

November 24, 2015

The Honorable Mayor Alan P. Krasnoff and Members of City Council
City of Chesapeake, Virginia

Dear Mayor Krasnoff and Members of City Council:

I am very pleased to release this recommendation to update Chesapeake's capital improvement program (CIP) for the next five years. I have worked with staff from throughout the city to identify and address the most urgent facility and infrastructure needs. While no municipality can address all its capital demands in a five-year period, I believe this plan accomplishes as much as existing resources can permit. More importantly, the proposed CIP positions Chesapeake to successfully meet future opportunities and challenges.

Over the next five years we propose capital spending of \$397 million (approximately \$15 million less than our current plan). Our recommendation includes:

- \$56.3 million to replace the 22nd Street Bridge in South Norfolk and the AIW Bridge in Deep Creek,
- \$ 7.0 million to expand Oscar Smith High School,
- \$ 2.3 million to install a center turn lane on Mount Pleasant Road east of the Expressway,
- \$ 6.0 million to replace eight (8) fire/rescue vehicles,
- \$11.7 million to replace Deep Creek and Dock Landing fire stations,
- \$21.3 million to resurface non-arterial roads in neighborhoods and commercial areas,
- \$37.5 million to replace roofs, heating and cooling systems, and other critical school facility components,
- \$45.0 million to renovate, modernize, and/or replace one or more schools,
- \$10.0 million to replace school buses and school technology,
- \$31.2 million to maintain and improve stormwater systems, and
- \$80.0 million to maintain and improve critical water and sewer systems.

The proposed capital plan also includes numerous improvements to the city's libraries, parks, municipal facilities and technology-based systems. While ambitious, the plan is well within the affordability guidelines that Council approved last year. Funding for the capital plan is largely provided by cash and borrowing capacity within the two capital lockboxes, a judicious usage of city fund balances, stormwater fees, cash and borrowing capacity of the utility fund, and transportation grants administered by the Virginia Department of Transportation.

Like all plans that rely on scarce resources, the proposed 2017-2021 CIP does not address all demands. Staff has identified nearly \$38 million that is necessary to fund infrastructure and facilities that are critical, but are not part of the capital plan. Unfunded projects include school modernizations, road improvements, park and recreational facilities, libraries, and improvements to stormwater, water and sewer systems. While existing resources are not sufficient to accommodate all immediate capital requirements, some of the unfunded projects will become more urgent in the next seven to ten years.

The 2017-2021 CIP is only possible if we continue to reinvest savings from retiring old debt in the capital program. While recognizing the plethora of new or expanded service demands impacting the operating budget, it is vitally important that the city at least maintain the current level of funding for capital purposes. If our community is to thrive, city facilities and infrastructure must expand to support growth. In the future we will need to increase our commitment to the capital program. For now, the five-year CIP maintains the city’s current level of commitment to capital.

Funding for the Capital Improvement Plan is split between cash funding and the issuance of debt over the 5-year program period. Approximately 61% of the capital program is financed through either city cash sources or intergovernmental grants. Cash funding is provided from current operations, the accumulation of fund balances (surpluses) from past years, and from federal and state grants. A summary of the proposed capital funding plan is noted below.

Source of Funds (millions)	2017	2018	2019	2020	2021	Totals
Cash Funding (city)	\$ 47.08	\$ 38.86	\$ 30.02	\$ 33.30	\$ 36.12	\$ 185.37
Grants and Proffers	13.25	35.50	2.00	2.00	2.00	54.75
Total Cash Funding	\$ 60.33	\$ 74.36	\$ 32.02	\$ 35.30	\$ 38.12	\$ 240.13
General Obligation Bonds	\$ 4.00	\$ 26.67	\$ 31.42	\$ 26.25	\$ 35.00	\$ 123.34
Revenue Bonds	3.48	7.07	12.34	0.50	10.00	33.40
Total Debt Funding	\$ 7.48	\$ 33.75	\$ 43.76	\$ 26.75	\$ 45.00	\$ 156.74
Total Funding Sources	\$ 67.82	\$ 108.11	\$ 75.78	\$ 62.05	\$ 83.12	\$ 396.87

The proposed CIP meets all of the city’s affordability policy targets based on the five-year revenue forecast and projected borrowings over the next decade. Targets are recommended for debt levels on borrowing for general government projects. These exclude debt and associated operations for the three enterprise funds: Water and Sewer, Stormwater, and Chesapeake Transportation System (toll roads). While the proposed CIP requires the issuance of additional debt, all affordability measures are met:

<i>Metric</i>	<i>Policy</i>	<i>CIP Proposal</i>
Net government debt compared to assessed value of taxable real estate in the city	Less than 3.5%	Under 1.6%
Per capita general government debt	Less than \$3,000	Under \$1,610
Annual debt service compared to general government revenue	Less than 10%	Under 9%

While the vast majority of the proposed CIP continues funding of projects to which City Council has already committed, we also recommend several new projects this year, including:

- Widening Mount Pleasant Road
- Expanding Oscar Smith High School
- Replacing aging structures at city’s Butts Station Operation Center
- Expanding bike trails using available grant funds
- Replacing aging equipment and security components in the jail

While our capital assessment was comprehensive, the new CIP does not address all capital demands citizens have requested or that the city's engineers and planners have suggested. We have sized the CIP to match with the city's current capacity to fund high priority capital projects either through borrowing or using available cash. That means some projects could not be recommended simply because sufficient funding is not projected to be available during the next five-year planning period. Projects that were suggested for consideration but are not recommended include:

- New, replacement, or expanded park facilities, including those at Centerville, Deep Creek, Oak Grove, and Northwest River Parks
- Extension of the Dismal Swamp Canal Trail
- Acquiring property for a new business park
- City-wide broadband network for public safety and partnership to provide services to rural residents
- Road improvements for Elbow and Shillelagh Road
- Intersection improvements for Battlefield Boulevard at Kempsville Road
- Renovations to numerous school facilities identified in the Superintendent's Proposed Capital Improvement Plan dated October 2015
- Public Utility improvements that might be required if Aqua Virginia is acquired
- Public Utility improvements that might be required at Williams Farm (potential industrial site)
- Public improvements along the Dominion Corridor

It is also worthwhile noting that in making these CIP recommendations we have tried to be especially mindful of the ongoing discussions about developing a sustainable funding plan for Chesapeake Schools. Attempting to "stretch" our present funding capacity to include additional capital projects may present even greater challenges in reaching the goal of sustainability for both our capital needs and operational costs.

The remainder of this letter discusses the status and proposed changes of existing projects and new projects that are proposed.

SUMMARY OF EXISTING PROJECTS

Community Facilities – Last year we significantly increased resources available to address deferred maintenance of city facilities. In the past, \$800,000 was allocated annually for citywide facility renewals and deferred maintenance; last year the commitment was increased to \$10.5 million for the five-year planning period. This year, we propose continuing this program and have allocated nearly \$2.6 million to the project in FY 2021. Additionally, we propose a five-year, \$1.8 million project for the existing permanent jail facilities to address deferred maintenance. These increased efforts are necessary in order to ensure serviceability of city facilities for current and future generations. For the general facility program, we propose spending \$2.58 million during FY 2017 to:

- Replace HVAC units at Fire Station 1 and cooling tower at the Public Health Building,
- Overhaul elevators at Juvenile and Domestic Relations Court,
- Replace lower roof at City Hall and Deep Creek Community (also lower level),
- Replace windows at Fire Station 2 and front door units at Greenbrier Library,
- Upgrade jail fire alarms and fire alarm panels at Juvenile and Domestic Relations Court and Department of Information Technology,

- Replace flooring/carpet at Central Library, Court House, and Great Bridge Community Center (tile), and
- Emergency repairs of HVAC and other mechanical systems.

Similar types of work are planned throughout the next five years.

The proposed CIP continues annual funding to repair and maintain municipal parking lots and sidewalks that ensure the safety of visitors and employees at city facilities. However, because we have caught up on the back log, we recommend skipping the 2017 allocation and fund the program at \$200,000 annually from FY 2018 through 2021.

As part of capital planning, we routinely reassess the existing capital plans to insure the CIP addresses changing conditions. In doing so, we have determined that rebuilding the city's operations center on its current location in southern Greenbrier is the best and most cost effective option. By relocating Mosquito Control, the current site will have sufficient space for future growth. Operationally, the current location is ideal since it accommodates Public Utilities, Public Works, and the city garage at one compact site. We recommend funds previously identified for the relocation of the operations center to be used to replace deteriorating buildings on the Greenbrier site. Since the project was only partially funded, we recommend \$22.5 million of new funding in FY 2021 to raze and rebuild several structures. Funding is largely through the issuance of general obligation bonds that will be serviced by the city lockbox and the Public Utility Fund. Land that was acquired to relocate the Operations Center on Military Highway will either be sold or used for a joint venture with the Commonwealth.

Because of the multi-year nature of capital projects, several projects now in progress are not part of the 2017-2021 CIP. These include:

- Expansion of the Public Health Building,
- Replacement of the Mosquito Control Commission Facilities,
- Increasing capacity for fueling vehicles with compressed natural gas, and
- Solid Waste Facilities Relocation.

Such projects will continue until completion.

Economic Development – the FY 2017 capital budget includes the third annual commitment to reducing encroachment surrounding the Naval Auxiliary Landing Field at Fentress. We anticipate a \$2.1 million award from the Commonwealth that must be matched with local funds and have included \$4.2 million of combined local and state funds for the project. The current CIP includes \$1.5 million in FY 2017 for site development of a new 76,000 square foot sciences building on the Chesapeake Campus of Tidewater Community College. The expansion has not yet been approved by the General Assembly, but will be considered in the upcoming session. Assuming the General Assembly approves the new building, design could start in July 2016 with construction starting a year later. We, therefore, recommend delaying the city's commitment until July 2017 (FY 2018).

Several TIF funded projects remain underway, including:

- The strategic acquisition of real property in South Norfolk for redevelopment – recently Council expanded the project to include redevelopment of both commercial and residential sites.
- Study to assess and recommend development opportunities of residual property that remains after completion of the 22nd Street Bridge realignment project. Staff is currently defining project scope so that a contract can be awarded.
- Several projects that improve the flow of vehicular, pedestrian, and bicycle traffic and improved signage in the Greenbrier District remain in the CIP.

- Greenbrier Commerce District Improvements is intended to provide infrastructural improvements that are necessary to support continued growth. Such improvements may include widening Volvo Parkway (within existing right-of-way) and public parking. We recommend deferring this project from FY 2017 to FY 2021.

No additional funding for these TIF projects is required at this time. Efforts also continue at the old Southeastern Training Center to develop a commercial park on 53 acres acquired from the Commonwealth. That project was funded through the city lockbox as it is outside of TIF boundaries.

Education – We recommend the continuation of the school renewal and replacement project that is focused on replacing end-of-life roof and HVAC systems as noted in the current CIP. The proposed plan continues the renewal efforts into FY 2021 with a combination of cash (lockbox) funding and the issuance of ten-year GO bonds. We recommend allocations of \$7.5 million annually for each of the next five years. The proposed CIP also continues the \$2 million combined annual funding for replacement of school buses and school technology; both projects are cash funded through the school lockbox.

The FY 2016 capital budget fully funded modernizing Great Bridge Primary School which is currently in the design stage (the project will likely involve replacing existing structures). The proposed CIP includes a total of \$45 million for future modernization starting in FY 2018. We expect the School Board will identify one or more schools that will proceed after construction commences on Great Bridge Primary. School modernization projects rely on the issuance of debt that will be repaid through the school lockbox.

Information Technology – Technology projects that are currently underway include:

- Migration of several legacy systems from the main-frame (fully-funded) – several applications are already in production and the remaining applications are scheduled for completion by June 2016.
- Integration of Maximo work order system with PeopleSoft financial system (fully funded) – part of a larger effort to move Maximo to the cloud (hosting). The project is currently in the procurement stage; the estimated completion is mid-2016.
- Implementation of a new real estate assessment and on-line building permit systems (both fully-funded and substantial completed) – the on-line permitting is not active for users. We anticipate going live with the new real estate assessment system in the second quarter of 2016.
- Implementation of case management software for the City and Commonwealth’s Attorneys (fully-funded) – the Commonwealth’s Attorney’s system is now in use; we anticipate completing of the City Attorney’s system in December 2015.
- Replacement of IT help desk/service desk software – procurement activities are complete; implementation is expected by May 2016.
- Renewal of library technology – projects funded in FY 2016 are in progress and scheduled for completion by June 2016. Additional capital allocations are recommended for 2017 through 2020 as stated in the 2016-2020 CIP.
- Replacement of public safety radio equipment (also fully-funded) – vendor selection, equipment orders, and factory testing are complete. We anticipate completion by August 2016.

Funding proposed for existing projects is consistent with the CIP adopted earlier this year. For FY 2017, we propose funding to complete the IT help desk project, install upgrades to Kronos timekeeping software, and to upgrade public library technology; all funding is at the levels approved in the current CIP. We also propose an additional \$250,000 for enterprise wide technology improvements to address

software upgrades and infrastructure improvements. Finally funding of library technology upgrades will continue through FY 2019 as has already been approved.

Parks, Recreation, and Tourism – The CIP includes a continuation of projects first identified in FY 2015:

- Community centers improvements – initially approved at \$300,000 for each of five years. At the current funding level, we now recommend annual funding through 2029 (15 years).
- Park improvements – also approved at \$300,000 for each of five years, but annual funding should continue through 2029 (15 years).
- Athletic field improvements and expansions – originally approved at \$380,000/year for ten years. We now recommend funding for 12 years through 2026.
- Modifications to improve access for disabled patrons are recommended at \$75,000/year through 2024.
- Parking lot improvements are recommended at \$90,000/year through 2024.
- Park and recreation security improvements are recommended at \$40,000/year through 2024.
- Conference Center renovations are recommended as approved in 2016-2020 CIP

Significant work was accomplished across the city since these projects were funded last year. See Exhibit J for a listing of how parks and recreational capital funds were spent last year.

Public Safety – the new Public Safety Operations Building is now under construction and is scheduled to open in the spring of 2017. In July 2015, a contract was awarded for the design of the community corrections annex to the city jail which we anticipate opening March 2018. Architects are also designing fire stations to replace obsolete facilities at Bowers Hill and Saint Brides. Each of these projects is fully funded and we do not anticipate further funding requirements.

The proposed CIP includes funding for construction of replacement fire stations at Deep Creek (2018) and Dock Landing Road (2020) as is stated in the current CIP. Design for the two fire stations will occur in the year prior to construction. Other projects that are recommended for continued funding include the replacement of fire vehicles (2017-2021), self-contained breathing apparatus (2018), and thermal imaging cameras (also 2018); all for the Fire department.

Public Utilities – The department continues to upgrade pump stations and replace/repair sewer lines as prescribed by the Sanitary Sewer Evaluation Studies and mandated by Department of Environmental Quality (DEQ). The department operates under a regional consent order from the DEQ that requires it to control sewer overflows and limit the infiltration of stormwater into the sewer system. Public Utilities works with the Hampton Roads Sanitation District, the regional authority that treats waste water, to ensure compliance with DEQ and federal regulations. Approximately \$38 million of the \$87.5 million proposed capital plan for Public Utilities focuses on sewer upgrades in accordance with DEQ regulations.

Approximately \$37 million of the Public Utilities capital improvement plan addresses improvements to the water treatment and distribution system throughout the city, including \$2.3 million to address unserved neighborhoods (a portion of which will be recovered through special tax levies). Specific revisions to existing water and sewer projects included the 2016-2020 CIP are as follows:

- \$8.0 million added to the combined Public Works/Utilities Operations Center (discussed earlier) is needed in FY 2021.

- \$5.0 million of additional funding is recommended in FY 2021 to address sewer main improvements required by the regional consent order. The revised project estimated is \$19.06 million.
- \$2.0 million of additional funding is recommended in FY 2021 to address sewer management, operations, and maintenance (also required by regional consent order). Total project costs are estimated at \$7.5 million.
- \$129,867 is added to complete sewer renewals in the 500 block of Liberty Street bringing total project estimate to \$1.52 million.
- \$2.0 million is added in FY 2021 to replace a ground storage tank (2 million gallon capacity) that cannot be used because of structural deficiencies. The project is listed in the 2016-2020 CIP without funding.
- \$4.4 million is added in FYs 2020-2021 to renew nearly 8,000 feet of gravity sewer main in Raleigh Place subdivision (South Norfolk). This project was also listed in the 2016-2020 CIP without funding.
- \$2.24 million of funding for the replacement of the Dominion Boulevard force main is deferred from FY 2017 to FY 2018 (no change in total project costs).
- \$500,000 is added in FY 2021 to the sewer pump station safety program.
- \$323,000 is added in FY 2017 to install approximately 4,200 foot water line on Military Highway from Enterprise Circle to Galberry Road. The revised estimate of the project is \$3.95 million.
- The sewer renewal at Westwood and Redstart Avenue is accelerated from FY 2018 to FY 2017 with no change in total project cost (\$1.1 million).
- \$4.5 million is added to Centerville Turnpike loop water project (FY 2019) bringing estimated cost to \$7.57 million. Much of the increased cost is necessary because of horizontal drilling required under and adjacent to the Chesapeake & Albermarle Canal.
- \$4.0 million is added in FY 2021 for automated meter reading capabilities. This \$14 million project, currently funded for \$1.4 million, improves meter reading productivity and allows for monthly billing. The FY 2021 allocation reduces allocations projected beyond the five year planning horizon.

The city recently entered into a new Memorandum of Agreement (MOA) with Hampton Roads Sanitation District (HRSD) that requires coordination between the city and HRSD with respect to capital improvements. While it is unlikely that sewer improvements planned by the city will actually be addressed by HRSD, such improvements may be impacted by future actions of the regional group. It is also likely that under terms of the MOA that we will need to undertake improvements that have not been included in the plan. For that reason, we envision the need for Council to occasionally consider modifications to the Public Utilities capital improvement plan as we coordinate activities with HRSD. Ultimately, we believe coordination will reduce costs by limiting duplicated efforts.

The proposed CIP includes \$23.2 million to address requirements of the DEQ Consent Order (Projects #05-180 and 13-160). Future funding requirements for these projects extend over 30 years and may require future funding of \$288 million. The department continues to work with DEQ and regional partners to minimize project requirements. Proposed funding of all other existing utility projects is consistent with the currently adopted CIP.

Stormwater – The proposed CIP continues outfall upgrades and on-going neighborhood drainage improvements that address localized flooding. However, resources are increasingly shifting towards

reductions in pollutants from stormwater discharges into the Chesapeake Bay and its tributaries. The proposed Capital Improvement Plan is consistent with permits issued under the Virginia Pollutant Discharge Elimination System (VPDES) which regulates the quality of water being discharged through pipes, ditches, and other conveyances. Continuous enhancements and improvements in the city's stormwater services are necessary in order to meet Department of Environmental Quality (DEQ) mandates. Proposed funding for existing projects in the Stormwater CIP is revised as follows:

- BMP Restoration Citywide – minor changes in annual budgets, anticipate spending \$1.5 million over next five years.
- Citywide Outfall Re-grading and Restoration – minor changes in annual budgets with no change in the total five year investment (\$700,000).
- Citywide System Rehab – to the five year total spending plan remains at \$2.2 million.
- Citywide Undesignated Drainage Phase III – five year total increase from \$300,000 to \$400,000.
- Major Equipment Purchases – propose \$700,000 for the purchase of equipment, including an excavator, a skid steer, and a street sweeper during FY 2017.
- Neighborhood Drainage Improvements II – propose significant increase in funding from \$1.8 million in current CIP to \$3.07 million for the five years starting in FY 2016. Funding would grow from \$224,600 in FY 2015 to \$750,000 in FY 2020 allowing the city to address the backlog of neighborhood drainage and flooding issues. However this funding may be reduced in future years as water quality projects required by Virginia Pollutant Discharge Elimination System (VPDES) permit would take priority.
- Oakdale Area BMP and Drainage Improvements – includes completion of planned improvements by end of 2020 with no change in project cost (\$5 million).
- Shillelagh Road Drainage Outfall Improvement – no change in cost of planned improvements; funding required in fiscal years 2016 and 2017 as noted in current CIP.
- Stormwater Mapping & Master Drainage Plan III – funding levels remain at same level as current CIP (\$800,000 over five years).
- Stormwater Quality Program Phase II – funding levels proposed for this ongoing project are projected to grow from \$6.01 million in current CIP to \$8.0 million for 2016-2020. While we propose increasing the five-year total, existing appropriations are sufficient to address FY 2016 demands; the next infusion of funding is in FY 2017 (\$2.0 million).

Note that with the exception of projects at specific locations, most Stormwater projects have annual program and funding requirements that are anticipated to continue indefinitely into the future.

Transportation – The project to expand Dominion Boulevard to a four-lane limited access road and replace the Steel Bridge with a pair of fixed span bridges is underway and scheduled for completion before April 2017; construction is well ahead of schedule. Public Works is coordinating the widening of US Route 17 (Dominion Boulevard) south of Cedar Road so that it is completed when the larger Dominion Boulevard project is finished. The widening of Portsmouth Boulevard between Interstate 664 and the Suffolk city line is nearing the end of its design and right-of-way acquisitions phase and we are awaiting VDOT approval to begin utility relocation. Construction on the 18 month project is expected to start in the fall of 2016. The design of the Centerville Bridge rehabilitation is underway; construction is projected to start in the summer of 2016 and be completed approximately twelve months later. Public Works is also working on a number of smaller projects including the rehab of several bridges and overpasses and improvements to intersections.

We recommend revising the CIP to add \$8 million for non-arterial paving projects during 2020 and 2021. Many subdivisions were developed since the late 1970s and the streets have never been resurfaced. As

such, many residential and other non-arterial roads are rapidly deteriorating. The added funding brings the total project plans to \$23.3 million which will be used to resurface residential and commercial roads that are not addressed in the city's regular paving program. With the exception of the \$1 million allocation during FY 2018, funding is shared equally with VDOT. The FY 2018 allocation is entirely funded with local resources (VDOT grant funding for 2018 is allocated to the AIW Deep Creek Bridge replacement).

SUMMARY OF NEW PROJECT PROPOSALS

In developing the proposed capital plan, city staff evaluated the conditions of current facilities and infrastructure along with citizen demands and expectations. Listed below is a brief description of new projects that are proposed in the CIP:

- Expansion of parking area for Chesapeake Integrated Behavioral Healthcare – an expanded parking area will be constructed on a recently acquired parcel adjacent to CIBH offices on Great Bridge Boulevard. Estimated cost is \$350,000 and will be paid by CSB, Inc.
- Expansion of parking area for Russell Memorial Library – we recommend expanding the parking area at the library using up to \$500,000 of library proffers. Completion of the project requires the dedication of a portion of an adjacent parcel.
- Replace customer service desks at Central Library, Russell Memorial, and Indian River – plans for this project include consolidating the circulation and information desks at Russell and Central, installation of self-checkout desk and second information desk at Central, and replacement/relocation of the information desk at Indian River. The project is estimated to cost \$182,500 and is funded from excess General Fund balances.
- Restroom renovations at Social Services Building – existing restrooms are nearly 30 years old and fixtures need replacement throughout the building. Funding is available from savings in the workstation and carpet replacement capital project.
- Paving the Commonwealth/Seaboard Bicycle Trail – we anticipate the transfer of the old seaboard rail be to the city from the Commonwealth Port Authority. The trail connects to trails in Suffolk (west) and Portsmouth (east) to complete a route from Suffolk to the Virginia Beach oceanfront. We anticipate federal rail-to-trail grants will pay for project costs (\$850,000). No local funds have been committed to the project.
- The following technology improvements are planned:
 - Upgrades to Public Utility billing system – this project provides for installation of new releases to software and continued integration with the city's financial system and to the regional sanitation district. Typically the city employs a third-party contractor to complete the upgrades; the project is estimated to cost \$100,000 and is funded by Public Utilities.
 - Lake Gaston water treatment plant control systems – this project replaces and/upgrades existing control systems at the water treatment plant that have been in service for more than ten years. The project is estimated to cost \$416,585 and is funded by Public Utilities.
 - Replace city telephone systems (PBX) with voice over internet protocol (VOIP) based system – much of the city's telephone system runs on older PBX technology, however, several departments operate on a VOIP system installed in 2009. We recommend replacing all telephone systems with a single platform. The project will improve

reliability and allow full telephonic functions on smart phones that extend city services to our mobile staff. These functions include unified communication and application integration. Planning, design and installation of the system would occur over three years from 2019 through 2021. The project is estimated to cost \$1.35 million.

- Replace network equipment – we recommend \$440,000 from the IT Fund Balance for the replacement network equipment (switches, hubs, routers, etc.). The project would start in FY 2017 and continue for three years.
- Upgrades to Laser Fiche – we recommend employing third-party contractor to install new releases to provided new functionality. The \$100,000 project will start in FY 2018 and is funded with excess General Fund balances.
- Chesapeake Correctional Center (Jail) and Sheriff’s Office Renovations and Improvements:
 - Renovations to physical plant – project includes (a) replacement of boiler controls, ductworks, air handling units, valves, and coils (\$545,000); (b) replacing the main tower roof and recoating other sections (\$440,000); (c) installing security fencing and retrofitting internal access doors (\$330,000); (d) renovating jail showers (\$350,000); and (e) painting and carpet replacement (\$140,000). Total project cost is \$1.8 million and is spread over five years.
 - Replace laundry equipment – \$145,000 project is recommended for 2017 to replace large commercial washers and dryers that were installed when the tower was built (1994).
 - Replace kitchen equipment – \$196,000 project replaces an ice machine (2017) and five retherm units each year (2017-2019).
 - Digital conversion of intercom – \$470,000 project to replace analog intercom systems in older sections of the jail for better integration throughout the entire facility. The project is recommended for FY 2017.
 - Replace programmable logic controllers (PLC) – \$377,000 project to replace system in service since 1998 and integral to security of facility. Project is recommended for funding in FY 2017.
 - Automated rounds – \$120,000 project to automate process that monitor the number and location of inmates and freeing guards to concentrate on security and safety. Project funding is recommended for FY 2017.
 - Surveillance systems – \$722,000 split between two projects that replace all analog cameras with digital units and place new digital cameras in older sections of the jail where cameras are not installed. Digital cameras provide sharper resolution than the older analog units. The first phase, installing cameras in the older section costs \$75,000 and is scheduled for FY 2017. The second and final phase is scheduled for FY 2019 (\$647,000).
 - Data center – \$100,000 project that would relocate much of the jail technology infrastructure from non-climate controlled closets throughout the building to the new data center that will be located in the jail annex that is scheduled for completion by March 2018. We recommend funding of the project in FY 2018.
 - Interface to CAD system – \$606,225 project that connects the jail inmate system to the Police CAD system in order to allow for sharing of data on incoming inmates. We recommending funding of this project in FY 2018.
 - **All jail and sheriff projects are funded using excess General Fund balances.**

- Other Public Safety Projects:
 - Replace mobile command vehicle – \$303,077 police project to replace vehicle is designed to provide a self-contained and self-supporting command and communications center at critical police incidents (natural and man-made). This replacement unit will provide a secure area to conduct investigations and crisis response. Funding is recommended for FY 2017 and is split between excess General Fund balances and available forfeiture funds.
 - Electronic summons hardware for police – \$200,000 project to install terminals on patrol vehicles so that officers can more quickly and accurately issue summons for traffic violations.
 - Mobile radio repeater for Fire Department – \$63,485
 - Fire inspections systems interface to new CAD system – \$50,000
 - Interface Fire Department’s Tele-staff scheduling system to Kronos time and attendance system – \$75,000
 - Portable finger print readers for police officers – \$100,000 project to provide patrol officers with portable devices so they can accurately identify uncooperative individuals.
 - Regional 911 interface for new CAD – \$50,000 is needed in order for new system to communicate with neighboring cities in accordance with tri-city agreement.
- New Stormwater Project – Improvements of drainage on Liberty Street are planned that will extend an earlier phase along the remainder of the street. The \$1.5 million project will replace deteriorated pipes that cause cave-ins and poor drainage. Funding is provided during FY 2017 and 2018 from the Stormwater Fund.
- New Public Utilities (Water and Sewer) Projects:
 - Water System Planning and Upgrades (\$1.4 million over five years) – this new project includes hydraulic studies to identify system upgrades, extensions of the existing water mains to unserved areas (both inside and outside of existing franchise areas), and investments that are necessary ensure reliability by adding redundant loops. The studies will recommend solutions to multiple dead-end supply mains in order to minimize service disruption.
 - Telemetry installations at water and sewer pump stations – the \$400,000 project planned for FY 2017 includes installation of wireless telemetry in finished water pump stations and the conversion of existing telemetry in sewer pump stations from analog to digital. Digital monitoring using telemetry improves operational reliability.
- The following new transportation projects are recommended:
 - Rehabilitation of roads and bridges – we recommend \$1.96 million during FY 2017 and 2018 to address deficiencies at three bridges: Oaklette Bridge, Bypass 168 Bridge at Battlefield Boulevard, and New Mathues Bridge.
 - Greenbrier Boulevard at Woodlake Drive – intersection improvements are recommended to improve traffic flow using \$995,000 remaining in the Woodlake extension project.
 - Butts Station Road and Centerville Turnpike intersection - installation of signals costing \$420,000 are recommended in order to improve traffic flow and divert traffic from Elbow Road.
 - Widening Mount Pleasant Road - a center turn lane is recommended east of the Chesapeake Expressway that will cost \$2.3 million.

FULLY FUNDED CAPITAL PROJECTS (PRIOR YEARS' FUNDING)

A number of projects included in the CIP have already received appropriations totaling \$125 million during the current or previous years. These appropriations remain in effect until the related projects are completed. Further, several projects will require a total of \$427.5 million of funding beyond the five year planning period in order to complete those projects. The total funding required for all capital projects is \$949 million spanning a funding period greater than the five year CIP.

Capital projects often take several years to complete. The city's Capital Fund includes appropriations for many projects that were funded in previous years, but are not part of the five-year plan since they require no additional funding. As of October 2015, there were 162 active and fully funded projects with a budget of \$805 million that are not part of the proposed CIP for 2017-2021. A complete listing of these active capital projects is included in the Fully Funded Section of this document.

CONCLUSION

The proposed \$397 million Capital Improvement Plan represents the city's commitment of resources to protect, maintain, and upgrade critical infrastructure throughout the city. The CIP will require the issuance of \$123.3 million of general obligation bonds (including short-term financing) and \$33.4 million of public utility revenue bonds over the next five years. The city has capacity through a combination of locked revenue and tax increment financing to fund debt service on all required GO bonds. Similarly, the Public Utilities Fund has adequate capacity to fund debt service required on its revenue bonds. However, in order to fund the five-year project, it is essential that we continue reinvesting savings realized as old debt is retired. This proposed CIP reinvests savings realized from the retirement of old debt issues through the school and city capital lockboxes.

The remainder of the proposed CIP (\$240 million over five years) is funded from a variety of sources, including:

Federal Government to replace the AIW Bridge	\$ 22.0 million
VDOT Revenue Sharing Program	26.0 million
Commonwealth funding to address Fentress encroachment	2.1 million
Developer proffers	4.0 million
City and School Lockboxes	58.1 million
General Fund Balances	20.0 million
Stormwater Fund	31.2 million
Capital Fund (closed projects)	3.6 million
South Norfolk TIF	6.5 million
Utility Fund	54.6 million
Other operating revenue and fund balances	12.0 million

While the objective of a Capital Improvement Program is to identify and schedule new facility and infrastructure requirements and improvements to existing facilities, several projects that may possibly start before 2021 are not included in this plan. These include projects that are either currently or will

soon be under evaluation and the outcome of the evaluation cannot be predicted. Projects that may require funding in the next five years include:

- Additional city funding necessary to complete Battlefield Visitor’s Center – competitive bids indicate the cost to exceed funds provided by the city and the non-profit foundation.
- Public Improvements along Dominion Boulevard – a study recommending appropriate land uses of the area south of Cedar Road was recently completed. In order to develop a thriving mixed-use community, public investments may be required. Such investments will require financing outside the scope of current capital planning.

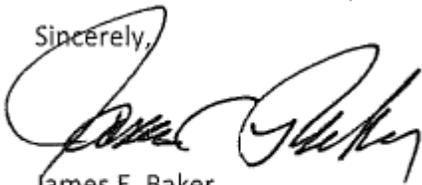
These and other issues are likely to emerge that will require attention in future capital programs.

The Capital Improvement Program is a five-year planning document that is reevaluated annually. In the spring when City Council considers the operating budget, it will also appropriate funds for the first year of the CIP so that city staff can implement the FY 2017 portion of the new capital plan starting July 1, 2016. The proposed capital budget for FY 2017 is \$67.81 million and is financed as follows:

Cash from operating and capital funds	\$ 47,577,993
Cash from intergovernmental grants	12,753,791
General obligation debt	4,000,000
<u>Revenue bonds (utility fund)</u>	<u>3,483,300</u>
Total financing plan for FY 2017	\$ 67,815,084

In summary, the Proposed Capital Improvement Program for the next five years reflects our focus on maintaining existing infrastructure, ensuring economic vitality, and addressing the capital needs of core city services. The CIP proposal addresses critical requirements while maintaining or improving metrics that impact the city’s financial strength. I look forward to working with you in the coming weeks as you review and finalize the City’s Capital Improvement Plan.

Sincerely,



James E. Baker
City Manager

