



City Manager's Proposed FY 2025-2026 Operating & Capital Budget

**April 2, 2025
Work Session
Suffolk City Council Meeting**



Budget Priorities

- Maintain Service Levels in Our Growing City with No Tax Rate Increase
- Maintain Competitive Compensation and Address Staffing Needs
- Enhance Community Services, Health, and Public Safety
- Invest in Public Education
- Strengthen Infrastructure and Improve Quality of Life
- Preserve the City's Strong Financial Position



FY 26 Proposed Budget

General Fund	\$339,328,514	6%
Capital Projects Fund	117,721,475	47%
Debt Service Fund	35,257,114	3%
Downtown Business Overlay Taxing District	236,621	4%
Route 17 Special Taxing District	2,880,130	8%
Grants Fund	800,000	0%
Transit System Fund	2,733,555	(14%)
Aviation Facilities Fund	1,142,112	0%
Law Library Fund	0	0%
Road Maintenance Fund	38,556,817	5%
Fleet Management Fund	16,365,945	(6%)
Information Technology Fund	18,958,316	11%
Risk Management Fund	24,170,001	4%
Utility Fund	76,309,566	6%
Stormwater Fund	10,727,792	11%
Refuse Services Fund	14,051,114	3%
Schools Fund	<u>243,413,773</u>	0%
	\$942,652,843	8%

General Fund Revenue

	<u>FY 25 Budget</u>	<u>FY 26 Recommended</u>	<u>Incr./ Decr.</u>	<u>Percent Change</u>
General Property Taxes	\$ 207,926,234	\$ 223,742,532	\$15,816,298	8%
Other Local Taxes	59,668,872	63,245,464	3,576,592	6%
Fees, Charges, Misc.	12,658,769	12,613,115	(45,653)	0%
State/Federal	30,283,298	32,755,874	2,472,576	8%
Fund Balance/Transfers	<u>10,426,158</u>	<u>6,971,529</u>	<u>(3,454,629)</u>	<u>(33%)</u>
	\$ 320,963,331	\$ 339,328,514	\$ 18,365,183	5.7%

General Fund Revenue

General Property Taxes

Real Estate – 6.54% assessed value increase	\$12.3M	7%
○ Reassessment 4.71%		
○ New Construction 1.83%		
Personal Property	3.0M	8%
Public Service Corporations	.3M	5%
Penalties and Interest	<u>.2M</u>	<u>11%</u>
	\$15.8M	8%

Other Local Taxes

Business License	\$ 1.5M	13%
Meals	1.3M	8%
Sales	.5M	3%
Lodging	.2M	11%
Utility	.2M	4%
Motor Vehicle License	.1M	4%
Tobacco	<u>(.2M)</u>	<u>(13%)</u>
	\$ 3.6M	6%

General Fund Revenue

Permits, Privilege Fees, and Regulatory Licenses	\$	-	0%
Fines and Forfeitures	\$	(.1M)	(11%)
○ Court Fines declining			
○ False Alarm Fees declining			
Revenue from the Use of Money and Property	\$.9M	21%
○ Interest on Investments			
Charges for Services	\$	-	0%
Miscellaneous Revenue/Recovered Cost	\$	(.9M)	(55%)
○ Redistributed SRO Cost from SPS			
State and Federal	\$	2.5M	8%
○ Comp Board Funding – Constitutional Offices			
○ Public Safety Funding			
○ Public Assistance Funding			

Budget Challenges

- Staffing and Maintaining New Facilities
 - Downtown Library
 - Fire Station 11 (Harbour View)
 - Fire Station 4 (Lake Kilby)
 - Virginian-Pilot Building
- Providing Adequate Staffing to Meet Service Demand and Regulations
 - 8.7% increase in population since 2020 to 102,572 residents
 - State/Federal mandates
 - Impacts felt on front line and back of the office



Budget Challenges

- **\$7M** increased funding request for Public Education
 - Pay increases for teachers, non-instructional staff, and bus drivers
 - 11 additional School Resource Officers (SROs) for elementary school safety
 - Backfill expiring grant funds for School programs and services
 - Increase in general operating expenses
- Reduction in State and Federal Funding for Transit Operations
- Increased Debt Service Impacting the General Fund and Stormwater Fund
- Rising Cost of Technology Maintenance Contracts
- Solid Waste Disposal and Recycling Costs and Refuse Truck Replacements
- Western Tidewater Regional Jail funding support

Budget Challenges

- Uncertainty of Federal funding and employment, tariffs, and inflation
- Long-Term Capital Funding Strategy
 - School Replacement and Maintenance - \$500M

Budget Priorities

Maintain Service Levels in Our Growing City with No Tax Rate Increase


Proposed Real Estate Tax Rate:

- \$1.07 Citywide
- \$.105 DBOD
- \$.24 RT. 17 Taxing Dist.

3rd lowest Real Estate tax rate in region

Real Estate tax rate reduced \$.04 in last three years

FY 22	\$1.11
FY 23	\$1.09
FY 24	*\$1.09 - \$.02 tax credit provided
FY 25	\$1.07



Budget Priorities

Maintain Competitive Compensation and Address Staffing Needs

- **3%** Cost-of-Living Adjustment (COLA)
- Step Plan adjustments for qualifying employees
- Market Adjustments/Regrades/Reclassifications for positions below market or with changes in job duties
- **46** new full-time positions to address workload and service demand
- Over **50%** of the new positions are for Public Safety needs
- Annual Leave Buyback Program (Annual/PTO/Sick)
 - Staff is evaluating options to offer a leave buyback program for employees that have maxed out their leave balances (Annual, PTO, Sick)
 - The program would provide an incentive to employees through contributions to their 457(b) Plan

Budget Priorities

Maintain Competitive Compensation and Address Staffing Needs

General Fund

Fire & Rescue	10	Station 4 Medic Unit (Captain and Firefighters)
Police	9	SROs (4), Motor Carrier Off., Lieut., Detective, Crime Analy., Rec. Tech
Social Services	6	Family Services Supervisor and Specialists
Library	4	Additional staffing for new Downtown Library
Capital Programs	4	Building Maintenance Technicians and Custodians for new facilities
Police – Emg. Comm.	2	Call Taker and Communications Operator – increasing call volume
Sheriff	2	Sheriff Deputies for increasing transports and New Courtroom
Parks and Recreation	2	Park Supervisor (Trails, Constant’s North), Rec. Spec. (Youth)
Planning and Community Dev.	1	Land Use Planning Mgr. – Plan Review improvements
Clerk of the Circuit Court	1	Deputy Clerk III – New State Mandate to seal case files
Commonwealth Attorney	1	Office Assistant to relieve data entry burden on Investigators
Budget and Strategic Planning	<u>1</u>	Reorganization of Financial Operations
	43	

Other Funds

Information Technology	1	Public Safety IT Manager – dedicated to Public Safety technology
Public Utilities	1	Account Representative – increased call volume
Stormwater	<u>1</u>	Development Surety Manager – oversight of development sureties
	3	

Budget Priorities

Enhance Community Services, Health, and Public Safety

- Increased funding for Community Health and Wellness Partners that provide critical services to citizens in need
 - Western Tidewater Community Services Board
 - Suffolk Health Department
 - Western Tidewater Free Clinic
 - Suffolk Redevelopment and Housing Authority
 - Suffolk Office of the Public Defender
 - Senior Services of Southeastern Virginia
 - ForKids
 - Coalition Against Poverty
 - Genieve Shelter
 - Fifth Judicial District Drug Court
 - American Red Cross of Coastal Virginia
 - Suffolk Christian Fellowship Center
 - STAR Haven

- Homeless Shelter Operation funding (**Anticipated Opening in FY 26**)

Budget Priorities

Enhance Community Services, Health, and Public Safety

- **New Downtown Library (Winter 2026 Opening)**
 - **30%** increase in funding (**\$1.4M**) to enhance staffing, books and subscriptions, technology, and Early Childhood Development Commission programs
 - Expansion of Library Operating Hours to include Sunday afternoons at the Downtown and North Suffolk Library
- **Fire & Rescue (10 new positions)**
 - **\$3.5M** toward design/construction of Station 4 (Lake Kilby) replacement
 - Medic unit staffing for Station 4 (Lake Kilby) to enhance emergency medical service coverage in RT 58 corridor
 - **\$4.6M** for ambulance and fire apparatus replacements



Budget Priorities

Enhance Community Services, Health, and Public Safety

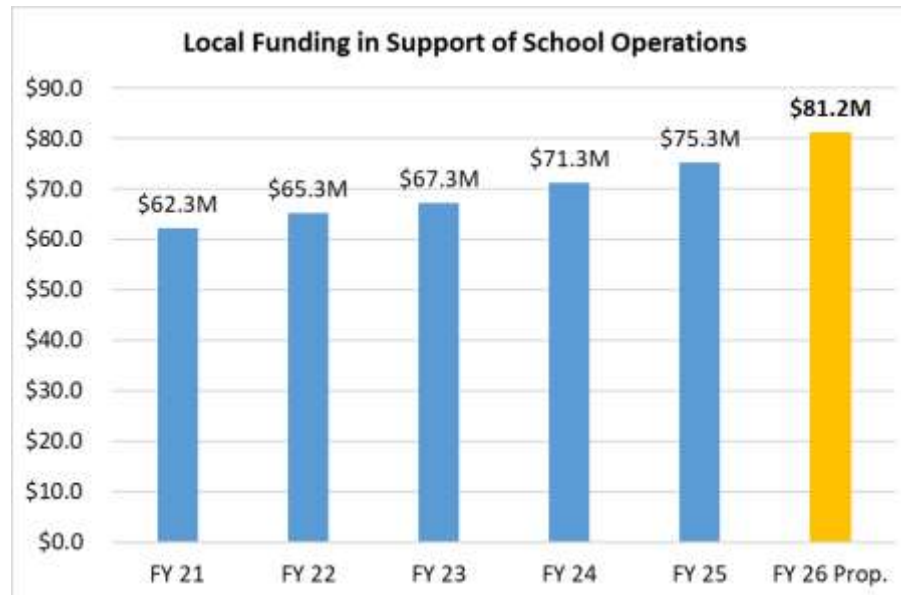
- Police and Emergency Communications (11 new positions)
 - School Resource Officers (SROs) for elementary school safety – Phased approach with **four new SROs** in FY 26
 - Additional staffing for precinct command coverage, motor carrier officer, crime analyst, and police records technician
 - Additional Call Taker and Communications Operator positions to address increasing call volumes



Budget Priorities

Invest in Public Education

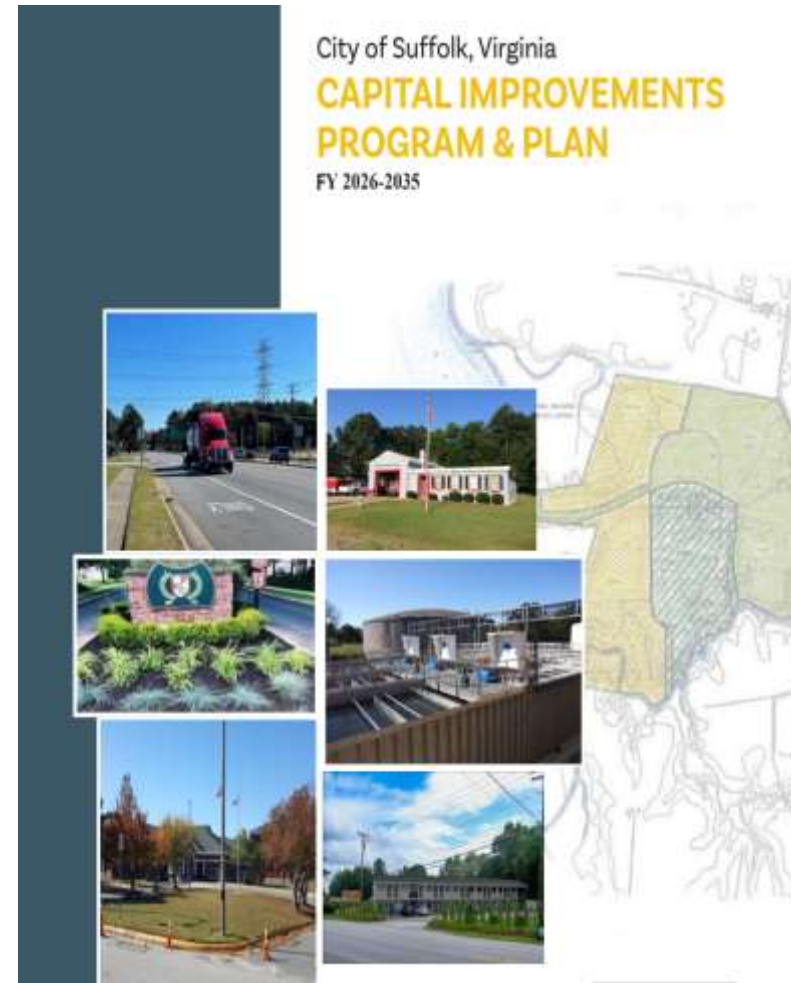
- **\$81.2M** in local funding for School Operations
 - **\$5.8M** increase in FY 26
 - SROs budgeted in Police Operating budget with no SPS reimbursement to City
- **\$13.1M** capital funding for Northern Shores Elementary School Addition and School Administration Office
- **\$11.5M** for Schools related debt service
- **\$761,893** for School Administration/Operations building leases



Budget Priorities

Strengthen Infrastructure and Improve Quality of Life

- Significant investment in community infrastructure (**\$117.7M**)
 - City Buildings and Facilities
 - Parks and Recreation Facilities
 - Public Safety (Apparatus and Ambulances)
 - Transportation (Roads/Intersections)
 - Schools (Northern Shores Elem. and Schools Administration Office)
 - Village, Neighborhoods, Open Space, Downtown
 - Stormwater Drainage
 - Water and Sewer Upgrades



Budget Priorities

Strengthen Infrastructure and Improve Quality of Life

- **\$47.5M** in State/Federal grant funding anticipated for transportation and parks and recreation projects
- **\$35.0M** Bonds for General Government capital projects
- **\$18.4M** General Fund cash for General Government capital projects including **\$3.5M** in Capital Contingency for economic volatility
- **\$9.9M** Utility Fund cash for water and sewer capital projects
- **\$2.7M** Proffers for Transportation and Stormwater projects
- **\$2.3M** Stormwater Revenue bonds and **\$1.5M** Stormwater cash funding for Stormwater drainage projects
- **\$0.3M** RT 17 Taxing District and Cemetery funds



Preserve the City's Strong Financial Position

	<u>Policy Requirement</u>	<u>FY 25 Budget</u>	<u>FY 26 Projected</u>
Capital Pay-Go	3.0%	10.1%	7.3%
Debt as Percentage of Assessed Value	4.0%	1.5%	1.3%
Debt as Percentage of General Gov't Exp.	10.0%	6.2%	6.2%
Unassigned Fund Balance	20.0%	20.0%	20.0%
Budget Stabilization Fund	2.5% Max	2.5%	2.5%
Capital Reserve Fund	No Min/Max	\$60.7M	\$77.3M

Tax Dollar for City Services



Public Safety	30¢
Education and Related Debt	28¢
Debt Service	6¢
Health & Welfare	6¢
Parks, Recreation, & Cultural	6¢
General Government	6¢
Capital Pay-Go	5¢
Judicial	4¢
Community Development	4¢
Public Works	2¢
Non-Departmental	2¢
Local & Regional Organizations	<u>1¢</u>
	\$1.00

Other Fund Highlights

Refuse Fund \$14.0M 3% ↑

- Current service levels maintained for trash pickup and recycling
- Solid waste disposal and recycling costs increasing
- Critical need for refuse truck replacements which cost **\$320K - \$440K** per vehicle
- **\$2M** budgeted for replacement of approximately five refuse trucks
- Proposing rate adjustment of **\$4.75 per month** from **\$25.25 to \$30 per month** to provide for annual refuse truck replacements and rising cost of solid waste disposal and recycling
- Requires **\$887K** from Refuse Fund Balance even with the proposed rate adjustment



Other Fund Highlights

Stormwater Fund \$10.7M 11% ↑

- No change to **\$7.50** monthly Stormwater fee per ERU in FY 26
- **\$255K** increase in debt service for Stormwater capital projects
- **\$1.6M** in Stormwater cash for capital projects and equipment
- Rate adjustment will be necessary in FY 27 Budget to provide for long-term stormwater drainage capital project financing



Other Fund Highlights

Road Maintenance Fund \$38.5M 5% ↑

- **\$926K** increase in State funding based on lane miles in City
- Budget provides **\$8.5M** for street/paving improvements and **\$3.5M** for bridge repairs
- **\$4.6M** for equipment replacements including street sweepers, dump trucks, asphalt truck, backhoes, and tractors

Transit Fund \$2.7M (14%) ↓

- No changes in service hours
- Windsor and Portsmouth commuter routes added
- Fare collections remains steady at approximately \$60K per year
- **\$1.1M** reduction in State and Federal funding
- **\$768K** increase in General Fund support required to maintain current transit service levels

Other Fund Highlights

Public Utilities Fund

\$76.3M

6%



- ERUs steady at **550 projected**
- **\$941K** increase in Bulk Water Contracts with Norfolk and Portsmouth
 - Portsmouth – **6% rate increase**
 - Norfolk – **3% CPI increase**
- Lab Supplies and Chemicals increasing **\$124K** due to inflation
- **\$9.9M** cash funding for Capital Projects - **\$2.3M increase** over previous year
- **1 new position** – Account Representative
- Average customer will see increase of **\$4.00** per month or **3.7%** in combined water and sewer bill excluding HRSD charges

	<u>FY 25</u>	<u>FY 26</u>	<u>Change</u>
Water Rate per 100 cubic feet	\$11.10	\$11.40	\$.30
Average Water Bill (5 ccf)	\$55.50	\$57.00	\$1.50
Sewer Collection per 100 cubic feet	\$7.68	\$7.88	\$.20
Average Sewer Bill (5 ccf)	\$38.40	\$39.40	\$1.00
Meter Service Charge	\$15.25	\$16.75	\$1.50
Avg. Combined Bill (Water/Sewer)	\$109.15	\$113.15	\$4.00

Other Fund Highlights

Information Technology Fund **\$18.9M 11%** ↑

- **1 new position** - Public Safety IT Manager dedicated to public safety departments
- **\$250K** increase for hardware, software, and equipment replacements/upgrades
- **Maintenance Contracts – \$10.3M**
 - Network Hardware and Software \$1.9M
 - E-911 Communication System \$1.5M
 - Body Camera Maintenance \$1.4M
 - Other Public Safety Software \$1.1M
 - Microsoft Agreement \$1.1M

Other Fund Highlights

Risk Management Fund \$24.2M 4% ↑

- Anticipated **7.8%** increase in health insurance claims costs in FY 26
- Increased part-time staffing over the last year to strengthen risk management program
- Line of Duty act and Worker's Compensation premium increase
- No fund balance utilization budgeted in FY 26 which increases departmental risk management expenses

Proposed FY 26 Budget Highlights

- No increase to the Real Estate Tax rate - \$1.07 per \$100
- **3%** COLA, market adjustments/regrades/reclassifications for positions below market or with changes in job duties
- **46** new positions to address workload/service demand and staff new facilities coming online
- Increased funding for Community Health and Safety needs
- **\$5.8M** increase in local funding for School operations
- **\$117.7M** allocated for infrastructure and quality of life improvements
- **\$4.75** adjustment to monthly Refuse rate to address increasing cost of solid waste disposal, recycling, and refuse truck replacement program
- **Utility rate adjustments (3.7%** average increase to combine water and sewer bill
- Compliance with financial policies to preserve the City's strong financial position

Next Steps

- **April 2** - City Manager proposed FY 26 Budget Presented to City Council
- **April 9** – Joint City Council/School Board Meeting
- **April 16** - Public Hearing - Proposed FY 26 Budget and Related Ordinances
- **May 7** - Public Hearing – Effective Rate Increase Due to Reassessment
Budget Adoption

Budget Information

- Proposed Budget and Presentation posted to City's website at www.suffolkva.us/174/Annual-Operating-Capital-Budget
- Full Document Available for Review:
 - City Website
 - Municipal Building - City Clerk's Office/Finance Department
 - City Libraries
 - East Suffolk Recreation Center, Bennett's Creek Recreation Center, and Curtis R. Milteer, Sr. Recreation Center
- Citizens can contact Budget Division with questions at (757) 514-4006 or BudgetOfficer@suffolkva.us