the Flood Protection Bond Referendum, \$33.6 million to the City's recreation centers and outdoor initiatives, \$2.6 million to the Major Project Fund, and \$5.13 million to the Agricultural Reserve Program. A full breakdown of the City's real estate tax dedications can be found in the Dedication of Local Taxes section of this document.

In addition to these various dedications of the real estate tax, 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 in Sandbridge Beach. Occasionally, rate adjustments are necessary in these SSDs to ensure that revenues sufficiently cover the cost of enhanced services being provided. A full listing of these SSDs, as well as their rates, can also be found in the Dedication of Local Taxes section of this document.

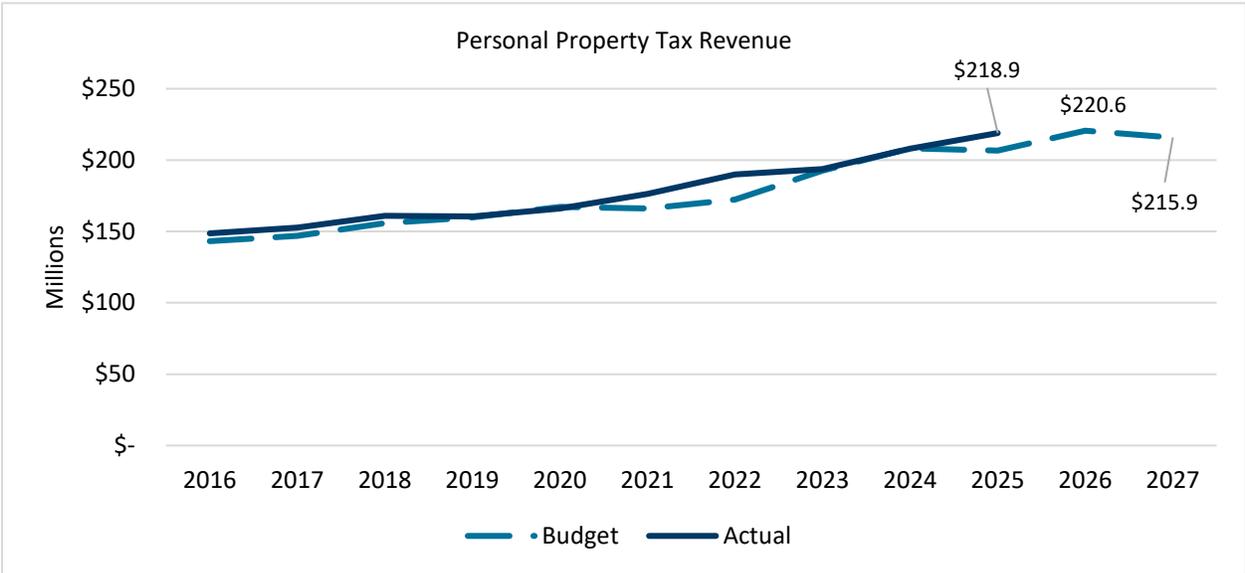
An SSD also exists within Town Center for the purpose of enhanced maintenance and cleaning of public infrastructure, landscaping, and security. In addition to the SSD, Town Center also has a Tax Increment Financing (TIF) District for debt service of the parking infrastructure located within Town Center. 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. As of FY 2025-26, 40% of TIF revenues are being directed as a transfer to the Major Projects Fund to finance major projects, such as VB Trail Phase I. 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 2025-26 and illustrates where that funding is programmed within the Proposed FY 2026-27 budget.

Purpose	FY 2025-26	FY 2026-27	Difference
City Operations and CIP	365,475,835	378,261,197	12,785,362
General Stormwater Operations	20,634,025	21,363,345	729,320
Flood Protection Referendum	33,839,802	35,035,886	1,196,084
City Council Priorities	15,269,179	15,808,875	539,696
Hold Harmless Dedication	17,646,219	18,269,933	623,714
Schools Operations	301,979,504	309,446,697	7,467,193
Parks and Recreation	32,494,464	33,642,996	1,148,532
Public Safety	8,253,610	8,545,338	291,728
Sandbridge Special Service District	203,708	222,532	18,824
Agriculture Reserve Program	4,952,166	5,127,203	175,037
Central Business District TIF District	10,864,465	11,312,971	448,506
Town Center Special Service District	2,676,411	2,864,489	188,078
Pembroke Square Special Service District	-	477,159	477,159
Dredging Special Service Districts	859,480	989,445	129,965
Atlantic Park CDA	363,596	315,952	-47,644
Development Agreements	1,238,042	4,371,839	3,133,797
Major Projects Fund	2,476,083	2,563,601	87,518
<b>Total Real Estate Allocation</b>	<b>\$819,226,589</b>	<b>\$848,619,458</b>	<b>\$29,392,869</b>

## Personal Property Tax

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 each year.



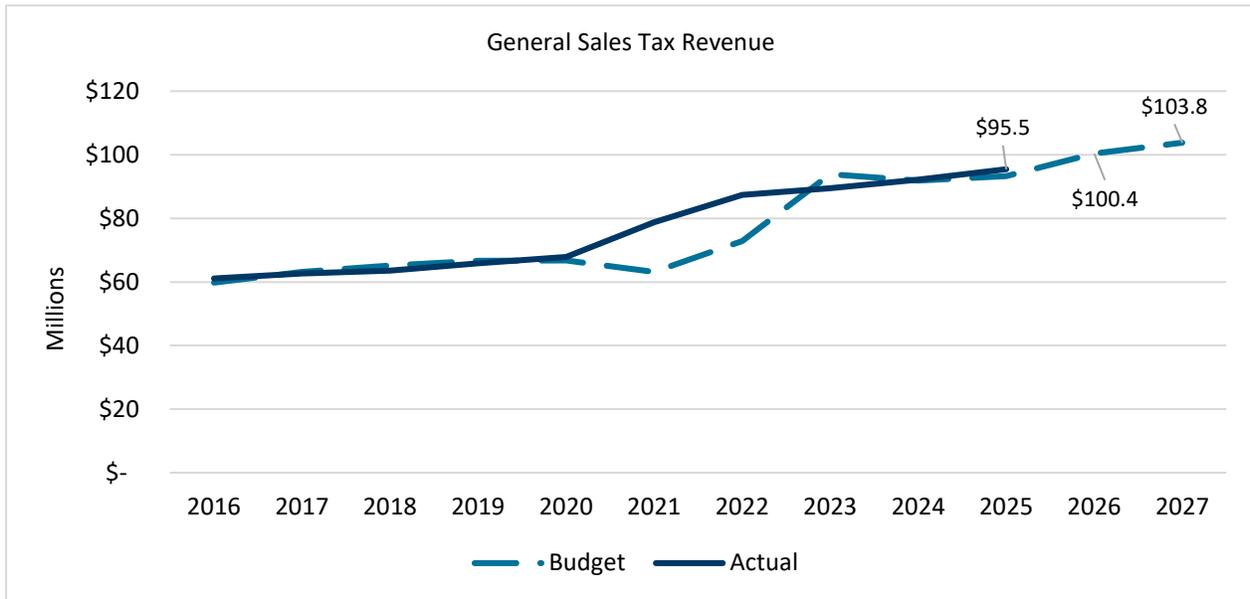
Personal Property tax revenue is expected to decrease 2.1% in FY 2026-27 compared to the Amended Budget from approximately \$220.6 million to \$215.9 million in the Amended Budget. Personal Property tax revenue associated with vehicles typically comes from two sources, a fixed amount of \$53,412,868 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.

Due to assessment growth of new vehicles entering the assessment base, personal property assessments are expected to grow 3%. In an effort to provide relief and reduce the tax burden on residents, however, the Proposed Budget includes a 10.1% personal property tax relief credit on the first \$20,000 of personally owned vehicles, as discussed earlier in this document. This reduces the expected revenue by \$12.8 million and when administered, will provide residents with up to \$80 in tax relief credit per vehicle. This credit will be applied in the same manner as the state relief credit which is for personal vehicles.

## Consumer Driven Revenue

Consumer-driven revenues are comprised of general sales, hotel, cigarette, restaurant, and amusement taxes. These revenue streams are heavily influenced by the current economic climate. While these revenues have mostly returned to normal following the pandemic, estimates are conservative while new trends are established.

### General Sales Tax

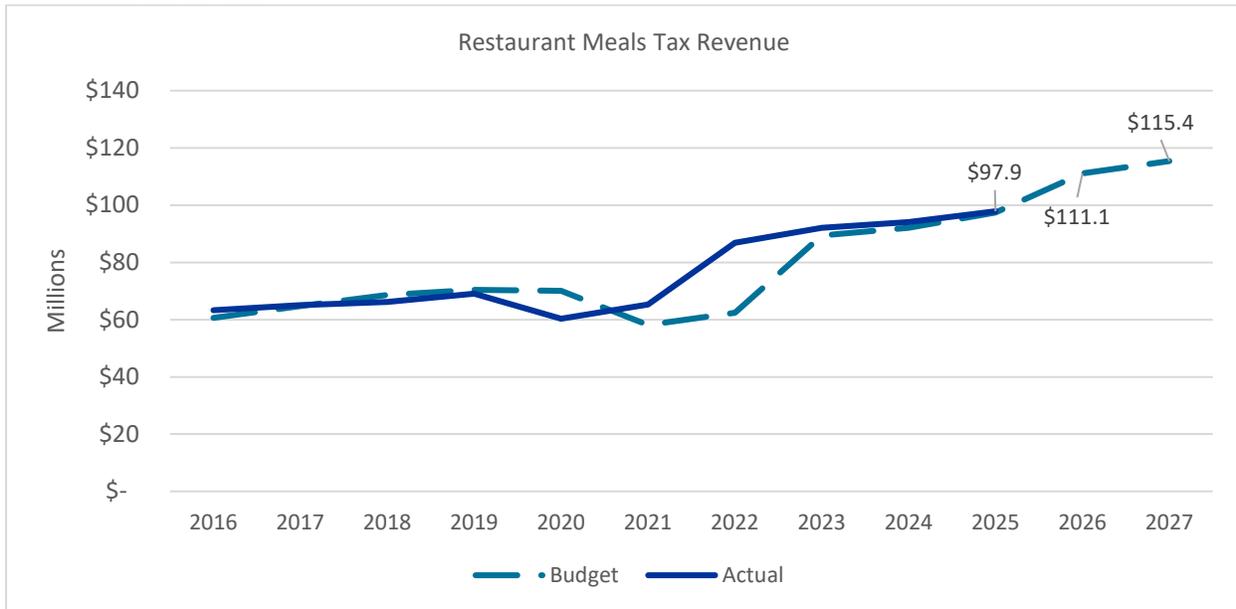


General Sales tax is the largest consumer-driven revenue source and is driven primarily by consumer spending habits and inflation on the cost of goods. Post pandemic, this revenue experienced higher than anticipated growth due to the influx of federal spending to boost the national economy. This stimulus led to higher levels of disposable income, which was then used to purchase goods and services. Growth is also attributed to the fact that online sales are now being reported, and sales tax is now being collected, for businesses that have established an “economic nexus with the Commonwealth of Virginia.” An economic nexus is defined as a business with 200 or more transactions per year or more than \$100,000 in annual gross revenue.

Continued growth in this revenue is expected as historical growth in this revenue has closely aligned with inflation which is projected to continue. In FY 2026-27, the City anticipates receiving \$103.8 million from General Sales tax, a 3.4% increase from the FY 2025-26 Amended Budget.

In addition to the General Sales Tax within the General Fund, the Atlantic Park CDA includes a budget of \$2.5 million in Sales Tax revenue. This revenue is generated from a dedicated 1% sales tax collected on premise, a 2.025% additional sales tax collected on premises, and an additional amount equal to 0.5% of the sales tax generated on site. This is related to the development agreement for the project that dedicates tax revenue within the boundaries of the district for the repayment of debt service.

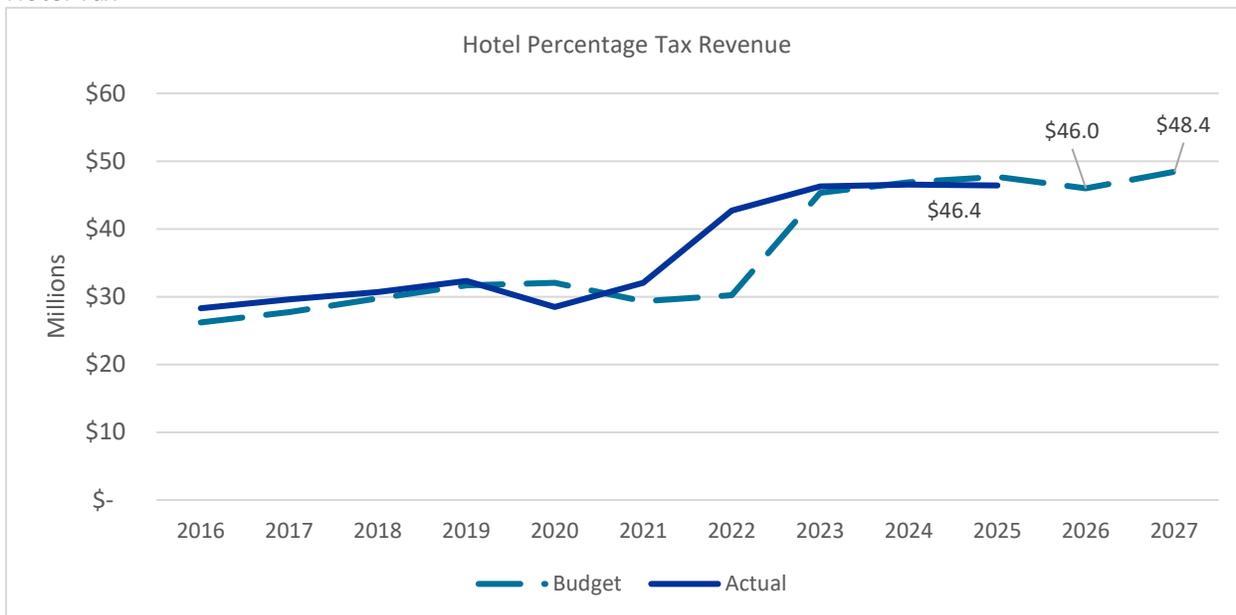
## Restaurant Meals Tax



The Restaurant Meals Tax is another significant revenue source for the City which applies to all prepared meals and drinks sold ready for consumption on or off the seller’s premises. Within the FY 2025-26 Adopted Budget, the restaurant meals tax increased from 5.5% to 6.0% to support the newly established Major Projects Fund. Like other consumer driven revenues, this revenue remained resilient in recent years, despite the COVID-19 pandemic. There is an expected increase in revenue due to the increased meals tax, but then a leveling off back to normal historic levels.

Revenue generated from the Restaurant Meals Tax is expected to grow in FY 2026-27 to \$115.4 million, a 3.6% increase from the FY 2025-26 Amended Budget.

## Hotel Tax

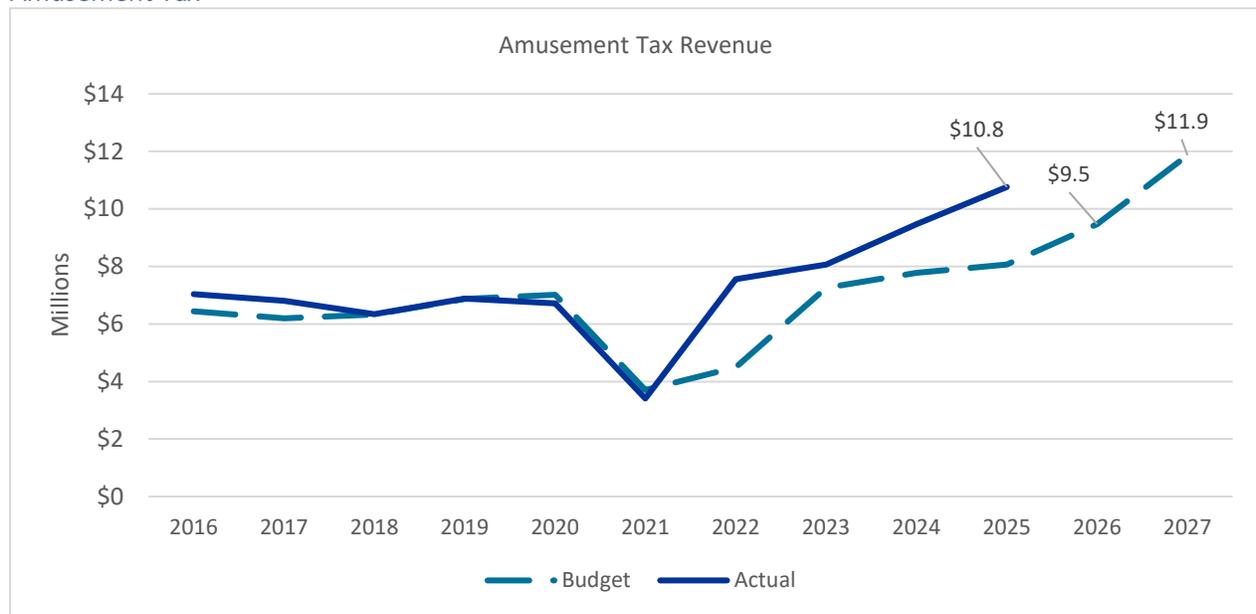


The hospitality industry is a major driver of the local economy; as such, revenue generated from hotel taxes is a substantial portion of the City’s revenue. Hotel tax revenue is comprised of two separate components, an 8% tax on hotel stays and a flat \$2 tax per room night. The tax on hotel stays is driven primarily by the cost of a night’s stay in a hotel, while the flat tax is driven by the number of nights a room is booked. This means that the hotel tax revenue is dependent on the economic climate and the desirability of Virginia Beach as a tourist destination.

Portions of the hotel percentage tax are dedicated to funds used to invest in tourism development and oceanfront infrastructure in Virginia Beach, such as the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP). In addition, hotel percentage tax dedications and rates vary by location. The citywide hotel tax rate is 8%; however, there is an additional 1.5% tax in the Sandbridge Special Service District (SSD), for a total tax of 9.5%. Revenues collected by the SSD are used for beach replenishment and maintenance.

In FY 2026-27, total revenue from the Hotel Percentage tax, including revenue generated in the Sandbridge Special Service District, is estimated to be \$48.4 million.

### Amusement Tax



Prior to FY 2024-25 100% of the Amusement Tax was dedicated to the Tourism Investment Program (TIP) Fund. The General Fund now receives a dedication of 20% for funding for arts and culture and 80% remain in the TIP Fund.

There is a 10% tax on the admission charge for entry into museums, botanical or other similar gardens, zoos, concerts, music venues, theaters etc. A 5% tax is levied the amount charged to persons actively participating in sporting events or athletic contests or activities. Admission charges for spectators who observe, but do not participate in, sporting events or athletic contests or activities shall be taxed at the rate imposed and levied. There is a tax of 10% of the admission charge for all other admissions, including admissions to any place of amusement or entertainment.

The Proposed Budget estimates Amusement Tax revenue to be \$11.9 million in FY 2026-27. This projection is 25% above the FY 2025-26 Amended Budget, due to the unexpected overperformance of this revenue in recent years.

## *State and Federal Revenue*

Estimates for these revenues are based on historical trends, General Assembly budget proposals, gubernatorial recommendations, and congressional action. State and federal budgetary timelines that do not align with the local fiscal cycle, as well as partisan activities that prolong budgetary processes, may impact the consistency of programmed support from year to year. For these reasons, the City budget for state and federal revenues is based upon current state and federal funding strategies that can be anticipated with some degree of certainty. The majority of all budgeted state and federal revenue are earmarked for School funding, human services, or housing assistance. As always, the City will continuously monitor the decisions of the Commonwealth and Federal Government and will adjust if necessary.

In FY 2026-27, total revenues from the Commonwealth of Virginia are estimated to be \$731.6 million. Of this amount, the General Fund is projected to receive \$172.7 million. Total revenues from the federal government are estimated to be \$166.4 million. Of this amount, the General Fund is projected to receive \$27.5 million. Together, these revenues represent approximately 31% of all anticipated revenue.

## Annual Tax and Fee Impact

The following tables illustrates a comparison between the estimated impact of the FY 2026-27 Proposed Budget on a household in Virginia Beach, as compared to the FY 2025-26 Adopted Budget. Values and totals in bold 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.

FY 2025-26 Adopted Budget

Tax or Fee	Value	Annual
Real Estate Tax	\$365,300 (City Median of All Residences) X \$0.97 per \$100 of value	\$3,543
Personal Property Tax	\$9,616 (City Car Average)/100 X \$4 X 57.3% Citizen Share X 2	\$441
Utility Tax	\$9 per month	\$108
Telecomm Tax	5% on \$90/mo. "bundle" + cable ROW fee (\$2.19/mo.) + E-911 tax (94¢/mo.)	\$92
Restaurant Meals Tax	Meals at Restaurants, Carryout's, and Other (\$8,359 X 6%)	\$502
Admissions Tax	Entertainment Fees and Admissions (\$1,798x 10%)	\$180
Vehicle License	\$30 per car X 2 Cars	\$60
Stormwater Utility Fee	58.2 ¢ per day X 365 Days	\$212
Waste Management Fee	\$30.55 per month	\$367
Water & Sewer Fee	Average cost of a 5,000 Gallon household. Water: \$31.15 per month; Sewer \$33.18 per month	\$772
<b>Total</b>		<b>\$6,277</b>

FY 2026-27 Proposed Budget

Tax or Fee	Value	Annual
Real Estate Tax	\$383,600 (City Median of All Residences) X \$0.97 per \$100 of value	\$3,721
Personal Property Tax	\$11,913 (City Car Average)/100 X \$4 X <b>(52.2% Citizen Share – 10% City Tax Relief)</b> X 2	\$402
Utility Tax	\$9 per month	\$108
Telecomm Tax	5% on \$90/mo. "bundle" + cable ROW fee (\$2.19/mo.) + E-911 tax (94¢/mo.)	\$92
Restaurant Meals Tax	Meals at Restaurants, Carryout's, and Other (\$8,359 X 6%)	\$502
Admissions Tax	Entertainment Fees and Admissions (\$1,798x 10%)	\$180
Vehicle License	\$30 per car X 2 Cars	\$60
Stormwater Utility Fee	58.2 ¢ per day X 365 Days	\$212
Waste Management Fee	\$30.55 per month	\$367
Water & Sewer Fee	Average cost of a 5,000 Gallon household. Water: <b>\$32.70</b> per month; Sewer \$33.18 per month	\$791
<b>Total</b>		<b>\$6,435</b>

### Rate Comparisons

Virginia Beach’s taxes and fees compare very favorably with other Hampton Roads localities. The following table includes proposed major tax rates and fees that are imposed on residents and visitors of Virginia Beach, compared to Adopted fees of the other localities. This 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. This includes a real estate tax rate that is 18.76% lower than the average rate for the region, as well as a personal property tax rate that is 10.5% lower than the average rate for the region. The rate reflected for Virginia Beach does not include the 10.1% local credit for personal property.

Tax/Fee	Virginia Beach	Chesapeake	Norfolk	Portsmouth	Suffolk	Hampton	Newport News
Real Estate (per \$100 /A.V.)	\$0.97	\$1.01	\$1.23	\$1.25	\$1.07	\$1.14	\$1.18
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
Personal Property (Boats)^	-	\$0.09	-	\$0.50	\$1.50	-	\$1.00
Automobile License Registration	\$30.00	\$26.00	\$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) ***	\$30.55	-	\$33.41	\$29.16	\$30.00	\$38.05	\$25.30
Meals	6.0%	6.0%	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	\$2.00	\$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 monthly cost of recyclers; a higher fee is applied to those who do not recycle. Newport News represents the cost of a standard-size container.

^ Virginia Beach, Norfolk, and Hampton each have a tiered boat registration fee based on vessel size.

^^ These represent local rates. Additionally, for all cities but Suffolk, there is now a 1% additional regional transient occupancy tax to support mass transit in Hampton Roads.

^^^ In the City of Norfolk, this fee is implemented on a per bedroom, not per booking basis

# APPROPRIATION SUMMARY

## *FY 2026-27 Proposed Operating Budget Total Estimated Appropriations*

The City’s Operating Budget of \$2.9 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 and Information Technology charges, would be duplicated if not deducted.



The table below provides a high-level overview of each major appropriation category for both the City of Virginia Beach and VBCPS. More granular details on each City department, including VBCPS can be found in the FY 2026-27 Proposed Operating Budget document.

Category	FY 2025-26 Total City & Schools Amended Budget	FY 2026-27 City Budget	FY 2026-27 Schools Budget	FY 2026-27 Total City & Schools Budget	% Change	\$ Change
Personnel	1,258,085,027	568,039,451	719,458,859	1,287,498,310	2.34%	29,413,283
Fringe Benefits	476,070,086	204,763,793	278,165,346	482,929,139	1.44%	6,859,053
Operating Expenses	666,138,313	481,937,160	198,658,580	680,595,740	2.17%	14,457,427
Capital & Leases	35,125,088	24,390,072	4,627,673	29,017,745	-17.39%	-6,107,343
Debt Service	193,749,707	166,872,797	50,071,611	216,944,408	11.97%	23,194,701
Pay-As-You-Go	123,023,386	113,310,146	5,000,000	118,310,146	-3.83%	-4,713,240
Reserves	40,558,502	68,678,551	-	68,678,551	69.33%	28,120,049
<b>Total Budget</b>	<b>\$2,792,750,109</b>	<b>\$1,627,991,970</b>	<b>\$1,255,982,069</b>	<b>\$2,883,974,039</b>	<b>3.27%</b>	<b>\$91,223,930</b>

It is important to note, that within the “Personnel” and “Fringe Benefits” categories, VBCPS includes their proposed 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 amount, \$18.6 million is set aside for compensation increases across all funds. Approximately 13% of the reserve amount is for future debt service for the Flood Protection Bond Referendum, the Agriculture Reserve Program, and the Storm Water Utility Enterprise Fund. There is also a Fuel and Energy Reserve within the General Fund for \$2.5 million, due to an expected increase in energy costs from Dominion Power and potential increases of the price of fuel. A full list of reserves and their intended purposes can be found in the “Non-Departmental” section of the FY 2026-27 Operating Budget document.

The main reduction category in the FY 2026-27 Budget is the Capital and Leases category which decreased by 17.4% from the year prior. Specifically, the City reduced the funding for citywide leases by \$978,000 in FY 2026-27. The leases for four of the locations that are not in the municipal center expire by the end of FY

2025-26 which the City will not renew. These off-campus locations previously housed divisions of the Public Works and Planning departments. The recent expansion and refurbishment of facilities in the Municipal Center will provide enough space for affected staff to work in the municipal center and eliminate the cost of these leases. The Capital and Leases category also decreased for Schools by 69.7% from the year prior, due to reductions within the Grants Special Revenue Fund and School Operating Fund.

**Budgeting for Attrition**

For the City’s General Fund, the practice of budgeting for attrition is being used for the seventh consecutive year. There is a negative payroll reserve totaling \$10 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.

The table below provides the annual vacancy savings within the City’s General Fund, which have been approximately \$15.6 million on average for the last three years. Contracted Manpower and Overtime are subtracted from the equation for vacancy savings to display how general salary savings support over expenditures in the other two categories. In addition to contracted manpower and overtime, budgeted salaries can be transferred, through City Manager or City Council approval to meet immediate operational needs, such as to respond to natural disasters, to align funding needed for contracts that exceed originally budgeted estimates, or other emergent priorities. As the City reduced the number of long-term vacancies, the annual savings declines as reflected in the following table.

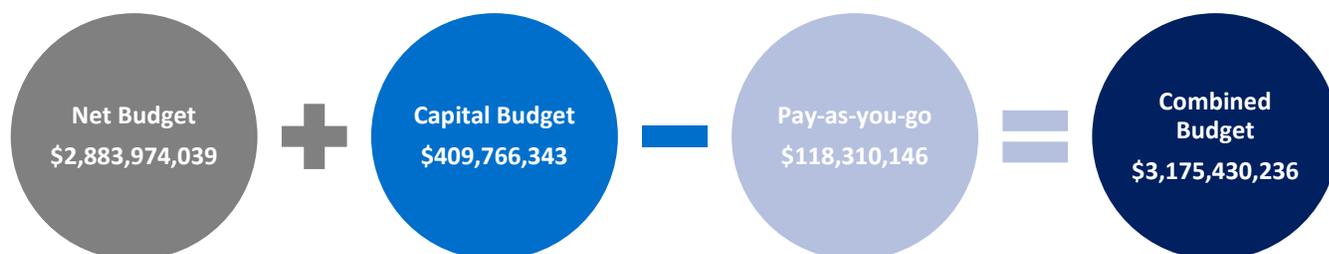
Year	Salary and Benefits	Contracted Manpower	Overtime	Total
FY 2023 Budgeted	459,461,148	9,285,652	15,499,175	484,245,975
FY 2023 Actual	428,904,268	12,818,456	24,584,142	466,306,866
<b>FY 2023 Difference</b>	<b>30,556,880</b>	<b>(3,532,804)</b>	<b>(9,084,967)</b>	<b>17,939,109</b>
FY 2024 Budgeted	506,406,033	12,223,038	17,803,512	536,432,583
FY 2024 Actual	481,305,507	13,794,151	27,348,964	522,448,622
<b>FY 2024 Difference</b>	<b>25,100,526</b>	<b>(1,571,113)</b>	<b>(9,545,452)</b>	<b>13,983,961</b>
FY 2025 Budgeted	531,146,086	12,337,582	22,918,129	566,401,797
FY 2025 Actual	508,786,469	15,334,836	27,319,193	551,440,498
<b>FY 2025 Difference</b>	<b>22,359,617</b>	<b>(2,997,254)</b>	<b>(4,401,064)</b>	<b>14,961,299</b>
<b>Three-Year Average</b>	<b>\$26,005,674</b>	<b>(\$2,700,390)</b>	<b>(\$7,677,161)</b>	<b>\$15,628,123</b>

The FY 2026-27 Proposed Operating Budget uses \$10 million to balance the budget, with another \$30.4 million and \$29 million to support years one and two of the 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 City’s need to borrow while maintaining a healthy cash balance in the CIP.

## CAPITAL IMPROVEMENT PROGRAM SUMMARY

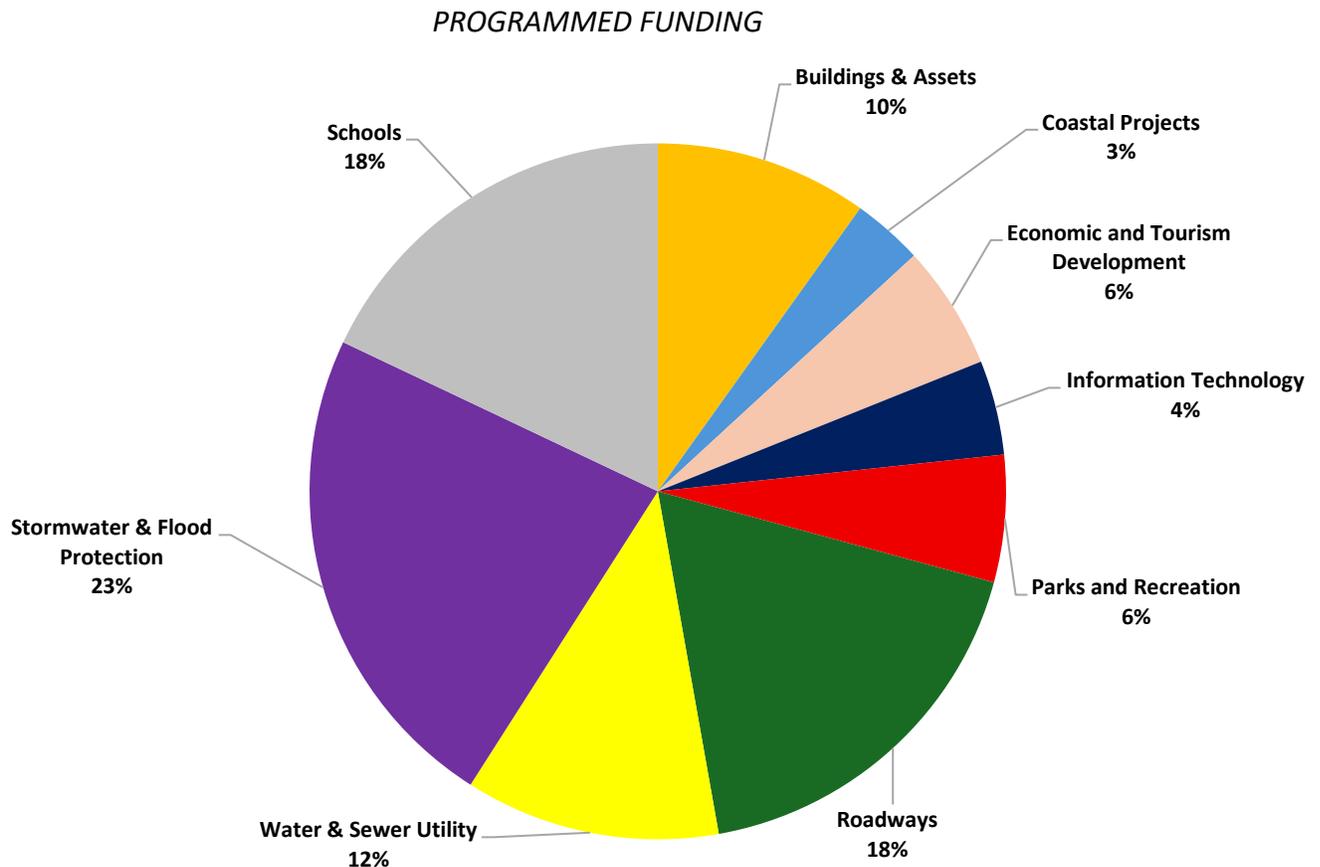
The Capital Improvement Program (CIP) is the City’s six-year plan for the acquisition, construction, maintenance, and improvement of facilities and infrastructure. Continued investment in existing assets, as well as the strategic planning of new and replacement assets, is key to the success of the City.

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 and their potential impact on the Operating Budget are appropriately estimated. The FY 2026-27 through FY 2031-32 CIP (including appropriations to date) totals over \$5.27 billion. The combined total appropriations for the FY 2026-27 Operating Budget and Capital Budget are shown below.



The combined budget included in the Resource Management Plan for FY 2026-27 is \$3,175,430,236. 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 2026-27 Budget Year 1	Capital Program Budget Years 2-6	Programmed Funding
Buildings & Assets	235,926,839	82,349,586	202,683,207	520,959,632
Coastal Projects	124,315,066	6,830,796	42,622,214	173,768,076
Economic & Tourism Development	241,891,040	35,970,237	26,285,608	304,146,885
Flood Protection	863,571,876	36,997,513	43,945,289	944,514,678
Information Technology	149,379,933	11,796,086	70,556,405	231,732,424
Parks & Recreation	158,459,008	15,598,614	137,582,883	311,640,505
Roadways	607,854,254	91,510,892	249,483,101	948,848,247
Schools	575,689,209	61,940,000	309,700,000	947,329,209
Sewer Utility	215,385,415	23,420,000	151,225,000	390,030,415
Stormwater	89,392,917	29,266,619	151,020,005	269,679,541
Water Utility	124,140,493	14,086,000	96,547,000	234,773,493
<b>Total Capital Projects</b>	<b>\$3,386,006,050</b>	<b>\$409,766,343</b>	<b>\$1,481,650,712</b>	<b>\$5,277,423,105</b>



## ***BUILDINGS AND ASSETS***

Overall, the Buildings and Assets section of the CIP totals \$82.3 million in FY 2026-27 and \$285 million over the six-year program, excluding appropriations to date. This section places heavy emphasis on the repair and rehabilitation of existing facilities that are critical to City operations. Overall, the primary focus of this CIP section is the maintenance of existing City facilities. A number of facilities have exceeded their useful life and require replacement. City Council has indicated numerous times that funding priority should be given to the maintenance and modernization of City assets and infrastructure, including most recently at the 2026 Winter Retreat.

In the FY 2026-27 CIP, several new projects were established and several existing projects received increased funding to continue critical maintenance and repair of current buildings in order to meet City Council’s goal of maintenance and modernization of City assets and infrastructure.

### **NEW PROJECTS**

- **Dome Maintenance (CIP 100742):** This project will provide for non-routine capital maintenance of the Virginia Beach Dome. Long term general capital maintenance is funded by the VBDA through an operating agreement. Over time, funds will accumulate in a separate operating account to provide a sustainable capital maintenance plan. Funding for this project comes from the TIP Fund.

- **Public Works Operations Yard Improvement Project (CIP 100743):** This project will provide maintenance at several Public Works operations yards including: Dam Neck, Euclid Yard, and the Potters Road Facility. Projects include the repair, replacement, upgrade, repainting and structural hardening of sheds, buildings, facility renovations, stormwater improvements and security improvements. This project is supported by VDOT urban maintenance revenue.
- **SCBA Replacement (CIP 100744):** This project is to replace all of the current Self-Contained Breathing Apparatus (SCBA) units for the Fire Department and required accessories that will at the end of their serviceable life in 2028. This would include purchasing 350 SCBA units with Universal Rescue Connection (URC), batteries, and other required associated accessories, 661 SCBA cylinders, and 700 Facepieces.
- **Municipal Center Building Renovations (CIP 100746):** The Municipal Center Building Renovations project is intended to preserve, restore, and extend the functional life of the Municipal Center facility. The project will address deferred maintenance items, improve building systems performance, enhance occupant safety, and ensure continued compliance with applicable building codes and accessibility standards. Scope of work will include renovations, maintenance, and repair to facilitates on the municipal campus.
- **Human Services Building Renovations (CIP 100747):** Human Services operations span across the City and across multiple facilities. The purpose and scope of this project is to maintain aging Human Services infrastructure ensuring the facility space meets the needs and demands of the public. Examples of work include renovating the Human Services main lobby, floor 2, floor 3, and replacement of the roof at the juvenile detention center.
- **Library Building Renovations (CIP 100748):** This project will fund the renovations and maintenance needs for Public Library facilities. Libraries operate in numerous facilities throughout the City. Near term priority needs include building modifications, HVAC, plumbing, electrical, painting, carpet replacement needs at Kempsville, Princess Anne, Pungo Blackwater, and Windsor Woods. A near-term need has also been identified at the Central Library to replace light baffling.
- **Virginia Aquarium Modification (CIP 100749):** This project is for the development of a concept for the refurbishment, replacement, improvement, and/or renewal of the Virginia Aquarium North Building. Items include but are not limited to public areas, exhibit areas, animal support systems, animal habitat structures, animal care equipment, operational and administrative spaces, and site improvements. A joint committee comprised of City staff, Foundation members, and City Council liaisons will provide options on scope and project cost for City Council's consideration before design or construction funding is appropriated.

#### EXISTING PROJECTS WITH MODIFICATIONS

- **Fire Apparatus IV (CIP 100175):** This project receives an annual appropriation of \$2.2 million. Due to recent increase in apparatus' costs and long wait time for new orders, this project will receive an additional one-time funding in FY 2026-27, in the amount of \$9 million.
- **Beach Maintenance Facility (CIP 100260):** This project has received an additional \$250,000 for initial design work to be completed for this facility with funding for construction to be considered in future fiscal years.
- **Critical Court Facility Safety and ADA Accessibility project (CIP 100651):** This project is programmed to receive an additional \$20.2 million for elevator replacements and ADA courtrooms for each court in FY 2026-27. This project will be funded through issuance of Public Facility Revenue Bonds, supported by the Major Projects Fund.

## ROADWAYS

The Roadways section of the CIP totals \$91.5 million in FY 2026-27 and \$340.9 million over the six-year Capital Improvement Program, excluding appropriations to date. On average, 58% of Roadways appropriations are funded by local sources, while 42% come from the federal government or from the Commonwealth. The transportation network is important to both City Council and the community. The Proposed CIP maintains full funding on projects reflected as fully funded in the most recent adopted CIP, and fully funds for additional projects. In addition, significant resources from the Commonwealth and federal government have been awarded to this section.

### EXISTING PROJECTS WITH MODIFICATIONS

- **Elbow Road Extended Phase II-B (CIP 100529):** This project received an additional \$9.7M in FY 2026-27 from Project 100217 "Indian River Road Phase VII-A." This project which is currently under construction will provide two lanes of the ultimate four-lane right-of-way footprint on Elbow Road from Meadow Crest Way/Margaret Drive to the Chesapeake City Line at Stumpy Lake, approximately 1.3 miles. The two lanes constructed in Phase II-B will be the future eastbound lanes in the ultimate four-lane divided roadway configuration. The typical roadway section includes an 8-foot-wide sidewalk, two dedicated on-road bike lanes, LED streetlights, landscaping and noise barriers where warranted on both sides of the roadway in their ultimate locations. Also included is the replacement and realignment of two lanes of the existing sub-standard Elbow Road Bridge. The additional funding keeps this project as fully funded.
- **Elbow Road Extended Phase II-C (CIP 100159):** This project received an additional \$1.6M in FY 2026-27 from Project 100213 "Indian River Road Phase VII-B." This project, which is currently under construction will provide two, additional westbound lanes of Elbow Road Phase II, including two additional bridge lanes, and the full four lane section from the proposed intersection with Indian River Road to Salem Road. The construction of the additional two lanes will complete the ultimate four lane divided roadway on Elbow Road for approximately 1.1 miles. The typical roadway section includes an 8-foot-wide sidewalk, a dedicated road bike lane, LED streetlights, median, and landscaping. The project also includes the completion of the realigned bridge crossing North Landing River. The additional funding keeps this project as fully funded.
- **Holland Road Phase I (CIP 100564):** This project's total funding has been increased by \$14.4M through the six-year CIP and is now reflected as fully funded. This project will reconfigure Holland Road as a six-lane superstreet by adding additional through lanes in both directions from South Independence Boulevard to South Plaza Trail and by installing Restricted Crossing U-Turn (R-CUT), which helps reduce crashes, intersections at the intersections that lack a traffic signal. The project will also include continuous five-foot wide sidewalk on both sides of Holland Road, as well as LED streetlights and installation of bus shelters at four existing bus stops.
- **Independence Blvd/Edwin Drive Intersection (CIP 100482):** This project's total funding has been increased by \$8.6M through the six-year CIP and is now reflected as fully funded. This project will convert left-turn movements in both directions of South Independence Boulevard at Edwin Drive to median left-turns upstream and downstream of the mainline intersection (Median U-Turns) and widen east-bound and west-bound approaches on Edwin, Drive to 2-Lefts, 1-Thru, and 1-Right. The project will also include continuous five-foot sidewalk on both sides of Independence and Edwin with a connection to existing shared-use path on Edwin as well as installation of bus shelters at two existing bus stops. The additional funding keeps this project as fully funded.

- **I-264 / Independence Interchange Improvements (CIP 100211):** This project has received an additional \$10M in federal funding in FY 2026-27 in the form of a federal earmark. This project will further analyze the I-264/Independence Boulevard interchange improvement alternatives, develop an Interchange Access Report (IAR), and implement the preferred interchange alternative as identified by the IAR. This project has an estimated balance to complete of \$655,093,369 and construction is not currently planned in the six-year CIP. This project will be a partnership between the City and the Commonwealth.
- **Laskin Road Phase I-B (CIP 100239):** This project is for the construction of a six-lane divided highway in a 150-foot right-of-way from Red Robin Road to Oriole Drive, approximately 0.6 miles. The feeder roads along Laskin Road within the project limits will also be removed with this project. Existing aerial utilities will be relocated to a new overhead location. This project is receiving \$6 million in support from the Commonwealth and \$29.1 million in federal support.
- **Laskin Road Phase III (CIP 100243):** This project was awarded Regional Surface Transportation Program (RSTP) funds for FY 2026-27 and FY 2027-28. The cost estimate was based on the recent grant applications, with costs included for federal provisions. This project is for construction of a six-lane divided highway with bike accommodations from Republic Road to just west of Phillip Avenue, approximately 0.7 miles. The existing service/feeder roads along Laskin Road from Regency Hilltop to Republic Road will also be removed with this project. Aesthetic improvements, such as landscaped median and verge areas, will be provided to enhance the roadway corridor.
- **Lookout Road Sidewalk (CIP 100702):** This project added \$622,153 in FY 2026-27 to fully fund the sidewalk on the north side of Lookout Road from Northampton Blvd to Seaview Ave. The project will include also needed private utility relocations as well as site acquisition. Stormwater improvements will also be studied for potential implementation with the project. Costs are supported by speed enforcement revenue.
- **Woodstock Road Sidewalk (CIP 100682):** This project added \$2,798,930 in FY 2026-27 to fully fund the sidewalk along the western side of Woodstock Road from the northern entrance of New Song Fellowship Church to Walker Road. The proposed concrete sidewalk will connect existing sidewalks at both ends. Most of this sidewalk will be located within existing right-of-way. Costs are supported by speed enforcement revenue.

## *Coastal*

The City's coastal capital improvement projects revolve around beach replenishment, beach access, main channel and inlet navigational dredging, and the Neighborhood Navigational Dredging Special Service Districts. The projects are accomplished through a mix of dredging, beach renourishment, beach restoration, access improvement, beach profile monitoring, mitigation, and replacement projects. In total, the Coastal section will be appropriated \$6.8 million in FY 2026-27 and \$49.4 million throughout the six-year program, excluding appropriations to date.

### EXISTING PROJECTS WITH MODIFICATIONS

- **Bay Beaches Restoration (CIP 100030):** This project added \$3,590,000 within FY 2026-27 and FY 2027-28 for the next renourishment of Ocean Park Beach is planned for FY 2027-28. Design efforts to begin in FY 2026-27.
- **Dredge Operations Rehab and Modifications (CIP 100149):** This project has added \$1,350,000 in funding for capital needs to support dredge operations, including a five-year overhaul cycle for the dredge, and maintenance and replacement cycles for tugboats, push boats, a bulldozer, and the dredge's underwater pipeline.

## ***WATER AND SEWER***

The Water and Sewer sections of the FY 2026-27 to FY 2031-32 CIP total \$37.5 million in year one, while the six-year program totals \$285.2 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. Over 97% of the Sewer CIP and 81% of the Water CIP are dedicated to replacing, rehabilitating aging infrastructure, and technology, while less than 5% of funds are directed towards system expansion.

## ***SCHOOLS***

The Schools section of the CIP is managed by the Office of Facility Services of VBCPS and is primarily funded through resources provided from the established Revenue Sharing Formula. In FY 2026-27, the Virginia Beach City Public School section of the Capital Improvement Program totals \$61.9 million in year one and \$371.6 million over the six-year CIP, excluding appropriations to date.

### **NEW PROJECTS**

Beginning in FY 2026-27, VBCPS will have a standalone cable access infrastructure project. This project addresses public education and government cable television channel infrastructure needs. This is funded by cable television providers through the franchise agreements, via a fee on monthly cable bills. The Schools portion of this project previously was included within the City's project "Cable Access Infrastructure II."

### **EXISTING PROJECTS WITH MODIFICATIONS**

In the FY 2026-27 Proposed CIP "Princess Anne High School Replacement" is now fully funded within the six-year CIP window. VBCPS has worked to move the construction timeline up to now planned construction start of July 2028. To do so, multiple out-year maintenance projects redirected some funding to allow for the faster construction schedule. By moving up the construction timeline the estimated cost has decreased from \$499.8 million to \$330.4 million.

## ***STORMWATER***

In FY 2026-27, the Stormwater section of the Capital Improvement Program totals \$29.3 million in year one and \$180.6 million over the six-year CIP, excluding appropriations to date. In general, this section maintains the previous level of funding provided for maintenance and water quality. No new projects have been established in FY 2026-27.

The Stormwater CIP section is supported mainly by the Stormwater Enterprise Fund which collects revenue from the Stormwater Equivalent Residential Unit (ERU) fee.

### **EXISTING PROJECTS WITH MODIFICATIONS**

Two stormwater projects, Brigadoon Park Water Quality Improvement Project (CIP 100671) and Chatham Hall Water Quality Improvement Project (100566) had funding fully restored in the six year CIP after funding was redirected to assist with issue contracts for Flood Protection project bundles in FY 2025-26.

The most important utility service to residents is the overall management of public stormwater runoff/drainage/flood control. Combined with Flood Protection, Stormwater is the single largest CIP section.

## *FLOOD PROTECTION*

The FY 2026-27 CIP is the fifth 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 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 dedication equivalent to 4.1¢ in the real estate rate was necessary to support the debt service associated with those bonds.

Because of the Referendum, minimal additional local funding is provided to the section in FY 2026-27's CIP. Funding allocations are strategic, and made when a project, or group of projects is ready for design and/or construction. The only projects receiving continuous funding are "Stormwater Project Administration" to assist with the implementation of the overall program and "Stormwater Cost Participation" to provide a cost sharing opportunity with the development community to offset the cost of local stormwater requirements

Flood Protection projects are not immune to inflationary pressures. Currently, the total estimated balance to complete on those projects is \$553.5 million. As designs are finalized, and construction contracts bid this cost estimates will be continuously refined. The City will continue to work with consultants to keep projects on schedule and within the authorized referendum allocation to the greatest extent possible.

Like the Stormwater CIP, Public Works continues to seek grant opportunities for Flood Protection projects. In FY 2026-27 the Bow Creek Stormwater Park (100516) and Pungo Ferry Road Improvements (100548) each received a \$1 million federal earmark. Also, in FY 2026-27 Eastern Shore Drive Lynnhaven Colony Park Pump Station (100167) was awarded a Virginia Department of Conservation and Recreation loan for \$8,333,333.

In FY 2025-26, a collection of seven projects in the Windsor Woods, Princess Anne Plaza, and The Lakes master project were grouped together to form the Windsor Woods Mega Bundle, six of which were approved in the 2021 Flood Protection Bond Referendum. The remaining project is funded by the Stormwater Enterprise Fund. The Mega Bundle is estimated to be completed by early 2031 based on the contractor's estimate. The projects received a guaranteed maximum price and in order to issue the construction contract full appropriations had to be put in place. \$403.6 million was transferred from a combination of other Flood Protection Projects in the future years, Stormwater Revenue Bonds, Stormwater dedicated funding, and bonds to be repaid by the Flood Protection Program. The projects identified for transfer were selected based on availability of funds and expected delivery timeline, consistent with other recent transfers for major construction contracts. The FY 2026-27 CIP continues funding for contingencies, the owner advisor, and other costs not included in the construction contract.

In FY 2025-26, construction bids for four Eastern Shore Drive were received and the lowest qualified bidder's estimate exceeded current funds available within the projects. To issue a construction contract, \$27.3 million in funding was transferred from 16 other projects. Several of the projects that redirected funding are complete and will not need funding restored later. Efforts will be made to provide funding to the projects that redirected funding to the greatest extent possible based on funding availability. In addition to the above \$27.3 million, the funding gap will be closed through the acceptance and appropriation of the \$8.3 million loan from the Virginia Department of Conservation and Recreation.

In addition, Central Resort District Drainage Improvements (100062) has \$11 million in planned funding to begin the design of the project which will construct storm drainage improvements to reduce flooding within

the Central Resort District. This project was initially funded through the Referendum, and all available appropriated funds were transferred in FY 2025-26 to issue the Mega-Bundle construction contract.

## ***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 \$35.9 million in FY 2026-27 and \$62.2 million over the course of the six-year program, excluding appropriations to date.

### **EXISTING PROJECTS WITH MODIFICATIONS**

- **Atlantic Avenue Street Improvements (CIP 100300):** This project reduced the planned funding in FY 2026-27 by \$6.3 million, and previously appropriated funds to keep the project aligned with the Atlantic Avenue Task Force recommendations. Construction will be planned to begin in the fall of 2027.
- **Pembroke Square Public Parking (CIP 100686):** This project added an additional \$5.5 million in FY 2026-27 for funding associated with the acquisition of the parking garage. This amount is supported by the newly established special services district.
- **Resort Parking District (CIP 100059):** This project added an additional \$25 million in FY 2026-27 for construction of needed parking within the Resort Area.
- **Town Center Garage and Plaza Capital Maintenance II (CIP 100420):** This project added an additional \$7.6 million across the six-year CIP from the Town Center TIF to support elevator maintenance and replacement.

## ***PARKS AND RECREATION***

The Parks and Recreation capital improvement section totals \$15.6 million in FY 2026-27 and \$153.1 million over the six-year Capital Improvement Program (CIP), excluding appropriations to date. While not many changes to existing projects have been included in this section, two new projects have been established in the FY 2026-27 CIP.

### **NEW PROJECTS**

- **Bayside Recreation Center Modernization (CIP 100740):** This project will provide for the design and construction to renovate and potentially expand the Bayside Recreation Center. Design funding is planned for FY 2027-28 and will be supported by the Parks and Recreation Special Revenue Fund.
- **Princess Anne Recreation Center Modernization (CIP 100739):** This project will provide for the design and construction to renovate and potentially expand the Princess Anne Recreation Center. Design funding is planned for FY 2029-30 and will be supported by the Parks and Recreation Special Revenue Fund.

### **EXISTING PROJECTS WITH MODIFICATIONS**

- **Great Neck Recreation Center Modernization (CIP 100661):** This project added an additional \$42 million in FY 2027-28. This CIP first appeared in FY 2023-24 CIP titled as "Recreation Centers Modernization." The basis of improvements will be taken from the 2020 Recreation Centers Modernization Study, data from recent community surveys, and future public engagement sessions. This project's funding is supported by the Parks and Recreation Special Revenue Fund.
- **Lynnhaven Marina and Boat Ramp Facilities Repairs/Reno (CIP 100256):** This project added an additional \$250,000 in FY 2026-27 to build a permanent restroom to replace the previously

demolished restroom facility at the Lynnhaven Marina. Direction was provided by City Council during the FY 2025-26 Reconciliation process to find a long-term solution for this need.

## *INFORMATION TECHNOLOGY*

For FY 2026-27, the Information Technology section of the CIP totals \$11.7 million, while the total six-year program invests a total of \$82.3 million in information technology related projects, excluding appropriations to date. In the FY 2026-27 CIP, one new project was established and several projects received additional funding to continue upgrading outdated systems to manage the critical needs of the City.

### **NEW PROJECT**

- **Police Technology Sustainment (CIP 100745):** This project is for the sustainment of surveillance cameras, gunshot detection technology, and other technology utilized by the Virginia Beach Police Department in support of the department's mission. In recent years, significant investment has been made into police technology. This project ensures a sustainable funding source for replacement and/or repairs. In FY 2026-27, this project received a transfer of \$1,481,446 from various closed CIP projects. This project will not be used for net new items.

### **EXISTING PROJECTS**

- **21<sup>ST</sup> Century Enterprise Resource Planning (CIP 100074):** This project is for the implementation of a new Enterprise Resource System for Human Capital Management to bring best business practices for Human Resources functions and core HR administrative tasks. This project was first established in the FY 2018-19 CIP. In FY 2026-27 it will receive \$2.4 million in appropriations to date from various completed projects.
- **Cable Access Infrastructure Replacement II (CIP 100083):** This project first appeared in the FY 2018-19 CIP. This project addresses public education and government cable television channel infrastructure needs. This is funded by cable television providers through the franchise agreements, via a fee on monthly cable bills. This project previously received \$315,000 annually. After reevaluation of the revenue stream, changes to the financial agreements, and a newly established sister project within the Schools CIP, the new annual estimate has been revised down to \$140,000.
- **Network Infrastructure Replacement III (CIP 100107):** The purpose of this project is to fund the IT infrastructure replacement program, including hardware, recurring maintenance, associated licensing and upgrades. This project supports lifecycle management of the city's investments in technology infrastructure including data center hardware, data center services, cloud and hybrid cloud infrastructure and services, network equipment, Virtual Desktop Infrastructure, licensing and software, cloud account costs, and ingress/egress charges. This project receives annual appropriations of \$1.1 million. In year one of the FY 2026-27 CIP, this project will receive additional \$4 million for the replacement of the City's hybrid data center environment including local and regional data centers.

## *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:

- Ratio of General Government Debt Service to General Government Expenditures
- Ratio of General Government Net Debt to Assessed Value of Real Property
- Fixed Costs to General Government Expenditures
- 10-Year Payout Ratio

The City monitors these metrics closely when making CIP means of financing decisions and because of implementation of conservative debt metrics such as these, the City of Virginia Beach is an AAA/Aaa bond rated locality. 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 City will maintain good communications regarding its financial conditions. It will regularly evaluate its adherence to its debt policies. The City will promote effective communications with bond rating agencies and others in the marketplace based on full disclosure.

## *Means of Financing the CIP*

As the following table illustrates, sources of bonds account for the majority (46.7%) 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 building projects, and roads. This CIP includes \$196.95 million of debt financing budgeted in FY 2026-27.

Pay-As-You-Go financing (pay-go), accounts for 29% 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. In addition, increased pay-go from the ARP, TIP, and TAP funds have been incorporated to the CIP, reducing the burden on the General Fund to offset a portion of a previous Real Estate tax rate reduction.

The FY 2026-27 CIP is 13.8% supported by fund balance, the majority of which is from the General Fund. 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. The Adopted Budget estimates the fund balance at the end of FY 2025-26 will be 10%.

In addition, Attachment “C” of the Capital Improvement Program Ordinance transfers funding between projects. This mechanism allows for available funds from completed or delayed projects to be put toward more immediate needs, reducing the need for appropriations in year one of the CIP. For example, \$2.4 million of funding from various completed projects is being transferred to CIP 100074 “21st Century Enterprise Resource (HCM)” and the year one budget was reduced by a like amount.

CIP Means of Financing	Year 1	Years 2 – 6	Total Programmed Funding
Pay-as-you-go	118,310,146	429,345,527	547,655,673
Bonds	196,953,257	687,197,717	884,150,974
Fund Balance	53,373,005	207,680,137	261,053,142
State Contribution	13,354,464	61,013,561	74,368,025
Federal Contribution	22,802,919	74,222,130	97,025,049
Other	4,972,552	22,191,638	27,164,190
<b>Total</b>	<b>\$409,766,343</b>	<b>\$1,481,650,710</b>	<b>\$1,891,417,053</b>

# PERFORMANCE METRICS

The Operating Budget for FY 2026-27 includes funding that targets major City Council and community priorities to the greatest extent possible. 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 Council priorities.

## Infrastructure

Protecting, maintaining, 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 community resilient to flooding and sea level rise; building a safe, reliable, and accessible multimodal transportation network; and implementing technology upgrades for the City and its citizens.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bikeability Score	N/A	41	44	44	42	42	42	42	42
Percent of Residents Who Commute Using Alternative Forms of Transportation	17.4%	17.8%	17.8%	N/A	N/A	17.9%	13.1%	13.1%	N/A
Walkability Score	N/A	33	33	32	33	33	33	33	33
Commute Time (in Minutes)	23.3	23.7	28.7	N/A	23.3	23.7	23.5	23.2	23.7
Percent of Households with a Broadband Internet Connection	90.9%	87.8%	83.9%	N/A	92.8%	92.9%	94.1%	94.4%	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.

## Public Health and Safety

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 being prepared for all-hazards, reducing homelessness, and ensuring equitable access to quality social services.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Property Crime Rate Per 1,000	19.5	17.6	17.7	17.6	16.6	18.4	17.2	16.8	14.8
Violent Crime Rate Per 1,000	1.4	1.4	1.4	1.3	1.3	1.1	1.2	0.97	0.91
Number of Health Services Provided to Elderly Residents	1,495	1,881	1,920	5,390	4,146	N/A	850	850	850
Total Number of Immunization Visits	2,615	2,347	2,151	1,323	144,853	18,174	4,260	2,210	2,210
Number of Children’s Dental Visits	696	797	1,205	851	826	800	830	830	830
Cardiac Arrest Survival Rate	37%	36%	51%	27%	25%	37%	42%	42%	35%
Fire Deaths Per 100,000	0.9	0.6	1.1	0.6	1.3	1.3	0.9	0.9	1.1
Estimated Homeless Population	349	243	260	N/A	N/A	352	313	311	327

## Economic Opportunity

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 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. The City strives to continually 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.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Average Monthly Employment	224,576	226,811	229,159	215,991	215,245	215,489	231,842	232,622	224,082
Average Monthly Unemployment Rate	3.5%	2.8%	2.6%	6.2%	3.8%	2.7%	2.8%	2.5%	3.32%
Average Weekly Wage	\$805	\$823	\$854	\$931	\$939	\$1,028	\$1,049	\$1,153	\$1,308
Median Household Income	\$72,586	\$77,059	\$74,222	\$78,136	\$81,810	\$83,245	\$87,544	\$91,141	\$94,579
Number of Startups Per 100,000 Residents	101	89	107	87	133	119	143	143	155
Average Monthly Jobs	178,341	178,196	179,379	167,802	170,498	174,257	180,617	180,326	180,002
Median Single-Family Home Value	\$252,300	\$260,100	\$281,500	\$286,500	\$302,300	\$334,801	\$365,800	\$388,200	\$410,100
Individuals in Poverty	8.0%	6.9%	10.6%	7.2%	9.6%	10%	8.5%	7.6%	N/A
Poverty Rate - Children	10.6%	9.2%	13.9%	9.8%	10.5%	14.4%	11.8%	9.5%	N/A
Poverty Rate - Elderly	5.6%	4.2%	7.5%	4.3%	4.8%	8.8%	7.1%	6.9%	N/A

## Thriving Neighborhoods

Neighborhoods are where we live, work, and play. They need to be safe with proper neighborhood amenities. To this end, the City strives 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.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Renters Paying in Excess of 30% of Median Household Income for Housing Expenses	51.5%	49.3%	43.1%	45.6%	51.9%	55.3%	44.4%	44%	N/A
Homeowners Paying in Excess of 30% of Median Household Income for Housing	34.1%	29.4%	29.9%	26.0%	24.0%	31.4%	22.7%	50%	N/A
High School Dropout Rate	4.5%	3.8%	3.0%	2.9%	2.7%	2.9%	2.8%	2.1%	2.2%
On-time High School Graduation Rate	91.9%	93.4%	93.9%	94.2%	94.8%	94.9%	95.3%	96.1%	96.9%
Percent of Children Reading at Grade Level by 3 <sup>rd</sup> Grade	76.2%	75.8%	79.3%	N/A	71.2%	75.9%	75.4%	77.0%	75%
Percent of High Schools that are Blue Star Certified	83.3%	75.0%	90.9%	75.0%	N/A	N/A	83.0%	58.3%	75%
Percent of High School Graduates with an Advanced Diploma	56.6%	56.7%	55.9%	51.5%	55.3%	55.3%	57.6%	54.5%	56.5%
Percent of Virginia Beach Preschools Receiving Early Literacy Story Times and Deposit Collections Through Outreach Library Service	57.0%	57%	61.3%	45%	53%	53%	33.65%	53%	37%
Percent of youth with library cards	36.0%	37.7%	24.1%	38.4%	35.4%	35.4%	50.5%	59.0%	68%
Number of VA Quality Rated preschool centers	30	39	34	34	34	34	44	139	100
Percent of City Population with Walkable Park Access	58.0%	60.6%	64.0%	64.5%	63.0%	63.0%	68%	68%	69%
Acres of Parkland per 1,000 Residents	54.9	54	54	61.8	56.7	56.7	62.2	56.2	56.2
Overall Real Estate Assessment Average Change	1.94%	2.79%	2.21%	3.10%	3.60%	4.83%	10.90%	9.61%	5.64%
Public Open Space per 1,000 Residents	15.6	15.6	15.6	11	11	11	11	11	11

## Sustainable Government

The City of Virginia Beach provides excellent and varied services to its citizens as evidenced by the consistently high citizen satisfaction metrics. To continue providing excellent services and to ensure that City operations are sustainable, The City continues to focus 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.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pounds of Solid Waste Produced per Capita per Day - FY	1.69	1.6	2.12	2.21	2.02	1.8	2.7	3.3	2.05
Recycling Rate	34.0%	28.5%	18.9%	35.9%	12.9%	12.8%	12.9%	15.4%	13%
Water Consumption per Capita (Gallons per Day) - FY	68.9	67.9	66.3	66.8	68.8	70.9	68.8	69.1	63.788
City of Virginia Beach Bond Rating (Moody's, Standard & Poor's, Fitch)	AAA								
Operating Expenditures Per Capita	\$4,186	\$4,300	\$4,382	\$4,550	\$4,540	\$4,603	\$6,317	\$6,519	\$6,161
Number of Volunteer Hours (In Millions)	1.20	1.10	1.10	1.00	0.78	0.79	0.90	0.90	N/A
Percent of Drinking Water Tests Meeting or Exceeding Federal Standards	100%	100%	100%	100%	100%	100%	100%	100%	100%
Residents voting in Elections for Local Office	43%	56%	39%	76%	50%	39%	38%	66%	51%

## TRANSPARENCY INITIATIVES

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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 to promote transparency and civic engagement.

### *Balancing Act*

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 the Balancing Act, an interactive web-based application. This web-based application 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 Proposed City Budget as a baseline, residents can create and submit their own vision of what the City's funding priorities should be.

This tool aims 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.

### *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.

### *Public Input/Speak Up VB!*

The Communications Department and Budget and Management Services use a public engagement tool entitled Speak Up VB. Through the tool, citizens can submit an email, leave a voicemail, are provided of the time and dates for the public budget hearings, and provided links to all publicly presented materials on the budget. This tool is available shortly after the Proposed Budget is presented to the City Council in mid-March until a specified time (on the Speak Up VB active project associated with the budget) during the week prior to the City Council Budget Reconciliation in early-May.

# FINANCIAL STRATEGY

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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 2026-27 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](http://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 projects 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 \$250,000 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 FUND BALANCE OF THE GENERAL FUND

## Projection of General Fund Balance

At June 30, 2026

<b>Beginning Available Fund Balance</b>		<b>\$175,960,619</b>
Add: FY 2025-26 General Fund Revenues		
Budgeted Revenues	1,557,079,967	
Revised Revenue	10,800,664	
		<u>1,567,880,631</u>
<b>Total Fund Balance and Revenues</b>		<b>\$1,743,841,250</b>
Less:		
Operating Expenditures	874,393,227	
School Operations	550,980,269	
Other Transfers	<u>96,974,083</u>	<u>1,522,347,579</u>
<b>Total Projected Fund Balance at June 30, 2026</b>		<b>\$221,493,671</b>
Less: Anticipated Uses of Fund Balance:		
Encumbrances and Carryforwards	25,000,000	
FY 2026-27 Capital Budget (General Fund)	30,373,005	
Human Services	<u>2,413,001</u>	<u>57,786,006</u>
<b>Total Estimated Unassigned Fund Balance at June 30, 2026</b>		<b>\$163,707,665</b>

### Calculation of Unassigned General Fund Balance

<b>Projected FY 2026-27 General Fund Revenues</b>	<b>\$1,637,437,992</b>
<b>Unassigned Fund Balance as a percentage of FY 2026-27 Revenues</b>	<b>10.00%</b>

**City of Virginia Beach, Virginia**

**Revenue Summary**

	FY 2025 Actual	FY 2026 Adjusted Budget	FY 2027 Adopted Budget	%
				Change
<b><u>Revenue Source Summary</u></b>				
Local Revenue				
General Property Taxes				
Personal Property Tax	218,932,959	220,601,034	215,911,140	-2.13
Real Estate Tax	778,327,970	819,226,589	848,619,458	3.59
Total General Property Taxes	<u>997,260,929</u>	<u>1,039,827,623</u>	<u>1,064,530,598</u>	<u>2.38</u>
Other Local Taxes				
City Tax on Deeds and Wills	8,268,280	8,023,726	8,597,200	7.15
Utility Tax	42,932,796	43,108,389	42,097,715	-2.34
Business License Tax	67,383,327	67,166,505	71,447,567	6.37
Automobile License Tax	10,410,277	10,639,555	10,299,928	-3.19
Boat License Fee	0	2,359,470	2,359,470	0.00
Hotel Tax	52,166,674	51,631,994	54,309,048	5.18
Restaurant Meal Tax	97,865,340	111,422,843	115,398,697	3.57
Cigarette Tax	6,104,985	6,074,935	5,757,707	-5.22
Admission Tax	10,856,416	9,473,204	11,865,456	25.25
General Sales Tax	95,450,616	100,380,053	103,796,836	3.40
Bank Stock Capital	4,530,666	4,437,248	4,666,586	5.17
Total Other Local Taxes	<u>395,969,377</u>	<u>414,717,922</u>	<u>430,596,210</u>	<u>3.83</u>
Other Local Revenue				
Use of Money and Property	66,599,386	33,024,986	59,897,058	81.37
Fines and Forfeitures	2,623,205	3,161,008	6,073,308	92.13
Permits Fees and Regulatory Licenses	10,504,941	11,662,750	9,268,048	-20.53
Charges for Services	320,741,204	360,427,265	367,196,661	1.88
Miscellaneous Revenue	13,621,119	18,956,354	17,259,496	-8.95
Total Other Local Revenue	<u>414,089,856</u>	<u>427,232,363</u>	<u>459,694,571</u>	<u>7.60</u>
State Revenue				
Total State Revenue	<u>686,301,213</u>	<u>710,115,187</u>	<u>731,639,193</u>	<u>3.03</u>
Federal Revenue				
Total Federal Revenue	<u>177,076,978</u>	<u>168,639,051</u>	<u>166,409,524</u>	<u>-1.32</u>
Total Revenues	<u>2,670,698,354</u>	<u>2,760,532,146</u>	<u>2,852,870,096</u>	<u>3.34</u>
<b><u>Fund Reserves Summary</u></b>				
Specific Fund Reserves	0	32,217,963	31,103,943	-3.46
Total Fund Reserves	<u>0</u>	<u>32,217,963</u>	<u>31,103,943</u>	<u>-3.46</u>
TOTAL FINANCING REQUIRED	<u>2,670,698,354</u>	<u>2,792,750,109</u>	<u>2,883,974,039</u>	<u>3.27</u>

# DEDICATION OF LOCAL REVENUES

Dedication	Rate	Total
<b>Real Estate*</b>	<b>\$0.97 per \$100 of assessed value</b>	<b>\$819,163,751</b>
Recreation Centers	3.467¢	\$29,626,687
Outdoor Initiative CIP	0.47¢	\$4,016,309
City Council Priorities	1.85¢	\$15,808,875
Public Safety	1¢	\$8,545,338
School Funding Formula Hold Harmless	2.138¢	\$18,269,933
Major Projects Fund	0.3¢	\$2,563,601
Agricultural Reserve Program	0.60¢	\$5,127,203
General Fund Stormwater Operations	2.5¢	\$21,363,345
Flood Protection	4.1¢	\$35,035,886
Town Center TIF	Excess of base assessed value	\$11,312,971
Development Agreements	0.512¢	\$4,371,839
<b>Special Service Districts</b>	<b>Rate in addition to standard tax</b>	
Sandbridge SSD	1¢	\$222,532
Bayville Creek SSD	47.2¢	\$103,789
Chesapeake Colony SSD	29.13¢	\$274,894
Shadowlawn Area SSD	15.94¢	\$46,515
Gills Cove SSD	16¢	\$52,461
Town Center SSD	45¢	\$2,864,489
Harbour Point SSD	12.0¢	\$35,526
Old Donation Creek SSD	18.4¢	\$95,924
Hurds Cove SSD	43.8¢	\$301,742
Schilling Point	58¢	\$78,595
Pembroke Square SSD	47.0¢	\$477,159
Atlantic Park CDA	25¢	\$315,952
<b>Restaurant Meals*</b>	<b>Local rate = 6.0%</b>	<b>\$115,398,697</b>
Tourism Investment Program	1.06%	\$20,313,182
Tourism Advertising Program	0.50%	\$9,581,690
Open Space	0.17%	\$3,257,774
Major Projects Fund	0.77%	\$14,755,802
<b>Hotels*</b>	<b>Local rate = 8% plus \$2 per room night</b>	<b>\$54,309,048</b>
Tourism Advertising Program	1% plus \$1 per room night	\$8,615,161
Tourism Investment Program	5% plus \$1 per room night	\$27,637,107
Sandbridge SSD	\$1 per room night plus 6.5% of the tax generated in the SSD	\$6,110,040
<b>Personal Property*</b>	<b>Rates vary by property type</b>	<b>\$215,911,140</b>
<b>Boat License Fee</b>	<b>Rates vary by boat length</b>	<b>\$2,359,470</b>
<b>Amusement</b>	<b>Local rate = 5% &amp; 10%</b>	<b>\$11,865,456</b>
General Fund Arts & Culture	20% (of total)-Excluding the Dome	\$2,168,091
Tourism Investment Program	80% (of total) Including the Dome	\$9,967,365
<b>Cigarette*</b>	<b>Local rate = 75¢ per pack</b>	<b>\$5,757,707</b>
Economic Development Investment Program	16¢	\$1,228,311
Tourism Investment Program	5¢	\$383,847
<b>Other Non-Dedicated Local Revenues*</b>	<b>Local Rates</b>	
Automobile License	\$30 vehicles under 4,000 pounds	\$10,299,928
City Tax on Deeds	25¢ per \$100	\$ 8,470,496
Business License	varied	\$71,447,567
Bank Net Capital	80% of state rate	\$4,666,586
General Sales (Excluding Atlantic Park)	1%	\$101,263,558
City Tax on Wills	33¢	\$126,704
Utility Taxes	varied	\$42,097,715

\*These revenues are included in the School Revenue Sharing Formula net of certain dedicated amounts. For information on the funding formula see the Appendix Section of the Operating Budget document.

# SUMMARY OF FEES AND TAX ADJUSTMENTS

Department	Title	Current Fee/Rate	Proposed Fee/Rate
<i>Virginia Aquarium</i>	Motorized Wheelchair Fee	N/A	\$30-\$40
<i>Libraries</i>	Printing Fees	Letter (8.5x11) Grayscale, single sided: \$0.20 per page Letter (8.5x11) Color, single sided: \$0.50 per page Legal (8.5x14) Grayscale, single sided: \$0.20 per page Legal (8.5x14) Color, single sided: \$0.50 per page Tabloid (11x17) Grayscale, single sided: \$0.40 per page Tabloid (11x17) Color, single sided: \$1.00 per page	Printing fees have been eliminated with a maximum allowable number of pages per day
<i>Libraries</i>	Digital Media Lending Services Fees	N/A	Non-resident access to Hoopla: \$10 Non-resident access to OverDrive/Libby and Kanopy for three months: \$10 Non-resident access to OverDrive/Libby and Kanopy for 12 months: \$35
<i>Parks and Recreation (Special Revenue Fund)</i>	Member Services Fees	Annual Adult Membership Fee: \$120 Annual Adult Non-Resident Membership Fee: \$415 30-Day Resident Membership Fee: \$27 30-Day Non-Resident Membership Fee: \$50 Adult Day Pass: \$12	Annual Adult Membership Fee: \$125 Annual Adult Non-Resident Membership Fee: \$420 30-Day Resident Membership Fee: \$30 30-Day Non-Resident Membership Fee: \$55 Adult Day Pass: \$15
<i>Parks and Recreation (Special Revenue Fund)</i>	Recreation Services Fees	Exclusive Small Room Rental: \$45 Exclusive Large Room Rental: \$70 Exclusive Small Room + Pool Rental 30 people: \$170 Exclusive Small Room + Pool Rental 31-45 people: \$195 Exclusive Large Room + Pool Rental: \$245 Commercial Small Room Rental: \$80	Exclusive Small Room Rental: \$50 Exclusive Large Room Rental: \$76 Exclusive Small Room + Pool Rental 30 people: \$175 Exclusive Small Room + Pool Rental 31-45 people: \$200 Exclusive Large Room + Pool Rental: \$251 Commercial Small Room Rental: \$88

Department	Title	Current Fee/Rate	Proposed Fee/Rate
		Commercial Large Room Rental: \$120 Exclusive Gym Half/Full Court Rental: \$55/\$105 Commercial Gym Half/Full Court Rental: \$121/\$145	Commercial Large Room Rental: \$132 Exclusive Gym Half/Full Court Rental: \$60/\$116 Commercial Gym Half/Full Court Rental: \$134/\$160
<i>Parks and Recreation (Special Revenue Fund)</i>	Aquatics Fees	Sprayground Rental at Williams Farm: \$125 Lifeguard Certification Course: \$200 Lifeguard Recertification Course: \$150 Lifeguard Instructor Certification Course: \$200 Lifeguard Instructor Recertification Course: \$50 Water Safety Instructor Certification Course: \$200	Sprayground Rental at Williams Farm: \$150 Lifeguard Certification Course: \$250 Lifeguard Recertification Course: \$175 Lifeguard Instructor Certification Course: \$300 Lifeguard Instructor Recertification Course: \$125 Water Safety Instructor Certification Course: \$300
<i>Parks and Recreation (General Fund)</i>	Monthly Registration Fee - Early Childhood	\$792	\$874
<i>Parks and Recreation (General Fund)</i>	Out of School Time Fees	Monthly SY Before School: \$176 Monthly SY After School/Rise: \$298 Monthly SY Rec Center After School: \$415 Weekly SY Spring Break & Safety Camp: \$210 Daily SY Break Camp: \$50 Weekly Summer Camp at Schools: \$128 Weekly Summer Camp at Rec Centers: \$210 10-Week Summer Rise: \$235 Weekly Summer Camp Middle School: \$134	Monthly SY Before School: \$196 Monthly SY After School/Rise: \$332 Monthly SY Rec Center After School: \$462 Weekly SY Spring Break & Safety Camp: \$240 Daily SY Break Camp: \$56 Weekly Summer Camp at Schools: \$142 Weekly Summer Camp at Rec Centers: \$240 10-Week Summer Rise: \$262 Weekly Summer Camp Middle School: \$150
<i>Parks and Recreation (General Fund)</i>	Shelter, Stage/Event Area, Equipment Rental Fees	Resident Large Shelter Rental: \$140 Non-Resident Large Shelter Rental: \$200 Resident Medium Shelter Rental: \$70 Non-Resident Medium Shelter Rental: \$100	Resident Large Shelter Rental: \$150 Non-Resident Large Shelter Rental: \$210 Resident Medium Shelter Rental: \$75 Non-Resident Medium Shelter Rental: \$105

Department	Title	Current Fee/Rate	Proposed Fee/Rate
		Resident Small Shelter Rental: \$35 Non-Resident Small Shelter Rental: \$50 Resident Mount Trashmore Stage/Area Rental: \$1,000 Non-Resident Mount Trashmore Stage/Area Rental: \$1,000 Snowmobile Rental: \$500 Flatbed Stage Rental: \$250 Bleachers Rental: \$250	Resident Small Shelter Rental: \$40 Non-Resident Small Shelter Rental: \$55 Resident Mount Trashmore Stage/Area Rental: \$1,200 Non-Resident Mount Trashmore Stage/Area Rental: \$1,200 Snowmobile Rental: \$600 Flatbed Stage Rental: \$300 Bleachers Rental: \$300
<i>Public Works – Waste Management</i>	Trash Can Replacement Fee	\$75.00	\$100.00
<i>Public Works – Waste Management</i>	Yard Debris Trailer – One Day Rental	\$40.00	\$50.00
<i>Public Works – Waste Management</i>	Yard Debris Trailer – Weekend Rental	\$75.00	\$150.00
<i>Public Utilities - Water and Sewer</i>	Water Commodity Rate	\$6.23	\$6.54, FY27 is year four of a five-year rate increase
<i>Public Utilities - Water and Sewer</i>	Water Service Availability Charge	\$6.00	\$6.661, FY27 is year four of a five-year rate increase
<i>Public Utilities - Water and Sewer</i>	Sewer Fee Structure Modification	<b>Residential Sewer Charges by Property Type:</b> Single Family: \$33.18 Individual Metered Condos Sewer Offside: \$24.90 <b>Multi-Family:</b> First Unit: \$33.18 Each additional unit: \$24.90 <b>Commercial Sewer Charges by Meter Size:</b> 5/8" or 3/4": \$33.55 1": \$42.34 2': \$127.05 3": \$249.41 4": \$416.64 6": \$836.22 8": \$1,942.71 10": \$3,212.36 12": \$4,870.78	Fee modification is reflected in the FY27 Operating Budget Ordinances 3346 and 3737

Department	Title	Current Fee/Rate	Proposed Fee/Rate
		<p><b>Sewer Only by Number of Commodes:</b>            0-4 commodes: \$66.58            Each additional commode: \$13.33</p> <p><b>Campground Sewer by Number of Units:</b>            First Unit: \$33.18            Each additional unit: \$13.33</p> <p><b>Hotel/Motel Sewer by Number of Units:</b>            First unit: \$33.18            Each additional unit: \$13.33</p> <p>*this is a monthly rate based on units</p>	

\*The Public Utility fee increases were approved in the adopted FY2023-24 Budget as a part of a five-year plan.

**City of Virginia Beach, Virginia  
Expenditure Summary**

<b>Department Name</b>	FY 2025 Actual	FY 2026 Adjusted Budget	FY 2027 Adopted Budget	% Change
AGRICULTURE	7,174,052	7,596,905	9,701,675	27.71
BUDGET & MANAGEMENT SERVICES	1,638,198	1,644,026	1,635,582	-0.51
CIRCUIT COURT	1,686,053	1,648,329	1,619,979	-1.72
CITY ATTORNEY	6,347,504	6,454,377	6,512,477	0.90
CITY AUDITOR	1,188,699	1,169,405	1,096,627	-6.22
CITY CLERK	787,100	797,750	841,427	5.48
CITY MANAGER	5,091,394	3,980,988	3,481,557	-12.55
CITY REAL ESTATE ASSESSOR	4,141,542	4,421,015	4,469,848	1.10
CITY TREASURER	8,694,190	8,904,223	9,240,901	3.78
CLERK OF THE CIRCUIT COURT	5,277,420	5,070,640	5,101,113	0.60
COMMISSIONER OF THE REVENUE	7,278,488	7,608,082	7,768,452	2.11
COMMONWEALTH'S ATTORNEY	15,051,206	15,541,518	15,855,741	2.02
COMMUNICATIONS	4,227,610	4,681,217	5,049,003	7.86
CONVENTION & VISITORS BUREAU	39,175,655	41,084,130	45,851,203	11.60
CULTURAL AFFAIRS & HISTORIC HOUSES	6,741,202	6,957,400	6,145,658	-11.67
ECONOMIC DEVELOPMENT	7,452,570	7,929,637	5,353,068	-32.49
EMERGENCY COMMUNICATIONS	12,305,473	13,645,729	13,234,947	-3.01
EMERGENCY MANAGEMENT	2,750,086	2,202,604	2,447,631	11.12
EMERGENCY MEDICAL SERVICES	29,064,331	43,812,710	43,639,269	-0.40
FINANCE	7,827,184	7,451,517	7,051,428	-5.37
FIRE	93,272,568	95,445,870	96,481,754	1.09
GENERAL DISTRICT COURT	385,358	491,097	613,753	24.98
GENERAL GOVERNMENT DEPARTMENT	65,598,913	95,456,679	136,771,128	43.28
HEALTH DEPARTMENT	4,365,679	4,392,931	4,409,267	0.37
HOUSING & NEIGHBORHOOD PRESERVATION	48,759,447	49,514,084	48,760,978	-1.52
HUMAN RESOURCES	9,708,306	10,237,975	11,326,870	10.64
HUMAN SERVICES	145,065,481	159,132,028	162,131,362	1.88
INFORMATION TECHNOLOGY	27,164,678	26,456,968	27,180,467	2.73
JUVENILE & DOMESTIC RELATIONS	218,252	195,199	168,811	-13.52
JUVENILE PROBATION	1,229,664	1,249,428	1,255,981	0.52
LIBRARY	22,420,779	23,074,752	23,289,151	0.93
MAGISTRATE	41,426	43,982	39,097	-11.11
MUNICIPAL COUNCIL	785,655	891,291	962,481	7.99
NON DEPARTMENTAL	55,880,846	52,588,033	36,804,799	-30.01
PARKS AND RECREATION	67,912,299	80,792,134	84,612,312	4.73
PAY-AS-YOU-GO CAPITAL PROJECTS	82,057,657	123,023,386	118,310,146	-3.83
PERFORMANCE & ACCOUNTABILITY	977,322	776,801	658,726	-15.20
PLANNING	16,112,711	16,443,356	18,386,455	11.82
POLICE	133,210,742	144,251,809	150,312,823	4.20
PUBLIC EDUCATION	1,110,796,847	1,224,192,393	1,250,982,069	2.19
PUBLIC UTILITIES	140,477,823	137,584,528	146,053,982	6.16
PUBLIC WORKS	185,814,579	217,299,830	230,159,947	5.92
SHERIFF	68,681,450	74,288,504	76,726,724	3.28
SPECIAL FINANCE DISTRICT	41,179,162	41,200,319	40,096,275	-2.68
VIRGINIA AQUARIUM	15,033,957	18,046,976	18,038,063	-0.05
VOTER REGISTRATION & ELECTIONS	4,649,929	3,077,554	3,343,032	8.63
<b>TOTAL EXPENDITURES</b>	<b>2,515,701,484</b>	<b>2,792,750,109</b>	<b>2,883,974,039</b>	<b>3.27</b>

**City of Virginia Beach, Virginia  
Personnel Summary**

<b>Department Name</b>	FY 2025 Actual	FY 2026 Adjusted Budget	FY 2027 Proposed Budget	FTE Difference
AGRICULTURE	9.00	9.00	9.00	0.00
BUDGET & MANAGEMENT SERVICES	13.00	13.00	13.00	0.00
CIRCUIT COURT	13.50	13.50	13.50	0.00
CITY ATTORNEY	39.60	40.00	40.00	0.00
CITY AUDITOR	8.00	9.00	9.00	0.00
CITY CLERK	6.00	6.00	6.00	0.00
CITY MANAGER	23.00	22.00	18.00	-4.00
CITY REAL ESTATE ASSESSOR	35.00	35.00	35.00	0.00
CITY TREASURER	76.60	76.60	76.60	0.00
CLERK OF THE CIRCUIT COURT	57.00	58.00	58.00	0.00
COMMISSIONER OF THE REVENUE	64.93	64.93	64.93	0.00
COMMONWEALTH'S ATTORNEY	122.83	126.56	126.56	0.00
COMMUNICATIONS	33.00	33.00	37.00	4.00
CONVENTION & VISITORS BUREAU	119.28	116.42	116.42	0.00
CULTURAL AFFAIRS & HISTORIC HOUSES	14.00	14.00	14.00	0.00
ECONOMIC DEVELOPMENT	16.00	22.00	22.00	0.00
EMERGENCY COMMUNICATIONS	115.75	115.75	108.75	-7.00
EMERGENCY MANAGEMENT	13.00	9.00	9.00	0.00
EMERGENCY MEDICAL SERVICES	173.12	207.62	219.62	12.00
FINANCE	66.00	66.00	60.00	-6.00
FIRE	591.23	621.23	621.23	0.00
HEALTH DEPARTMENT	7.00	7.00	7.00	0.00
HOUSING & NEIGHBORHOOD PRESERVATION	94.00	96.00	96.00	0.00
HUMAN RESOURCES	78.00	80.00	80.00	0.00
HUMAN SERVICES	1,182.32	1,185.82	1,188.82	3.00
INFORMATION TECHNOLOGY	199.00	199.00	205.00	6.00
JUVENILE PROBATION	4.00	4.00	4.00	0.00
LIBRARY	240.50	235.50	235.50	0.00
MUNICIPAL COUNCIL	11.00	11.00	11.00	0.00
PARKS AND RECREATION	890.99	891.99	894.26	2.27
PERFORMANCE & ACCOUNTABILITY	8.00	5.00	5.00	0.00
PLANNING	149.00	145.00	145.00	0.00
POLICE	1,068.15	1,076.65	1,076.65	0.00
PUBLIC UTILITIES	417.00	420.00	427.00	7.00
PUBLIC WORKS	1,012.88	1,038.88	1,048.88	10.00
SHERIFF	536.40	538.40	538.40	0.00
VIRGINIA AQUARIUM	125.60	126.60	126.60	0.00
VOTER REGISTRATION & ELECTIONS	14.00	14.00	14.00	0.00
<b>Total City Positions</b>	<b>7,647.68</b>	<b>7,753.45</b>	<b>7,780.72</b>	<b>27.27</b>
<b>Education</b>	<b>10,624.25</b>	<b>10,632.21</b>	<b>10,579.46</b>	<b>-52.75</b>
<b>Totals</b>				
Total City Full Time Positions	7,050.61	7,154.73	7,195.50	40.77
Total City Part Time Positions	587.07	588.72	575.22	-13.50
Total City Council Members	11.00	11.00	11.00	0.00
Total School Positions	10,624.25	10,632.21	10,579.46	-52.75
<b>Total Positions</b>	<b>18,271.93</b>	<b>18,385.66</b>	<b>18,360.18</b>	<b>-25.48</b>

# CITY FTE ADDITIONS AND REDUCTIONS

Department	FTE changes between Adopted FY 2025-26 & Adjusted FY 2025-26	# FTEs	FTE changes between Adjusted FY 2025-26 & Proposed FY 2026-27	# FTEs	Total Dept. FTE Variance
<i>City Attorney</i>	Associate City Attorney Associate City Attorney	- 0.60 1.00			<b>0.40</b>
<i>City Auditor</i>	Audit Investigative Assistant Auditor IV Auditor I	1.00 - 1.00 1.00			<b>1.00</b>
<i>City Manager</i>			Volunteer Resources & Resiliency Program Administrator Business Application Support Technician Recovery & Resiliency Coordinator Administrative Specialist I	-1.00 -1.00 -1.00 -1.00	<b>-4.00</b>
<i>Clerk of the Circuit Court</i>	Deputy Clerk IV	1.00			<b>1.00</b>
<i>Commissioner of the Revenue</i>	Systems Analyst II	- 1.00			<b>-1.00</b>
<i>Commonwealth's Attorney</i>	Attorney Assistant Commonwealth's Attorney Paralegal	2.00 1.00 0.73			<b>3.73</b>
<i>Communications Office</i>			Volunteer Resources & Resiliency Program Administrator Business Application Support Technician Recovery & Resiliency Coordinator Administrative Specialist I	1.00 1.00 1.00 1.00	<b>4.00</b>
<i>Emergency Communications &amp; Citizen Services</i>			Public Safety Emergency Telecommunicator I Watch Desk Specialists	-11.00 4.00	<b>-7.00</b>
<i>Emergency Medical Services</i>	EMS Pharmacist	1.00	Fleet Manager	1.00	

	Paramedic	- 0.33	Volunteer Services Manager	1.00
	Paramedic	- 0.33	Paramedic	8.00
	Paramedic	- 0.33	Special Operations Paramedics	2.00
	Paramedic	1.00		
				<b>13.01</b>
<i>Finance</i>			Business Application Specialist II	-2.00
			Financial Systems Analyst	-2.00
			Administrative Specialist II	-1.00
			Financial Services Coordinator	-1.00
				<b>-6.00</b>
<i>Human Resources</i>	Human Resource Manager	1.00		
	Talent Development Partner III	1.00		
				<b>2.00</b>
<i>Human Services</i>	BH/DS Clinician II	1.00	Family Support Specialist III	1.00
	BH/DS Clinician III	1.00	Benefits Program Assistant	2.00
	Psychiatric Nurse Practitioner	0.50		
				<b>5.50</b>
<i>Information Technology</i>			Business Application Specialist II	2.00
			Financial Systems Analyst	2.00
			Administrative Specialist II	1.00
			Financial Services Coordinator	1.00
				<b>6.00</b>
<i>Office of Performance &amp; Accountability</i>	Strategic Innovation Director	- 1.00		
	Strategic Innovation Supervisor	- 1.00		
				<b>-2.00</b>
<i>Parks and Recreation</i>	Grounds Services Supervisor	1.00	Activity Center Leader	-0.91
			Administrative Specialist I	1.00
			Chief Ranger	1.00
			Grounds Crew Leader	1.00
			Groundskeeper I	2.00
			Park Assistant	3.00
			Parks and Recreation Lead Aide	-2.82
			Parks and Recreation Lead Aide	3.50

			Park Supervisor	1.00		
			Parks and Recreation Coordinator	1.00		
			Park Ranger	2.00		
			PT Activity Center Assistant Leader	-10.00		
			Recreation Specialist I	-0.50		
			Recreation Specialist II	1.00		
						<b>3.27</b>
<i>Police</i>			Special Conservator of the Peace Officer	6.00		
			Master Police Officer II	- 2.00		
			Police Officer I	- 1.00		
			Police Officer II	- 3.00		
						<b>0.00</b>
<i>Public Utilities</i>			Utility Crew Leader	3.00		
			Utility Mechanic	3.00		
			Utility Mechanic Supervisor	1.00		
						<b>7.00</b>
<i>Public Works</i>	Administrative Technician	1.00	Business Application Specialist II	2.00		
	Building Maintenance Inspector II	- 1.00	Motor Equipment Operator II	2.00		
			Pump Maintenance Mechanic	1.00		
			Pump Maintenance Electrician	2.00		
			Traffic Signs and Markings Mechanic I	1.00		
			Traffic Signs and Markings Mechanic II	1.00		
			Maintenance Supervisor	1.00		
						<b>10.00</b>
<i>Sheriff</i>	Deputy Sheriff/Master Deputy (State)	2.00				
						<b>2.00</b>
<i>Virginia Aquarium</i>	Building Maintenance Inspector II	1.00				
						<b>1.00</b>
<b>Total Net New</b>		<b>12.64</b>			<b>27.27</b>	<b>39.91</b>

# SCHOOL PERSONNEL SUMMARY

Fund/Department	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Proposed	Variance
<i>General Fund</i>						
<b>Fund 115- School Operating</b>						
Instruction	7,097.35	7,064.55	6,975.25	7,009.35	7,005.80	(3.55)
Administration, Attendance and Health	404.90	410.10	403.30	405.30	401.80	(3.50)
Pupil Transportation	694.88	694.88	693.88	693.54	698.54	5.00
Operations and Maintenance	1,136.10	1,151.10	1,172.20	1,114.50	1,114.00	(0.50)
Technology	188.00	188.00	189.50	187.50	184.50	(3.00)
<b>School Operating Fund Total</b>	<b>9,521.23</b>	<b>9,508.63</b>	<b>9,434.13</b>	<b>9,410.19</b>	<b>9,404.64</b>	<b>(5.55)</b>
Fund 201- Green Run Collegiate	40.50	40.90	41.00	40.00	40.90	0.90
<b>General Fund Total</b>	<b>9,561.73</b>	<b>9,549.53</b>	<b>9,475.13</b>	<b>9,450.19</b>	<b>9,445.54</b>	<b>(4.65)</b>
<i>Categorical Grants and Other Funds</i>						
Fund 213- Cafeterias	529.62	564.62	589.62	589.62	589.62	-
Fund 214- Categorical Grants	552.00	549.00	544.50	577.40	530.80	(46.60)
Fund 215- Textbooks	1.50	1.50	1.50	1.50	-	(1.50)
Fund 650- Risk Management	5.00	5.00	5.00	5.00	5.00	-
Fund 652/653- Health Insurance	8.50	8.50	8.50	8.50	8.50	-
<b>Other Funds Total</b>	<b>1,096.62</b>	<b>1,128.62</b>	<b>1,149.12</b>	<b>1,182.02</b>	<b>1,133.92</b>	<b>(48.10)</b>
<b>TOTAL BUDGET</b>	<b>10,658.35</b>	<b>10,678.15</b>	<b>10,624.25</b>	<b>10,632.21</b>	<b>10,579.46</b>	<b>(52.75)</b>

# DEMOGRAPHICS

	1990	2000	2010	2020	2024
<u>Gender:</u>					
Male	50.8%	49.5%	48.9%	49.1%	48.9%
Female	49.2%	50.5%	51.1%	50.9%	51.1%
<u>Age:</u>					
Under 18	28.0%	27.5%	24.0%	22.2%	21.4%
65 and Over	5.9%	8.4%	10.7%	14.2%	17.1%
Peak Earning Years (age 35 – 54)	24.9%	30.5%	28.3%	25.5%	26.2%
Median Age	28.9	32.7	34.9	36.4	38.7
Dependency Population (<18 & > 65)	33.9%	35.9%	34.7%	35.9%	38.5%
<u>Race:</u>					
White	80.5%	71.4%	67.7%	58.6%	58.1%
Black/African American	13.9%	19.0%	19.6%	18.0%	17.6%
American Indian/Alaskan Native	0.4%	0.4%	0.4%	0.3%	0.1%
Asian/Hawaiian/Pacific Islander	4.3%	5.0%	6.3%	7.5%	6.7%
Other Race	0.9%	1.5%	2.0%	0.6%	0.8%
Two or More Races	N/A	2.7%	4.0%	6.2%	7.3%
Hispanic	3.1%	4.2%	6.6%	8.8%	9.4%
<u>Households:</u>					
Family Household	75.4%	71.8%	68.6%	63.7%	65.6%
Married Couple Family	62.9%	55.7%	52.9%	48.3%	48.0%
Female Head of Household	9.5%	12.4%	12.3%	13.8%	12.5%
Households with Children under 18	44.8%	42.1%	35.4%	32.1%	29.7%
Housing Occupancy: Owner	62.5%	65.6%	65.7%	62.3%	63.1%
Housing Occupancy: Renter	37.5%	34.4%	34.3%	37.7%	36.9%
Average Household Size	2.82	2.70	2.65	2.52	2.49
Average Family Size	3.21	3.21	3.16	3.05	3.04
<u>Health Insurance</u>					
% with Health Insurance Coverage	N/A	N/A	88.9%	92.6%	93.6%
<u>Marital Status:</u>					
Single, Never Married	24.7%	25.5%	28.3%	30.5%	31.1%
Married	58.4%	57.1%	53.5%	51.7%	50.2%
Separated	5.4%	3.2%	2.9%	2.2%	1.5%
Widowed	4.0%	4.7%	4.7%	5.0%	4.9%
Divorced	7.6%	9.5%	10.5%	10.7%	12.3%
<u>Median Household Income</u>					
	\$36,271	\$48,705	\$64,212	\$78,136	\$94,579
<u>Median Family Income</u>					
	\$39,122	\$53,242	\$75,757	\$91,553	\$111,723
<u>Per Capita Income</u>					
	\$21,744	\$32,350	\$44,673	\$57,513	\$50,027

	1990	2000	2010	2020	2024
<b><u>Poverty:</u></b>					
Persons	5.9%	6.5%	7.5%	7.2%	7.6%
Families	4.3%	5.1%	5.5%	5.3%	5.5%
Children under 18	7.6%	8.6%	10.5%	9.8%	9.5%
65 and Over	8.0%	4.7%	5.0%	4.6%	6.9%
Female Head of Household	20.2%	18.9%	18.9%	16.8%	18.7%
Female Householder with Children	26.5%	23.1%	24.2%	23.2%	28.3%
<b><u>Housing Expenses:</u></b>					
Owner Expenses Exceeding 30% of Household Income	30.7%	27.4%	42.7%	25.5%	24.4%
Renter Expenses Exceeding 30% of Household Income	39.0%	37.9%	53.5%	43.1%	56.8%
Percent of Homeowners Mortgage Free	11.4%	13.9%	19.7%	25.6%	29.1%
<b><u>Educational Attainment:</u></b>					
High School Graduate or Higher	88.0%	90.4%	93.1%	94.0%	95.1%
Bachelor's Degree or Higher	25.5%	28.1%	31.6%	37.3%	42.2%
<b><u>Labor Force:</u></b>					
Civilian Labor Force Participation Rate	62.5%	63.2%	71.0%	71.9%	61.7%
Civilian Female Labor Force Participation	63.5%	62.9%	63.7%	64.8%	57.5%
Percent of Labor Force in Armed Forces	18.6%	13.3%	10.2%	6.9%	6.3%
Unemployment Rate	4.7%	4.1%	6.5%	4.1%	3.1%
<b><u>Transportation-Related:</u></b>					
Percent Who Drive Alone	78.4%	82.0%	82.5%	80.3%	76.1%
Percent Who Carpool	12.0%	10.8%	9.4%	8.3%	7.4%
Percent Who Use Public Transportation	0.8%	0.7%	0.8%	0.8%	0.9%
Percent Who Work at Home	3.3%	2.8%	4.3%	6.1%	12.1%
Mean Travel Time (minutes)	22.7	23.9	23.4	28.6	24.8

Totals may not equal 100% due to rounding.

Sources: Decennial Census for 1990, 2000, 2010, 2020, American Community Survey 1 Year Estimates for 2024, and 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	Other Enterprise Funds	Internal Service Funds	Misc. Fund
Agriculture	✓			✓			
Budget & Management Services	✓						
Circuit Court	✓						
City Attorney	✓						
City Auditor	✓						
City Clerk	✓						
City Council	✓						
City Manager	✓						
City Real Estate Assessor	✓						
City Treasurer	✓						
Clerk of the Circuit Court	✓						
Clerk of the General District Court	✓						
Commissioner of the Revenue	✓						
Commonwealth's Attorney	✓			✓			
Communications Office	✓						
Convention and Visitors Bureau	✓			✓			
Cultural Affairs & Historic Houses	✓			✓			
Economic Development	✓						
Emergency Communications & Citizen Services	✓			✓			
Emergency Management	✓			✓			
Emergency Medical Services	✓			✓			
Finance	✓					✓	
Fire	✓			✓			
Health Department	✓						
Housing & Neighborhood Preservation	✓			✓			✓
Human Resources	✓						
Human Services	✓			✓			✓
Information Technology	✓			✓		✓	
Juvenile & Domestic Relations District Court	✓						
Juvenile Probation	✓						
Magistrate Office	✓						
Library	✓			✓			✓
Office of Performance & Accountability	✓						
Parks & Recreation	✓			✓		✓	✓
Planning & Community Development	✓						
Police	✓			✓			

	Major Funds			Non-Major Funds			
City Departments	General Fund	Water & Sewer Fund	Storm Water Fund	Special Revenue Funds	Other Enterprise Funds	Internal Service Funds	Misc. Fund
Public Utilities		✓			✓		
Public Works	✓		✓	✓	✓	✓	✓
Sheriff & Corrections	✓						
Virginia Aquarium	✓						
Voter Registration & Elections	✓						

## Budget Per Capita by Department

Department	FY 2025 Actual	FY 2026 Adjusted	FY 2027 Proposed
Agriculture	\$15.84	\$16.76	\$21.38
Budget and Management Services	\$3.62	\$3.63	\$3.60
City Attorney	\$14.01	\$14.24	\$14.35
City Auditor	\$2.62	\$2.58	\$2.42
City Clerk	\$1.74	\$1.76	\$1.85
City Manager	\$11.24	\$8.78	\$7.67
City Real Estate Assessor	\$9.14	\$9.75	\$9.85
City Treasurer	\$19.19	\$19.64	\$20.36
Commissioner of the Revenue	\$16.07	\$16.78	\$17.12
Commonwealth's Attorney	\$33.23	\$34.29	\$34.94
Communications	\$9.33	\$10.33	\$11.13
Convention and Visitor's Bureau	\$86.49	\$90.63	\$99.39
Courts and Court Support	\$19.51	\$19.19	\$19.39
Cultural Affairs	\$14.88	\$15.35	\$13.54
Department of the Virginia Aquarium	\$33.19	\$39.81	\$39.09
Economic Development	\$16.45	\$17.49	\$11.80
Emergency Communications and Citizen Services	\$27.17	\$30.10	\$29.17
Emergency Management	\$6.07	\$4.86	\$5.39
Emergency Medical Services	\$64.16	\$96.65	\$96.17
Finance	\$17.28	\$16.44	\$15.54
Fire	\$206.58	\$210.56	\$212.61
General Government Department	\$144.82	\$210.58	\$304.10
Health	\$9.64	\$9.69	\$9.72
Housing and Neighborhood Preservation	\$107.65	\$109.23	\$107.45
Human Resources	\$21.43	\$22.59	\$24.96
Human Services	\$320.26	\$351.06	\$357.28
Information Technology	\$59.97	\$58.37	\$59.51
Library	\$49.50	\$50.90	\$51.32
Municipal Council	\$1.73	\$1.97	\$2.12
Non-Departmental	\$123.37	\$116.01	\$81.11
Parks and Recreation	\$149.93	\$178.23	\$186.46
Pay-As-You-Go Capital Projects	\$168.83	\$271.40	\$260.72
Performance & Accountability	\$2.16	\$1.71	\$1.45
Planning and Community Development	\$35.57	\$36.28	\$40.52
Police	\$306.41	\$318.23	\$331.24
Public Education	\$2,452.28	\$2,701.15	\$2,756.75
Public Utilities	\$310.13	\$303.52	\$321.86
Public Works	\$410.22	\$479.38	\$507.20
Sheriff's Office	\$151.63	\$163.89	\$169.08
Special Financing Districts and Funds	\$90.91	\$90.89	\$88.36
Voter Registration & Elections	\$10.27	\$6.79	\$7.37
<b>Total</b>	<b>\$5,554.52</b>	<b>\$6,161.49</b>	<b>\$6,355.33</b>



CITY OF  
**VIRGINIA  
BEACH**

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