



June 14, 2023

Honorable Mayor and City Council,

I respectfully present to you the Adopted Fiscal Year (FY) 2024 Financial Plan for the City of Norfolk, which is comprised of the General Fund, Enterprise Funds, Special Revenue Funds, Internal Service Funds, Capital Improvement Plan (CIP), the Annual Plan for the Housing and Urban Development (HUD) Block Grants, and the Annual Grants Plan.

Discussions with City Council during our Budget Work Sessions and input from residents shared during the Budget and Capital Improvement Plan (CIP) public hearing and the tax assessment hearings resulted in amendments to the Proposed FY 2024 Operating and Capital Budgets. Amendments to the Proposed FY 2024 Budget were adopted at the June 13, 2023 City Council meeting. The table below illustrates the final Adopted FY 2024 Financial Plan:

Adopted FY 2024 Financial Plan	
Fund	Adopted Budget
General Fund	\$1,079,245,028
Enterprise Funds	\$189,980,838
Special Revenue Funds	\$52,016,213
Internal Service Funds	\$118,615,533
Total Operating Funds	\$1,439,857,612
Capital Improvement Plan	\$395,613,169
Total Operating and Capital Funds	\$1,835,470,781
Annual Plan for HUD Block Grants	\$7,054,048
Annual Grants Plan	\$86,498,241
Total Financial Plan	\$1,929,023,070

The Adopted FY 2024 Budget emphasizes providing the right services at the right scale based on data, and resident and City Council input. Resident survey data regarding resident priorities and satisfaction with city services as well as feedback from public hearings guided the strategic funding decisions for the FY 2024 budget. This budget funds the right services for today while charting a sound and sustainable plan for the future.

Budget Highlights

- No tax rate increases
- Suspension of the Motor Vehicle License Fee for calendar year 2023
- Pay raise for Team Norfolk
 - 5% general wage increase for all general, constitutional, and nonsworn employees

- A step increase plus a 2.5% increase (minimum of a 5% increase) for sworn Public Safety
- \$8.5M and 39 FTE in enhancements to address resident priorities
- \$4.5M and 26.8 FTE in enhancements to improve organizational effectiveness
- \$10.5M increase in local contribution to Norfolk Public Schools
- \$9.4M to purchase 120 vehicles /pieces of equipment
- \$4.2M to improve hardware and software systems
- \$56.6M in matching funds for the Downtown Floodwall Project
- \$65.5M for a new Norfolk Fitness and Wellness Center
- \$39.2M more than planned for maintenance of city infrastructure
- \$13.6M increase in Debt Service due to a growing Capital Improvement Plan (CIP)
- Fee changes for a number of the city's special revenue and enterprise funds:
 - A \$1.50 increase to the Solid Waste Residential fee
 - A 4% increase to the Storm Water fee
 - An increase to various Cemetery fees
- Automatic fee increases for Water, and Wastewater/Sewer

This memo details City Council's budget amendments to the proposed budget.

Operating Budget Amendments/Adjustments:

The following amendments to the Proposed FY 2024 Operating Budget reflect City Council directives and technical adjustments after proposal:

Enhancements to Outside Agencies

Increase Support for Outside Agencies: \$454,897

This action provides additional funding for the outside agencies listed in the table below:

Outside Agencies Amendments	FY 2024 Proposed	FY 2024 Reconciliation	Increase
Downtown Norfolk Council	\$108,000	\$258,000	\$150,000
Chrysler Museum of Art	\$2,627,397	\$2,753,955	\$126,558
Virginia Arts Festival	\$931,252	\$967,505	\$36,253
Virginia Opera	\$306,002	\$317,178	\$11,176
Virginia Stage Company	\$284,246	\$294,335	\$10,089
Virginia Symphony	\$294,902	\$305,523	\$10,621
Norfolk Sister City Association	\$58,500	\$65,500	\$7,000
Norfolk Commission on the Arts and Humanities	\$220,524	\$300,000	\$79,476
Hampton Roads Planning District Commission	\$264,410	\$288,134	\$23,724
Total	\$5,095,233	\$5,550,130	\$454,897

Relocation Assistance for the Hurrah Players: \$100,000

Provide one-time assistance for the Hurrah Players to relocate their offices and performance studio.

Enhancements to Improve Organizational Effectiveness

Provide Funds to Enhance Right of Way Inspections: \$101,228

Provide funds for a Construction Inspector II position to assist with inspection of outdoor dining in the public right of way as well as construction projects including the installation of broadband and inspections of code violations. This action will support the cost of the Construction Inspector II position as well as provide one-time funds for a work truck and equipment.

Provide Funds for City Assessor Salaries: \$136,000

This action will align salary funding with current staffing levels and support the cost of merit raises previously provided.

Provide Funds for the City Auditor's Office Salaries: \$104,810

This action will align salary funding with current staffing levels.

Provide Funds for City Clerk: \$81,062

Provide funds to support three enhancements for the City Clerk's office: additional funds for community engagement through enhanced outreach, aligning salaries for the Chief Deputy City Clerk and Deputy City Clerk/Secretary positions, and converting the temporary Municipal Intern III position to a Deputy City Clerk/Secretary position. These actions will enhance the City Clerk's capacity and support City Council outreach and engagement with residents.

Provide Funds for the General Registrar for Enhanced Election Support: \$31,061

Expanded early and absentee voting has resulted in the need for additional staff support for the General Registrar, particularly in years with multiple elections. This action provides funds for a Deputy Elections Administrator to assist with managing early voting at office and satellite locations. The FY 2024 funding will support six months of the FTE's salary, as the General Registrar will not be filling the position until January 2024.

Provide Funds to Enhance Citywide Title VI Compliance: \$66,102

Title VI of the 1964 Civil Rights Act prohibits discrimination based on race, color, national origin, or disability status in any program or activity that receives federal funds or other federal financial assistance. As a recipient of federal funds, the city is legally required to address Title VI compliance. This action will provide funds for a dedicated Management Analyst II position to manage and enhance citywide Title VI compliance.

Provide One-Time Funds for a Traffic Operations Vehicle: \$85,000

This action will support the cost of a truck that will be used to transport materials necessary for multimodal maintenance, such as items used to repair bike lanes, install bike racks, and improve signage and roadway markings.

Provide Funds to Enhance Veterinary Services at the Norfolk Animal Care Center: \$500,000

This action will support four additional positions including a licensed Veterinarian, two Veterinary Technicians, and a Veterinary Assistant. Funding is also provided for one-time and ongoing operational costs for veterinary services provided to animals housed at the Norfolk Animal Care Center Shelter. This will replace a contract arrangement that had been in place with a more permanent solution.

Provide Funds for a Citywide Trail Assessment and Master Plan: \$150,000

Provide one-time funds to develop the city's "Trail Assessment and Recreational Trail Connectivity Plan" which will be used as a framework to help the Department of Parks and Recreation decide how to best construct and connect blueways and trail networks throughout the city.

Enhancements to Improve Public Safety

Provide Funds for Fire-Rescue Emergency Medical Services Operations Staff: \$259,082

Provide funds for three dedicated Emergency Medical Services (EMS) Transport Supervisors (one per shift) to oversee operations, as well as a new response vehicle. These staff will perform quality assurance, patient care review, EMS training, liaise with long term care facilities, and ensure adherence to Virginia Department of Health Emergency Service Regulations.

Provide Additional Funding for the Real Time Crime Center: \$532,202

Provide one-time funds to support technology and contractual requirements for the Real Time Crime Center (RTCC). These funds will support connectivity for real-time video cameras, a video wall, and other features that are integral to the role the RTCC will play in enhancing public safety.

Provide Funds for Community Violence Intervention Training: \$350,000

The city has been partnering with the Newark Community Street Team (NCST) to utilize the organization's evidence-based, trauma informed approach to violence reduction. This action will provide funds to support additional community group violence intervention training led by the NCST.

Provide Funds for the Nighttime Basketball Program: \$250,000

This program, for residents aged 18 and up, has an emphasis on positive activities while providing additional assistance such as employment opportunities, professional development, G.E.D. enrollment, healthcare services, and more. This action will provide funds to support security, referees, uniforms, and additional programming outside of basketball to include dance and G.E.D. classes.

Provide Funds for Enhanced Street Outreach Efforts: \$108,000

The street outreach team provides those experiencing homelessness with transportation to shelters, referral to benefits, services, and long-term planning to end their homelessness. These funds will support enhanced homeless street outreach by adding an additional permanent full-time Case Manager III position as well as support a temporary full-time Case Manager III position that will proactively connect with and offer services to individuals experiencing homelessness in Norfolk. One-time funds for a vehicle are also included.

Miscellaneous Enhancements

Provide Funds for a One-Time Retiree Supplement: \$1,500,000

The budget funds additional financial support for retirees, particularly due to recent inflationary impacts. At Council's direction, this will provide \$1,500,000 for a one-time \$660 supplement for retirees with 20 years of creditable service who have been receiving a retirement benefit starting on and prior to June 30, 2022. All 2,275 retirees (as of 6/30/2022) will receive this supplement.

Reconciliation Items Impacting Revenue

Revenue Impact of Suspension of Motor Vehicle License Fee: (\$1,400,000)

On March 22, 2022, Council voted to temporarily exempt every owner of a motor vehicle, motorcycle or motorbike from the city's motor vehicle license fee that would otherwise have been assessed for calendar year 2022, from January 1, 2022, to December 31, 2022. City Council has again directed to suspend this fee for calendar year 2023. The overall revenue impact of this action is a \$1,400,000 decrease. This revenue decrease will also impact the Norfolk Public Schools (NPS) funding formula. The impact to NPS is detailed below.

Revenue Impact of Removing Proposed Increases to Parking Fees: (\$3,263,751)

The FY 2024 Proposed Budget included increases to various parking fees. This action will remove those proposed increases and the associated revenue. To balance the parking enterprise fund, the department's expenditure appropriation for debt service will be reduced by \$3,236,751 to account for the revenue impact of removing the proposed fee increases. Parking will be able to meet their debt service obligations for FY 2024; however, adjustments will be necessary for FY 2025 anticipated debt obligations. Parking's Re-Lamping Capital Improvement Plan (CIP) project will be reduced in FY 2024 by \$1.55 million to lessen the future impact on debt service.

Increase to Projected FY23 Projected Surplus: \$1,827,030

Increase to projected FY23 end of year surplus resulting from better than forecasted growth in non-real estate tax revenue.

Assessment Increase in 4th Quarter New Construction Revenue: *\$1,387,000

Real Estate tax revenue from new construction is assessed in quarterly supplements. The 4th quarter assessments related to new construction was stronger than originally estimated in the Proposed Budget due to strong economic activity. *\$993,069 of the \$1,387,000 is the city's share of the additional revenue, while \$393,931 will go toward the city's local contribution to Norfolk Public Schools.

Reconciliation Items Impacting Expenditures

Expenditure Impact of Removing Proposed Increases to Parking Fees: (\$3,263,751)

The FY 2024 Proposed Budget included increases to various parking fees. This action will remove those proposed increases and the associated revenue. To balance the parking enterprise fund, the department's expenditure appropriation for debt service will be reduced by \$3,236,751 to account for the revenue impact of removing the proposed fee increases. Parking will be able to meet their debt

service obligations for FY 2024; however, adjustments will be necessary for FY 2025 anticipated debt obligations. Parking's Re-Lamping Capital Improvement Plan (CIP) project will be reduced in FY 2024 by \$1.55 million to lessen the future impact on debt service.

Reduce Non-Mandated Reserves: (\$2,200,000)

This action reduces the Virginia Retirement System (VRS) reserve by \$1,000,000, reduces the Flexible Spending Account (FSA) reserve by \$1,000,000, and eliminates the \$200,000 Energy Reserve.

Net Impact of Adjustments on Local Contribution to Norfolk Public Schools: (\$19,769)

The city's revenue sharing formula with NPS will be reduced by \$413,700 due to the motor vehicle license fee suspension. However, the additional funding due to fourth quarter construction has increased school funding by \$393,931. The net impact of these two revenue adjustments is a reduction of \$19,769 in the local contribution to NPS.

Eliminate Long-Term Vacancies: (\$775,645)

Recognize savings from the elimination of long-term vacancies.

The tables below detail:

- A summary of the cost of amendments and adjustments to the operating budget
- The sources of funds that will be used to fund the operating budget amendments and adjustments

Uses of Operating Budget Amendments/Adjustments	Amount
Increase Support for Outside Agencies	\$454,897
Provide funds for Relocation Assistance for the Hurrah Players	\$100,000
Provide Funds to Enhance Right of Way Inspections	\$101,228
Provide funds for City Assessor Salaries	\$136,000
Provide Funds to Right-Size City Auditor Salary Funds	\$104,810
Provide Funds for City Clerk	\$81,062
Provide Funds for the General Registrar for Election Support	\$31,061
Provide Funds to Enhance Citywide Title VI Compliance	\$66,102
Provide One-Time Funds for a Traffic Operations Vehicle	\$85,000
Provide Funds to Enhance Veterinary Services at NACC	\$500,000
Provide Funds for a Citywide Trail Assessment and Master Plan	\$150,000
Provide Funds for Fire-Rescue EMS Operations Staff	\$259,082
Provide Additional Funding for the Real Time Crime Center	\$532,202
Provide Funds for Community Violence Intervention Training	\$350,000
Provide Funds for the Nighttime Basketball Program (Nighthawks)	\$250,000
Provide Funds for Enhanced Street Outreach Efforts	\$108,000
Provide Funds for a One-Time Retiree Supplement	\$1,500,000
Total Impact from Reconciliation	\$4,809,444

Sources of Operating Budget Amendments/Adjustments	Expenditures	Revenues
Total Impact from Reconciliation	\$4,809,444	
<i>Expenditure Impacts:</i>		
Reduce VRS Reserve	(\$1,000,000)	
Reduce FSA Benefit Reserve	(\$1,000,000)	
Eliminate Energy Reserve	(\$200,000)	
Savings from Eliminating Long-Term Vacancies	(\$775,645)	
NPS Reduction from Motor Vehicle License Suspension	(\$413,700)	
Remove Parking Expenditures	(\$3,263,751)	
NPS Expenditure Share from 4th Quarter New Construction Revenue	\$393,931	
<i>Revenue Impacts:</i>		
Recognize 4th Quarter Assessment for New Construction Revenue*		\$993,069
Increase FY 2023 Projected Surplus		\$1,827,030
Revenue Reduction for Vehicle Licensing		(\$1,400,000)
Remove Parking Rate Fee Increases		(\$3,263,751)
NPS Revenue Share from 4 th Quarter New Construction Revenue		\$393,931
Change to Proposed Operating Budget	(\$1,449,721)	(\$1,449,721)
FY 2024 Proposed Operating Budget	\$1,441,307,333	
Changes Via Reconciliation	(\$1,449,721)	
Final Proposed Operating Budget	\$1,439,857,612	

With the adjustments above, the FY 2024 Operating Budget is balanced and results in a net decrease to the total budget of \$1.45 million. This decrease is predominately due to the elimination of the proposed parking rate adjustments. Through strategic decisions and valuable input from both City Council and residents, these amendments to the Operating Budget continue the theme of providing the right services at the right scale and expanding or right-sizing services where appropriate.

Capital Improvement Plan (CIP) Amendments

The FY 2024 – FY 2028 CIP is being reduced by \$13,090,378 over the five-year plan. FY 2024 has been reduced by \$18,970,378 from \$414,583,547 in the proposed budget to \$395,613,169. The adjustments to projects and sources of funding are:

Provide Funds for the Virginia Arts Festival Capital Campaign: \$1,000,000

As a part of the city's partnership with the Virginia Arts Festival, the FY 2024 capital budget is amended to include \$1,000,000 in support of their capital campaign.

Provide Funds for Norfolk Botanical Garden's Capital Campaign: \$2,500,000

Provide funds to support Norfolk Botanical Garden's "The Garden of Tomorrow" capital campaign. The project will improve the entrance to the garden, construct a conservatory, and create a water education and rowing center. Funding for this project will be provided in FY 2024 and FY 2025.

Provide funding for Fred Huette Center Maintenance: \$500,000

Funding will update major systems including heating and air conditioning of the facility.

Provide Funding for Maintenance of Banks Community Center in Berkley: \$500,000

The building has sustained damage from water leaks and intrusion. Currently, the building is undergoing an evaluation and cost analysis for necessary repairs.

Provide Funds for Dredging of the Lafayette River: \$2,510,000

Various sections of the river will be dredged during the same fiscal year to reduce mobilization costs.

Increase Funds for Invest in Housing Rehabilitation (Renovate Norfolk) Program: \$200,000

The Renovate Norfolk program provides Community Development Block Grants (CDBG) to low-to-moderate income homeowners who need repairs made to their homes related to health and safety concerns. This funding will provide a match to the CDBG funds to allow funding to homes requiring more health and safety repairs than allowed by the programs current cap of \$25,000.

Increase Funds to Improve and Maintain the Virginia Zoo: \$550,000

Some improvements include updates to barriers and upgrades to exhibits.

Increase Funds to Address Norfolk Public Schools Major Maintenance: \$11,000,000

To correct an error, an \$11,000,000 increase in funding to support major maintenance and repair of school facilities is recommended for the FY 2024 CIP. This action will increase school funding to help preserve the life of buildings, perform major preventative maintenance, and undertake significant repairs. This increase is funded by school reversion funds. Also, use of debt in the CIP will increase to support city projects which were incorrectly funded using school reversion funds.

Increase Funds to Improve Granby Street Corridor: \$2,000,000

This project will construct pedestrian and vehicular safety improvements along the Granby Street corridor. The project will be done to support the federally funded Granby Bike Lanes project.

Increase Funds to Renovate Chrysler Hall: \$1,000,000

Provide funds to complete the design work for the renovation of Chrysler Hall.

Decrease Funds to Support Parking Garage Re-Lamping Program: (\$1,549,178)

Decrease funds provided to replace lighting at Town Point Garage and Main Street Garage with high efficiency LED lighting. The funding for this project is being reduced due to the removal of the proposed parking fee increase.

Decrease Funds to Restore Riverside Memorial Park Shoreline: (\$800,000)

The cost to the city for the project in FY 2024 is being reduced as the city has received grant funds that are being recognized in FY 2023. Restoration work will include various living shoreline techniques that will both restore and stabilize the area.

Decrease Funds for Tanners' Creek – NW Branch Neighborhood Dredging: (\$750,000)

This project is being consolidated into the *Dredging of the Lafayette River project*. Provide funds to perform maintenance dredging of the northwest branch of Tanners Creek. Navigational channels must be re-dredged every 10 to 15 years to prevent shoaling from natural processes and storms.

Decrease Funds to Improve Citywide Dredging and Waterways: (\$660,000)

These funds included maintenance and replacement of navigational markers and underwater inspections of city infrastructure.

Decrease Funds to Construct a Downtown Flood Wall: (\$36,371,200)

The Downtown Flood Wall Project provides the required 35% match funds to support Phase I of the city's Coastal Storm Risk Management Project that was developed in partnership with the United States Army Corps of Engineers. Phase I includes improvements to the Downtown Flood Wall, pumps, and levees that will protect the city's commercial core. This amendment decreases the FY 2024 budgeted amount for the local match by \$36.4 million, from \$93.0 million to \$56.6 million. The entire match amount of \$93.0 million is no longer necessary in FY 2024 due to updates to the anticipated costs and timeline. The \$36.4 million reduction to the local match in FY 2024 will be allocated to the latter years of this project, beyond the five-year FY 2024 – FY 2028 CIP.

Move Funds for Perform Pretty Lake Main Channel Maintenance Dredging: (\$1,100,000)

Shift funds provided to perform maintenance dredging of the main channels in Pretty Lake from FY 2024 to FY 2027. The navigational channels in Pretty Lake consist of ancillary channels in the lake branches which access the various residential areas and are connected by main channels.

Move Funds for Improve Richmond Crescent and Surrey Crescent Shoreline to FY 2024-2025 from FY 2026: \$500,000

Move timeline up for funds to replace failing bulkheads at Richmond Crescent and Surrey Crescent with living and rock shorelines to protect the roadways from rising tides and mitigate frequent nuisance flooding in the area. The project will also include expanding the existing living shoreline between Myrtle Park and Larchmont Library. \$500,000 is provided in FY 2024 and \$5,000,000 is planned in FY 2025.

The tables below detail the sources of funds used to fund the CIP amendments and adjustments outlined above:

Sources of CIP Amendments/Adjustments	FY 2024 – FY 2028
FY 2022 Surplus/Fund Balance	\$5,950,000
Increase State Contribution for Flood Wall	\$28,800
Reduce <i>Restore Riverside Memorial Park Shoreline</i> due to grant funds	(\$800,000)
Decrease Parking revenue transferred to CIP	(\$1,549,178)
Debt	(\$16,720,000)
Total	(\$13,090,378)

	FY 2024 – FY 2028
Uses of CIP Amendment Funds	
Create new project <i>Provide Funds for Virginia Arts Festival Capital Campaign</i>	\$1,000,000
Create new project <i>Provide funding for Norfolk Botanical Garden's Capital Campaign</i>	\$5,000,000
Create new project <i>Provide funding for Fred Huette Center Maintenance</i>	\$500,000
Create new project <i>Provide Funding for Maintenance of Banks Community Center in Berkley</i>	\$500,000
Create new CIP project <i>Provide Funds for Dredging of Lafayette River</i>	\$3,810,000
Increase <i>Invest in Housing Rehabilitation</i>	\$1,000,000
Increase <i>Improve and Maintain the Zoo</i>	\$2,550,000
Increase <i>Address School Major Maintenance</i>	\$11,000,000
Increase <i>Improve Granby Street Corridor</i>	\$2,000,000
Increase <i>Renovate Chrysler Hall</i>	\$1,000,000
Decrease <i>Support Parking Garage Re-Lamping Program</i>	(\$1,549,178)
Decrease <i>Restore Riverside Memorial Park Shoreline</i>	(\$800,000)
Decrease <i>Tanners' Creek - NW Branch Neighborhood Maintenance Dredging</i>	(\$750,000)
Decrease <i>Improve Citywide Dredging and Waterways</i>	(\$1,980,000)
Decrease <i>Construct a Downtown Flood Wall</i>	(\$36,371,200)
Move timeline up for <i>Perform Pretty Lake Main Channel Maintenance Dredging</i>	\$0
Move timeline up for <i>Improve Richmond Crescent and Surrey Crescent Shoreline</i>	\$0
Total	(\$13,090,378)

FY 2024 - FY 2028 CIP Amendments/Adjustments

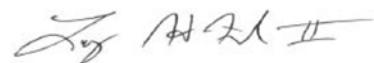
Project Title	Planned					Total
	FY 2024 Adopted	FY 2025	FY 2026	FY 2027	FY 2028	
Construct a Downtown Flood Wall	\$56,628,800	\$93,000,000	\$93,000,000	\$93,000,000	\$93,000,000	\$428,628,800
Address School Major Maintenance	\$25,891,347	\$9,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$43,891,347
*Provide Funds for Dredging of Lafayette River	\$2,510,000	\$1,300,000	\$0	\$0	\$0	\$3,810,000
Provide funding for Norfolk Botanical Garden's Capital Campaign	\$2,500,000	\$2,500,000	\$0	\$0	\$0	\$5,000,000
Improve Granby Street Corridor	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Restore Riverside Memorial Park Shoreline	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Provide funds for Virginia Arts Festival Capital Campaign	\$1,000,000	\$0	\$0	\$0	\$0	\$1,000,000
Renovate Chrysler Hall	\$1,000,000	\$0	\$0	\$0	\$0	\$1,000,000
Improve and Maintain the Zoo	\$550,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,550,000
Provide Funding for Fred Huette Center Maintenance	\$500,000	\$0	\$0	\$0	\$0	\$500,000
Provide Funding for Maintenance of Banks Community Center in Berkley	\$500,000	\$0	\$0	\$0	\$0	\$500,000
Improve Richmond Crescent and Surrey Crescent Shoreline	\$500,000	\$5,000,000	\$0	\$0	\$0	\$5,500,000
Invest in Housing Rehabilitation	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Improve Citywide Dredging and Waterways	\$0	\$0	\$0	\$660,000	\$660,000	\$1,320,000
Perform Pretty Lake Main Channel Maintenance Dredging	\$0	\$0	\$0	\$1,100,000	\$0	\$1,100,000
Support Parking Garage Re-Lamping Program	\$2,000,822	\$0	\$0	\$0	\$0	\$2,000,822
Total	\$97,780,969	\$111,500,000	\$96,700,000	\$98,460,000	\$97,360,000	\$501,800,969

*Funding for Tanner's Creek Dredging has been consolidated into the Dredging of Lafayette River project

Next Steps

As we move forward, the administration will continue to partner with stakeholders to deliver high quality, efficient, and effective programs to our residents. On behalf of the dedicated members of Team Norfolk, I thank City Council for their forward thinking and valuable input on the usage of the city's funds and taxpayer dollars. I look forward to implementing the many initiatives supported by the Adopted FY 2024 Budget.

Sincerely,



Dr. Larry H. Filer II
City Manager

This page intentionally left blank



March 28, 2023

Honorable Mayor and City Council,

I respectfully submit to you the Proposed Fiscal Year (FY) 2024 Financial Plan for the City of Norfolk, which is comprised of the General Fund, enterprise funds, special revenue funds, internal service funds, the Capital Improvement Plan (CIP), the Annual Plan for Housing and Urban Development (HUD) Block Grant programs, and the Annual Grants Plan. A summary of the Proposed Financial Plan is shown in the table below:

Proposed FY 2024 Financial Plan	
Fund	Proposed Budget
General Fund	\$1,077,430,998
Enterprise Funds	\$193,244,589
Special Revenue Funds	\$52,016,213
Internal Service Funds	\$118,615,533
Total Operating Funds	\$1,441,307,333
Capital Improvement Plan	\$414,583,547
Total Operating and Capital Funds	\$1,855,890,880
Annual Plan for HUD Block Grants	\$7,054,048
Annual Grants Plan	\$86,498,241
Total Financial Plan	\$1,949,443,169

As we solidify our emergence from the pandemic, we continue to focus on strategically funding the right services for today and developing a sound and sustainable plan for the future. Data-informed decision making and resource allocation were the guiding principles for the development of the FY 2024 budget. In the fall of 2022, the City of Norfolk undertook a resident survey in partnership with ETC Institute. The survey data regarding resident priorities and satisfaction with city services guided the strategic funding decisions for the FY 2024 budget.

The resident survey represents a random and statistically valid sample of residents from across the city. ETC Institute monitored responses and followed up to ensure all wards of the city were equally represented. Residents not selected in the random sample also had the opportunity to provide feedback. Going forward, a resident survey will be conducted every two years so that we can continue to ensure that our services are responsive to residents' needs and priorities.

The main resident priorities that emerged from the survey were:

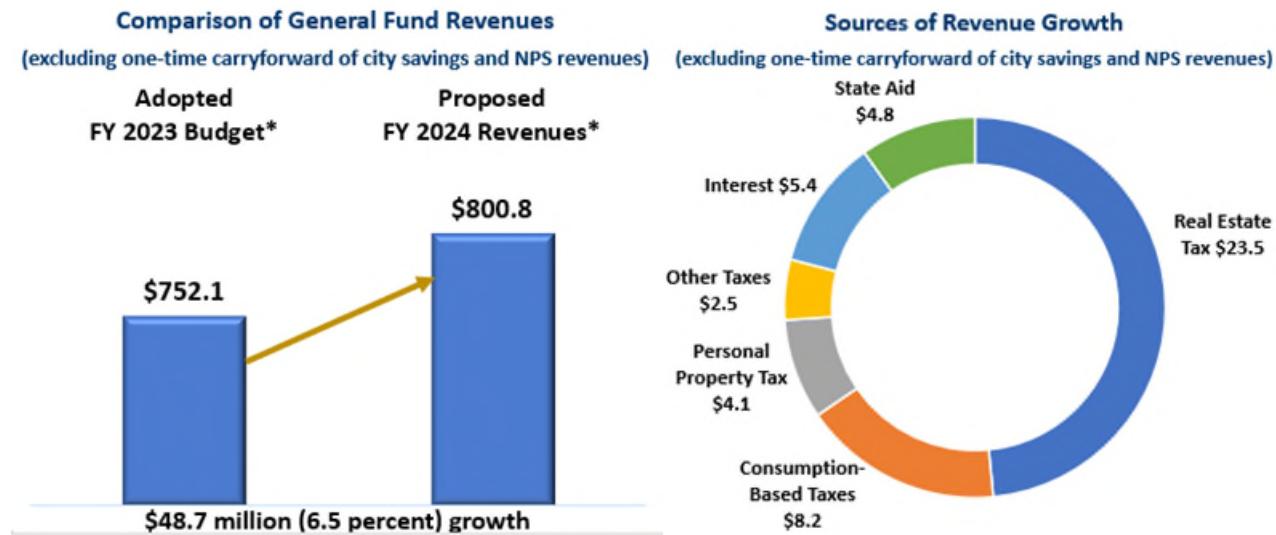
- Direct Services to Residents
- Neighborhood Quality

- Infrastructure Maintenance and Sustainability
- Public Safety
- Public Schools

Based on City Council and resident feedback, in addition to new initiatives included in this budget, we will build on and enhance programs that are already in place to address these resident priorities and strategically add or expand services in areas where we are not meeting resident demand. The FY 2024 budget also includes funding to support the city's organizational effectiveness ensuring we remain operationally sound and responsive to resident needs. This budget right-sizes our programs and services and places the emphasis on quality over quantity. By focusing on expanding the right services for today, based on resident feedback, we can ensure higher quality service delivery.

Economic Outlook

We continue our recovery from the pandemic with strong revenue growth. The FY 2023 revenues driven by consumption-based and real estate taxes are outperforming the budget. Personal property taxes are also anticipated to be slightly above budget due to car values not declining as quickly as anticipated. While car values remain high, personal property tax amounts paid by Norfolk residents remain lower than in neighboring cities. We are also projecting continued real estate assessment growth of 6.8% – a slower rate than in FY 2023. There is healthy revenue growth for consumption-based taxes (i.e., hotel, sales, and admissions) with a projected revenue growth of 8.9%. The Federal Reserve's increasing interest rates are positively impacting the city's interest earnings; however, they are simultaneously driving significantly higher debt service. The higher cost of borrowing to finance Capital Improvement Plan (CIP) projects and fewer refunding opportunities for existing debt has a significant cost impact to the city's operating budget.



The city's strong revenue growth is juxtaposed with economic challenges due to inflation, a tight labor market, and high interest rates on municipal bonds. High inflation continues to impact city operations, just as it impacts resident purchasing power, resulting in nearly \$5 million in higher costs to maintain our current service level. The January 2023 unemployment rate of 3.4% was the lowest since May 1969. The combination of historically low unemployment, a labor force participation rate that is below the pre-

pandemic level, and increasing compensation costs has resulted in a challenging hiring environment where we continue to see higher than normal vacancy rates paired with higher personnel costs.

Budget Overview

The Proposed FY 2024 General Fund Budget is over \$1 billion – 6.9% more than last year. The total operating budget is \$1.4 billion – 5.9% more than last year. The total spending plan is more than \$1.9 billion and includes \$414.5 million in Capital Improvement Plan funds, \$7 million in HUD entitlement grants, and \$86.4 million in anticipated grant funding.

The budget includes:

- No tax rate increases
- Pay raise for Team Norfolk
 - 5% general wage increase for all general, constitutional, and nonsworn employees
 - A step increase plus a 2.5% increase (minimum of a 5% increase) for sworn Public Safety
- \$6.4M and 34 FTE to address resident priorities
- \$3.5M and 20 FTE to improve organizational effectiveness
- \$10.5M increase in local contribution to Norfolk Public Schools
- \$9.4M to purchase 120 vehicles /pieces of equipment
- \$4.2M to improve hardware and software systems
- \$93M in matching funds for the Downtown Floodwall Project
- \$65.5M for a new Norfolk Fitness and Wellness Center
- \$12M for improving the Half Moone Cruise Terminal
- \$53.5M more than planned for maintenance of city infrastructure
- \$13.6M increase in Debt Service due to a growing Capital Improvement Plan (CIP)
- Proposed fee changes for a number of the city's special revenue and enterprise funds:
 - A \$1.50 increase in the Solid Waste Residential fee
 - A 4% increase to the Storm Water fee
 - An increase to various Parking fees
 - An increase to various Cemeteries fee
- Automatic fee increases for Water, and Wastewater/Sewer

The budget relies on \$13.2 million of State and Local Fiscal Recovery funds (SLFRF) and anticipated surplus to balance. As discussed with City Council during last year's budget development, we are beginning the three-year drawdown of the Continuity of Services Set Aside from the American Rescue Plan Act (ARPA) funds. Use of this set aside allows us to enhance city services in response to the resident survey and provide a much-needed raise to employees all while avoiding having to raise taxes. The city expects to return close to structural balance by FY 2027.

Organizational Effectiveness - Investing in Team Norfolk

Last fiscal year, we invested heavily in Team Norfolk in order to strengthen our ability to recruit and retain the employees that provide core government services. We provided employees with a 5% general wage increase, increased the minimum wage to \$18 an hour for permanent employees and \$15 an hour for temporary employees, ensured that City of Norfolk employees saw no increase in healthcare

premiums, and provided paid family leave and a dependent care benefit, among other employee-focused initiatives.

Competition for employees remains fierce, and we continue to see higher vacancy rates than pre-pandemic. **However, our investments in our staff have not been without impact – we have retained 94% of the 651 employees that were impacted by the minimum wage increase in last year's budget.** For FY 2024, I am again proposing a 5% general wage increase for all general, constitutional, and nonsworn employees as well as a step increase plus a 2.5% increase (for a minimum of a 5% increase) for sworn employees on Pay Plan 5 effective July 2023. Employees will again see no increases in healthcare premiums in FY 2024 and will also see improved coverage of health care benefits such as hearing aids, no or minimal cost diabetic supplies, and more. With the strategic investments in our compensation and benefits offerings in last year's budget paired with these investments in FY 2024, we hope to be able to continue to attract and retain talented employees that provide quality services to our residents.

Additionally, the city is taking further steps to address recruitment and retention for certain hard to fill or hard to retain positions, including for 911 Dispatch. The Telecommunicator series will be moved to the Pay Plan 5 which will significantly increase their starting pay so that our salaries are competitive with other cities in the region. Telecommunicator salaries will now be on a step system that will provide a more predictable pay progression and career ladder. This change will facilitate the recruitment and retention of these invaluable employees.

Last year, we began a pilot program for Police physical and mental wellness services which has proven to be effective and well-received by Police personnel. In FY 2024, this contract will be expanded to include Fire Rescue and 911/Emergency Preparedness and Response. This wellness program is tailored to meet the needs of and support public safety and 911 personnel through targeted therapy, training, and biofeedback data.

Organizational Effectiveness – Operational Investments

While this budget's primary focus is addressing resident priorities as identified in the resident survey, we must also assess our internal operations and processes. Information Technology (IT) infrastructure, Fleet vehicles and equipment, funding to train staff and develop work plans, and sufficient staffing to keep the gears of government turning efficiently are cornerstones of an effective organization. This budget makes meaningful investments in these areas.

In FY 2019, City Council implemented a real estate tax increase – a portion of which went to address growing backlogs in our IT infrastructure and Fleet vehicles and equipment. This investment has continued in every budget since, and this year is no different. This budget allocates \$9.4 million for Fleet investments including 120 vehicles/pieces of equipment (26 Police vehicles and 4 Fire-Rescue vehicles) and \$4.2 million for software and technology investments, all of which will be funded with cash.

The proposed budget also includes enhancements to both cyber and physical security with the addition of a Chief Information Security position and IT security software to address growing cybersecurity threats and minimize our vulnerabilities. As of March, IT has stopped nearly 8.3 million malicious emails in FY 2023, with a weekly average of 219,000. The budget also adds six Physical Security Specialists to provide enhanced security in city facilities and parking garages.

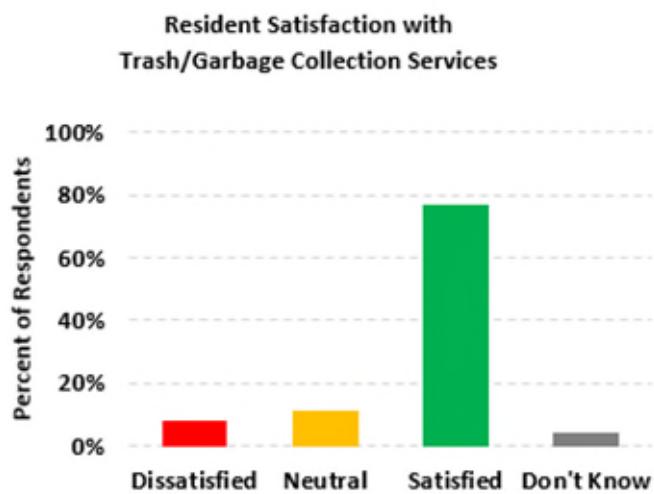
The survey indicated that residents receive a significant amount of their information directly from city employees; with this budget we will establish an Internal Communications program with four FTE within

the department of Communications & Marketing. This will enhance communication across the organization and ensure city staff are adequately equipped to communicate effectively and consistently both internally and with residents. Additionally, approximately \$60,000 is provided for staff development and training. Overall, the FY 2024 proposed budget adds a total of 20 FTE across various programs to improve organizational efficiency and enhance resident services.

Addressing Resident Priorities

Direct Services to Residents

The city continues to meet and exceed demand for core resident services including waste management services such as trash/garbage collection services, yard waste/leaf/brush pick-up services, and curbside recycling services.



In order to maintain this high level of service, I propose increasing the solid waste residential fee for residents by \$1.50 dollars from \$27.01 a month to \$28.51 a month. This fee increase will ensure that the waste management fund is sustainable and that residents continue to receive excellent waste management services despite increased operating costs due to inflation and cost increases from the regional waste facility.

Other high satisfaction services within Direct Services to Residents include libraries and the physical condition of outdoor parks, trails, and outdoor facilities. This year's proposed budget includes additional temporary part-time staffing support for both Norfolk Public Libraries and the Slover which will ensure that libraries are fully open and available to residents at least 40 hours a week. Funds are also included to enhance landscaping to ensure residents can continue to enjoy the city's parks and trails.

While we continue to maintain and build on these areas of higher satisfaction, we recognize that we have more to do to meet residents' expectations for recreation facilities and programming. The budget includes funds to enhance recreation programming by adding three recreation specialists and three part-time recreation activity instructors. The positions will instruct outdoor environmental and nature programming at recreation facilities and parks throughout the city. Additionally, funds are included to support four new unarmed Park Ranger positions to reduce the burden on Police for minor incidents in parks. Funds to compensate Sheriff Deputies to provide event security at youth sports leagues, athletic programs and other special recreation events for youth and adults are also included.

In FY 2023, the city conducted an assessment of all city tennis courts. Tennis courts will be repaired and renovated in phases based on the final report and its recommendations. In FY 2024, the courts at Booker T. Washington and Lake Taylor High School will be improved. Funding for these improvements is included in the CIP. The FY 2024 proposed CIP also provides \$65.5 million to fully fund the construction of the new Norfolk Fitness and Wellness Center (NFWC) and library. The FY 2022 budget included four million dollars to design a combination recreation center and library facility on the site of the current NFWC. Additionally, funding is included in the CIP for the acquisition and renovation of the Rosna Theatre which will serve as the future home of Norfolk's boxing program.

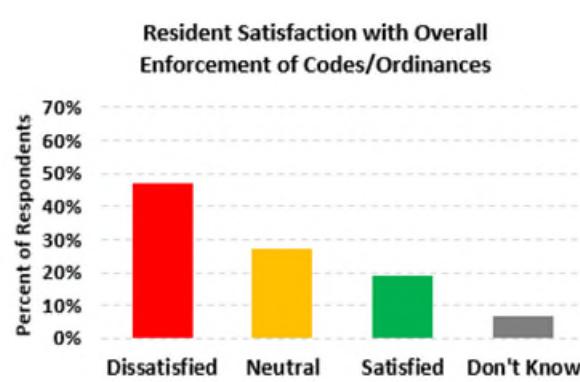
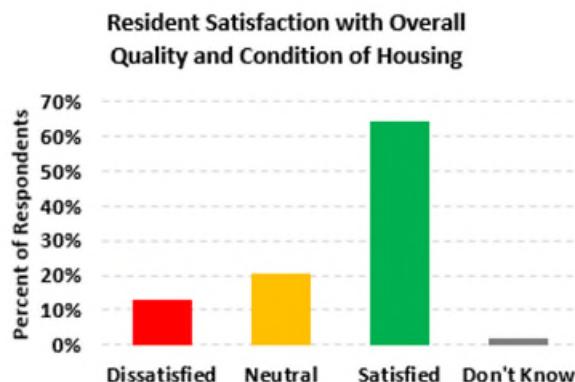
In order to ensure we are offering the best possible service to our most vulnerable residents, \$1.4 million is included in the proposed budget to support continued improvements to the Human Services building. Funds will address safety and security improvements, additional restrooms, security fencing, access controls and cameras, signage, and furnishings. The renovation is designed to provide a safe and secure environment and is designed around trauma-informed principles. These improvements will create a positive environment that supports customer and employee safety.

The FY 2024 CIP also provides funds for a commercial kitchen for the city's homeless shelter, The Center. The 100-bed shelter was purchased and began operating in FY 2022 and continues to support and provide services to homeless individuals as they work toward transitioning to permanent housing. Since opening, 484 people have been served of which 56 of have moved on to either temporary (28 people) or permanent housing (28 people).

The proposed budget also includes increases to various Cemeteries fees. These fees were last adjusted in FY 2019. These increases ensure the city is equipped to continue to offer excellent service during times of increasing operational costs and allow for better future planning for the care of the cemeteries. Even with the increase, Norfolk's Cemeteries fees will remain substantially lower than private cemeteries, and we will continue to offer the most affordable options to our residents. A table of all proposed Cemeteries fee increases can be found in the Proposed Fee Changes section.

Neighborhood Quality

While residents were generally satisfied with the overall quality and condition of housing in their neighborhood and the overall appearance of their neighborhood, residents were less satisfied with the level of trash and debris on private property and the overall enforcement of codes and ordinances.



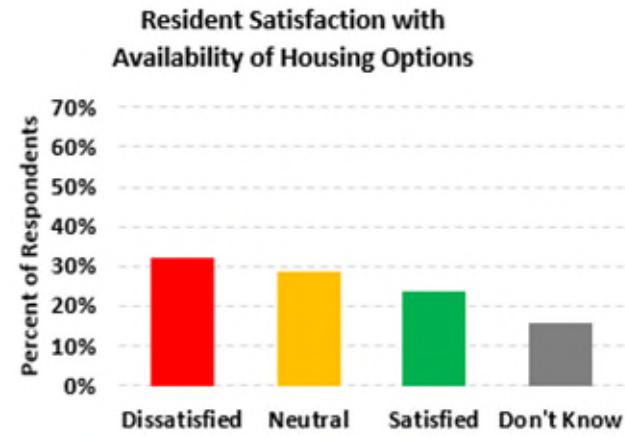
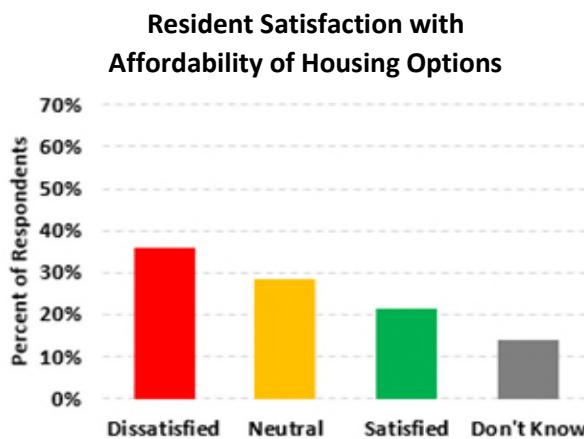
The FY 2024 proposed budget takes several steps to address these concerns. Funding is included to enhance nuisance abatement and promote a safe, clean, and friendly environment for all residents and

visitors. Nuisance abatement involves the cleanup of illegal dumping, construction debris in the public right-of-way, timbers, overgrown vegetation, and other nuisances deemed a risk to public health and safety. The additional funding will allow for more timely abatement responses to improve the health, safety, and aesthetics of an area. This funding will supplement the 12 positions added in FY 2022 within the department of Parks and Recreation to improve overall litter control.

The proposed budget also fully funds the code enforcement expansion for private property maintenance. This expansion effort will add 12 FTEs responsible for enforcing city ordinances and the Virginia Maintenance Code (VMC). In addition to core services such as nuisance abatement, vacant building registration, and annual inspections of elevators and escalators, expanded services include but are not limited to hotel/motel inspections, Residential Rental Program (RRP), issuing Waste Management citations with civil fines, and increased enforcement along commercial corridors. This brings the total Code Enforcement FTE count to 40 positions who will support increased engagement, education, and enforcement to improve the appearance of the city and its neighborhoods. Funds for one-time abatement assistance for eligible property owners with extenuating circumstances and a plan to enhance education of property maintenance responsibilities for property owners are also funded as a part of the expansion. Additionally, code enforcement operating hours will be increased from 5pm to 7pm during weekdays, and Saturday hours will be added to assist with enforcement efforts. To accommodate the additional staff and hours, funding for a satellite location is also included.

The proposed budget also enhances Conditional Use Permit (CUP) application processing, particularly for restaurants that serve alcohol, by funding an additional City Planner I position who will be responsible for processing applications related to CUPs to ensure compliance with the Zoning Ordinance. A Residential Plan Coordinator FTE is also added to enhance processing for residential permits. Last year's budget funded the Business Compliance Unit (BCU) which has now fully staffed its nine FTEs to ensure consistent enforcement of codes related to compliance with conditional use permit requirements with a primary focus on after-hours activities occurring at nightclubs, other late-night entertainment, and short-term rental activities.

Residents had lower satisfaction levels regarding the availability and affordability of housing options.

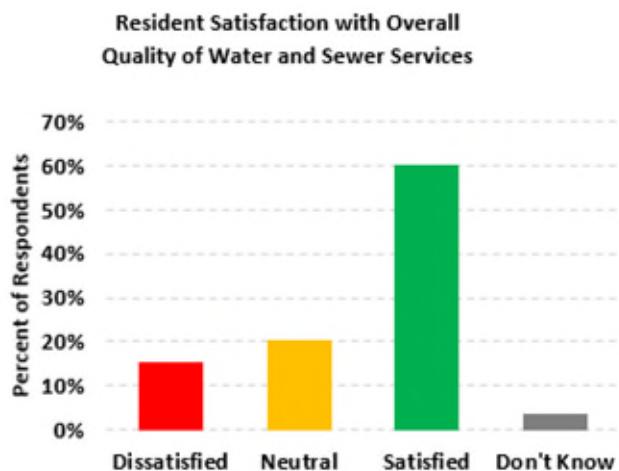


To address this, the city is working with a consultant to prepare a comprehensive housing study and recommendations for a set of affordable housing policies. The FY 2024 budget will fund one new Senior Design and Rehabilitation Specialist to enforce the requirements associated with the anticipated

inclusionary zoning policy. Other initiatives to address affordable housing include expanding the city's fair housing education and enforcement activities, with the addition of a new Fair Housing Compliance Specialist, and a grant-funded partnership with Housing Opportunities Made Equal of VA to complete fair housing testing and education in Norfolk. These efforts will strengthen the local, state, and federal fair housing protections for all protected classes. Other efforts include the transformative redevelopment of the St. Paul's area, now known as Kindred, continuation of the Renovate Norfolk and Strengthening Neighborhoods' owner-occupied rehabilitation and down-payment assistance programs, the city-owned vacant property online auction, and the Department of Neighborhood Services' Rent Ready Norfolk education program and Norfolk Eviction Prevention Center. As of March 2021, \$1.9 million has been allocated and 469 households have been assisted through the Eviction Prevention Center.

Infrastructure Maintenance and Sustainability

Continued investment in maintaining and improving our infrastructure is essential to ensure the long-term safety and sustainability of our city. The highest resident satisfaction areas for Infrastructure Maintenance and Sustainability include water and sewer services, the quality of the city's drinking water, and the condition of street signs and traffic signals.



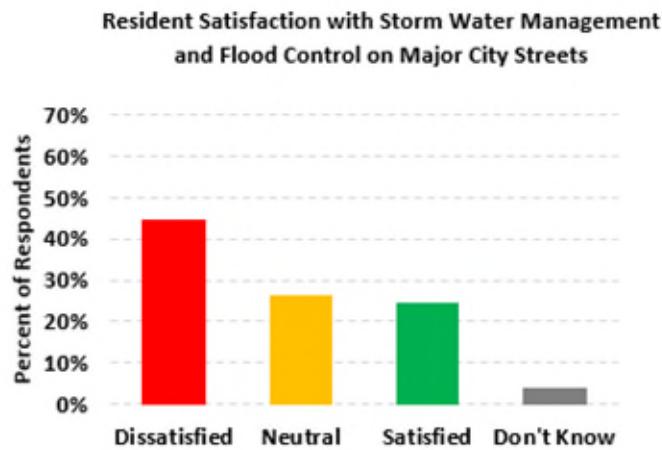
The proposed Capital Improvement Plan (CIP) makes significant investments in maintaining and enhancing the city's water and sewer infrastructure including upgrades to water treatment plants, replacement of water transmission distribution, and improvements to the wastewater collection system and wastewater infrastructure in both the Larchmont and Kindred areas. The water and wastewater infrastructure improvements in the Kindred area will provide the infrastructure required to transform the area into a multi-use, mixed-income development to deconcentrate poverty and enact place-based initiatives.

Lower resident satisfaction areas identified in the survey include bicycle infrastructure, the maintenance of major city streets, neighborhood streets and sidewalks, traffic flow, the adequacy of street lighting, and flooding.

The proposed FY 2024 CIP includes \$16.6 million for improvements to street infrastructure citywide and a downtown traffic study. I also propose funding to support a Transportation Program Manager that will oversee field investigations generated by staff and citizen requests, traffic data collection, guardrail maintenance, streetlights, and the parking permit program. Funds are also proposed for multimodal maintenance as well as two Traffic Maintenance Technician positions who will assist with maintaining infrastructure related to e-scooters, e-bikes, bicycles, and pedestrian ways across the city.

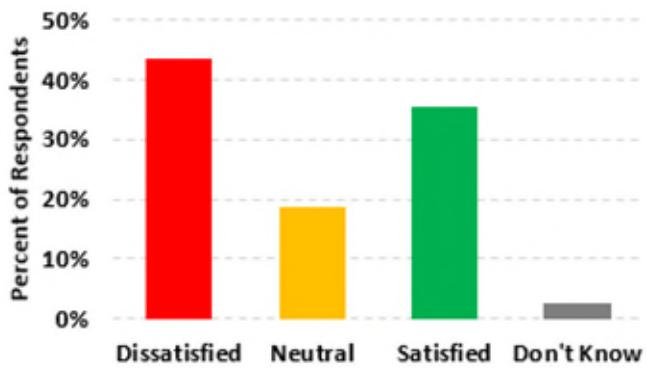
Repairs will be made to improve pavement markings, signage, and lane delineators. The city is also continuing its partnership with Dominion Energy to replace all streetlights with LEDs for better illumination of streets, parks, and parking lots – \$5 million was appropriated for this effort in FY 2023.

Residents recognized that we have more work to do in the areas of storm water management and flood control. Our resilience as a coastal city must be a priority now and in the years to come.



investment made by any Council to ensure the ongoing safety and prosperity of our residents and businesses. The project will be completed in five phases over the next decade and ensure Norfolk is a resilient and sustainable coastal city. Five FTE are included in this budget to manage the project. While the \$93 million each year is the required non-federal match, our ability to pay this match will be substantially tied to the state being an equal partner in the project. The city will offset the bonding requirements through in-kind matches of land and infrastructure.

Resident Satisfaction with Maintenance of Streets and Sidewalks

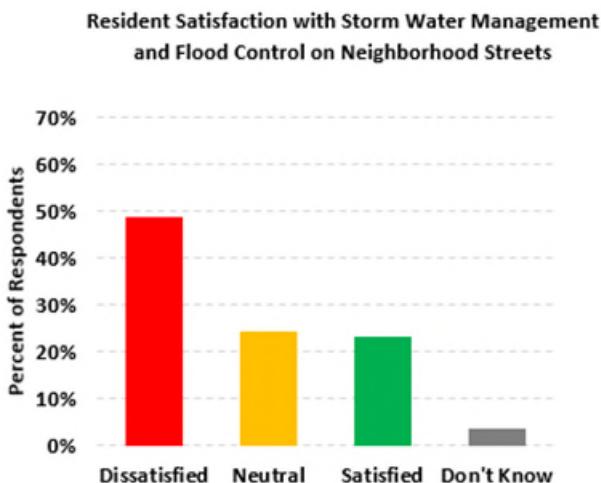


The FY 2024 proposed budget makes substantial investments in addressing storm water and flood control concerns. The proposed CIP includes funding to support Phase 1 of the Coastal Storm Risk Management project which includes a large-scale extension of the Downtown Norfolk floodwall and the design and construction of storm surge barriers, levees, and pump stations. Norfolk will need to provide an annual \$93 million match over the next ten years to this \$2.6 billion project. This is the largest direct

In addition, the proposed budget and CIP will address “behind the wall” flooding by reallocating the dedicated Citywide Flooding Reserve from the Storm Water monthly fee to the Blue/Green Way and allocates \$5 million in FY 2024 for neighborhood storm water drainage projects in eight neighborhoods including:

- Sylvan and Walnut Hill Street
- East Ocean View
- Overbrook/Coleman Place
- Glenwood Park
- Glenrock
- Chesapeake Boulevard
- Bruce’s Park
- Lowery Road

Overall, \$40 million is programmed in the CIP from FY 2024 through FY 2028 to address neighborhood flooding.



The Blue/Green Way in Kindred will redevelop approximately 26 acres of public housing and other properties into an aesthetic open space designed to treat and store storm water runoff during storm events. This transformation will create a water eco-center comprised of parks and green spaces. The budget also includes funds to enhance street sweeping to improve storm water infrastructure in order to further mitigate flooding and funding for the Hague Bulkhead repairs, critical maintenance to the Riverside Memorial Park shoreline, and repairs at the Pagoda Basin Waterfront.

The proposed CIP begins an investment in citywide dredging efforts. Funding for dredging Tanner’s Creek is included in FY 2024; additional waterways will be dredged in FY 2024 and going forward based on a citywide dredging plan.

Other CIP Investments

The proposed CIP also funds the maintenance of city facilities, road and bridge infrastructure as well as the design of a new Norfolk Animal Care Center (NACC) facility that will also include space for Police Animal Protection. Funds for improvements to the Half Moone Cruise Terminal are also included as Carnival Cruise line has announced that they will be offering year-round cruises departing from Norfolk beginning in FY 2025. The Half Moone Cruise Terminal will be renovated to support the increased number of cruise ships that will be docking in Norfolk.

The FY 2024 proposed budget also includes various increases to parking fees. These increases will make the Parking Fund sustainable and support various improvements including enhanced cameras and servers for safety and security in city parking facilities, a license plate reader, and the ongoing cost of the new Parking Access Revenue Control System (PARCs). There have been a few minor rate increases to short-term hourly and event rates and citation fees in the last 22 years; however, long-term monthly rates, both business and residential, have not increased in 25 years (since 1998). With the implementation of so many improvements to the customer experience, it is the right time to adjust these fees for the continued sustainability of the fund. A table of all proposed Parking fee increases can be found in the Proposed Fee Changes section.

Public Safety

We are currently meeting and exceeding resident demand for Fire and Emergency Medical Services (EMS), 9-1-1 dispatch, and emergency management; however, the feedback we received from the resident survey confirms that we need to further adapt and innovate our approach to policing. The visibility of police and residents' ability to engage with police in crime prevention activities were lower resident satisfaction areas.

Last year's budget took several steps to address the high public safety vacancy rates. We implemented a public safety redesign which made changes to the Pay Plan 5 to provide career progression opportunities and salary adjustments to make us competitive with our regional peers for sworn Police, Fire-Rescue and Sheriff personnel. Given the current hiring environment, we know that we will not be able to fill all of our sworn Police vacancies in the next fiscal year. This is not an issue unique to Norfolk; Police departments around the nation are struggling to fill vacancies that have steadily increased since the pandemic. To meet demand for public safety, we must reimagine what policing looks like and make conscious efforts to police smarter and align these efforts with 21st Century policing.

We will not be able to fill our sworn vacancies in FY 2024. This budget provides funding for 652 sworn officer positions. I am recommending that we strategically redirect payroll savings in FY 2024 to three areas:

1. Continue the enhanced public safety salaries implemented in FY 2023
2. Invest in our Real Time Crime Center (RTCC)
3. Invest in a new Public Safety Aide classification

The proposed budget will result in 5% raises for sworn staff, continuation of longevity bonuses of \$12,000 for those who commit to remaining with us for five years. In addition, 167 police officers and 190 other sworn positions will receive a pay increase of 7.5% as they reach key career progression steps on Pay Plan 5, an additional 2.5% over the general wage increase of 5% for the sworn workforce. I am proposing that City Council redirect funds from unfilled positions toward these actions to improve retention of our current officers while ensuring the action is budget neutral.

I am also proposing a significant investment in the Real Time Crime Center. The RTCC will serve as a central intelligence hub for public safety by providing 24/7 citywide real-time surveillance, emergency management, and crime analysis. RTCCs leverage multiple camera and data feeds to present a picture of what is taking place in real time; they also provide a centralized place to unite technology with intelligence and analysis by providing law enforcement the ability to respond quickly to developing situations. RTCCs efficiently enable even a single analyst or law enforcement officer to monitor several areas at once. This facility and its advanced technology will help provide critical intelligence to officers on the street and ensure effective crime prevention and emergency response.

Finally, I am proposing that we create a new sworn classification, Public Safety Aide, a community-focused position that will enhance Police recruitment by offering employment to candidates as young as 18 years old and preparing them to enter the Police Academy. This will provide a path for recruitment and career progression for those interested in a public safety career and enhance services while preparing the next generation of officers.

In addition to these investments, the FY 2024 proposed budget includes funds for training, enhanced fitness and wellness programs for public safety personnel, additional investment in the K-9 program to replace dogs as they age out of service, replacement body armor for Police and Sheriff, two FTEs and \$2

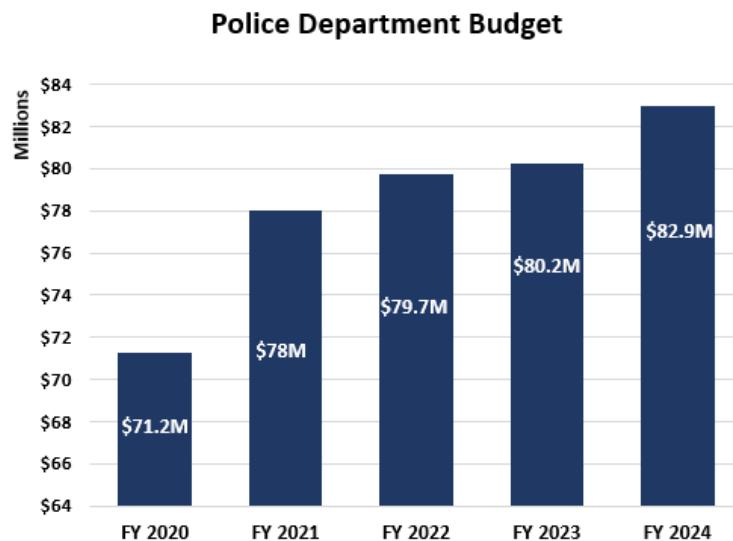
million in additional funding for the jail medical contract, and a digital x-ray system for the bomb squad. We will also leverage grant funding to purchase and outfit a new bomb truck and a new fire truck.

Funds are provided to establish a contract with a consultant that will help develop and implement an ongoing grassroots-level street safety program. Additional funding and an FTE within the City Manager's Office are also included; the position will coordinate Equity in Policing efforts, the new anti-violence street safety program, and staffing a citizen review panel. A position within the department of Diversity, Equity, and Inclusion (DEI) is also included to focus on public safety equity and inclusion efforts.

Additionally, we will purchase a new automated fingerprint identification system and a cloud-based interview recording system for investigative and administrative purposes. The replacement of 911 Center computers, technology improvements for the Sheriff's Office and jail, and mobile routers for Fire apparatus to enhance communication with local hospitals are also proposed.

I also propose funding in FY 2024 to conduct a public safety facility needs study to understand what would be required to modernize public safety facilities throughout the city. The study will inform a Fire-Rescue Modernization Plan to renovate existing and construct new fire stations in future fiscal years as well as a new Public Safety Emergency Operations Center. These significant investments will ensure that Norfolk is equipped with the necessary tools to address public safety in an evolving and challenging environment.

The Police budget will see an overall increase of \$2.7 million in funding in FY 2024.



This realignment will ensure that these funds are actively being used to improve public safety in Norfolk instead of being set aside for vacancies we know we cannot fill in this current hiring environment. These funds will support the ongoing cost of the Pay Plan 5 Redesign implemented last year and new initiatives such as public safety employee fitness and wellness, salary adjustments, additional code enforcement, and staffing the new Real Time Crime Center (RTCC).

Norfolk Public Schools



Operating Budget

The information below is based on the Superintendent's proposed budget as the budget was not adopted by March 15, 2023. We will bring forward any necessary revisions with the adopted budget.

Through the continued use of the funding formula, the local contribution to NPS is projected to increase by more than \$10.5 million. This increase, along with \$11 million in increased funding from the state and other sources, results in a 5.7% operating budget increase for NPS in FY 2024.

The increase in local support has helped NPS invest in substantial pay increases for teachers, administrators, and support staff and raise teacher starting pay by 7%. The NPS Budget includes:

- 7% increase in the starting pay for teachers from \$49,500 to \$53,000
- 6.9% average salary increase for teachers
- 6.9% average salary increase for classified employees
- 5.1% average salary increase for administrators

NPS Capital Improvement Plan

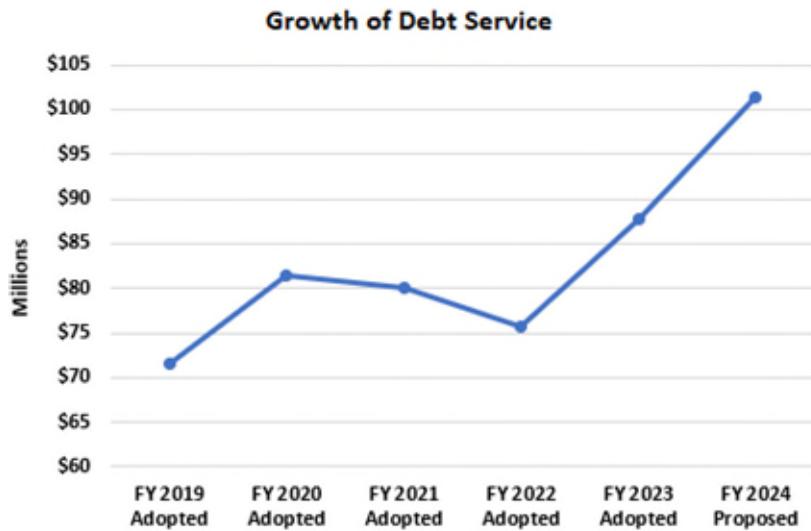
Proposed FY 2024 – FY 2028 capital funding for NPS includes \$32.8 million for school maintenance and \$5 million for school buses. Additionally, funds are included for the construction of Norview Elementary School and Maury High School. Last year's CIP included funds to renovate Booker T. Washington. The planned funding for Norview and Maury has been delayed by one fiscal year pending decisions from the School Board on whether they intend to consolidate and close certain schools due to declining enrollment in order to meet student needs more effectively and efficiently. We acknowledge the difficulty associated with redistricting students and will work with school administration to ensure that our investments in school modernization, when implemented, align with the long-term needs of students and staff.

FY 2024 - FY 2028 Proposed CIP - NPS Projects

Project Title	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Address School Major Maintenance	\$14,891,347	\$9,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$32,891,347
Acquire School Buses	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Construct Norview Elementary School				\$37,500,000		\$37,500,000
Construct Maury High School			\$140,000,000			\$140,000,000

Debt Service

Debt service payments increased by \$12.2 million from FY 2022 to FY 2023. Debt service payments are expected to further increase in FY 2024 by \$13.6 million from \$87.6 million in FY 2023 to \$101.3 million in FY 2024.



The city manages its long-term financing needs through periodic issuance of General Obligation bonds and last sold these bonds in August 2021. After years of reduced capital projects, the CIP has begun to grow. The FY 2022 and FY 2023 CIPs authorized more capital projects than in recent years. Large projects such as the Downtown Floodwall and school modernization are financed with General Obligation bonds and are further driving increased debt service. As a city we remain fiscally strong, but the recent rapid increase in debt service is not to be trivialized. The pending costs of the flood protection system combined with an aging city infrastructure will require significant investment over the next decade. Investments, with a focus on revenue enhancing investments, will need to be made during the decade to keep our debt service costs manageable.

Conclusion

The city's proposed FY 2024 budget emphasizes providing the right services at the right scale. By focusing on strategic resource allocation based on data and resident feedback, we are expanding or right-sizing services where appropriate. We will continue to solicit and implement feedback from residents and measure our performance as we strive for the provision of quality service delivery across all programs and services.

A special thanks to my Senior Executive Team of Deputy City Managers and Department Heads who played an important role in building this budget. I would also like to thank the Department of Budget and Strategic Planning for their work throughout the last year. I look forward to discussing this budget with you over the next six weeks.

Sincerely,

Dr. Larry H. Filer II
City Manager