

City Manager's Message





CITY OF SUFFOLK

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CITY MANAGER

June 4, 2010

The Honorable Council
City of Suffolk, Virginia

Dear Council Members:

I am pleased to present a copy of the FY 2010-2011 Operating and Capital Budget as adopted by City Council at the May 5, 2010, Council meeting. As you are well aware, this was an extremely challenging budget year. The economic pressures confronting our Nation, State, and City are presenting significant challenges for the provision of critical government services. The City continues to experience declines in real estate values and State aid as the Commonwealth of Virginia addresses \$4 billion in budget reductions in the next biennium. Nevertheless, we remain optimistic about the future and the City has once again stepped up with operational changes and solutions to meet our funding requirements despite an atmosphere of austerity at the Federal and State level and competing interests at the local level. I would like to thank this Council for allowing us to focus on the big picture and make such bold adjustments for the greater good of the City of Suffolk and its citizens. Attached for your review is the adopted Fiscal Year (FY) 2010-2011 Operating and Capital Budget which addresses our operational needs.

The City faces a shortfall of **\$5M** in FY 11' including **\$4.1M** in increased service requirements associated with mandated additional support of the Western Tidewater Regional Jail, critical replacement and maintenance of our technology infrastructure, service reinstatement of free bulk refuse pick-up, the addition of a second Neighborhood Enforcement Team (NET), increased rate requirements to support City retirement costs, increased landfill post closure costs, new building and facility costs, and capital improvements contribution policy requirements. This is compounded by the \$9.3 million shortfall addressed by the City in FY 10', which brings the 2 year reduction strategy to **\$14.3M**, and the fact that there are fewer balancing options available in FY 11' as the City has already implemented numerous cost saving measures to keep services whole with diminishing revenue support.

In order to address our revenue shortfall and increasing service requirements in FY 11', we have adopted a strategy of sustainment and revenue neutrality in the adopted FY 11' budget. This approach prevents reductions to core services, provides for level funding of our school system which includes additional local contributions of \$1.6M to offset State revenue reductions, ensures that the new