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MEMORANDUM

TO: The Honorable Mayor Richard “Rick” West and Members of City Council
James E. Baker, City Manager

FROM: Steven Jenkins, Budget Director

SUBJECT: **Summary of Amendments to the FY 2018-19 Operating Budget**

DATE: August 8, 2018

In May, City Council approved the Proposed Operating Budget for FY 2018-19 as presented by the City Manager in March. The budget totaled \$1.05 billion including \$504 million for schools along with funding of all city departments and bureaus. On June 12, 2018, the City Manager recommended a number of amendments to Operating Budget, all of which were approved by City Council. Finally, a correction was approved by Council on July 24, 2018 to remove a duplicate provision for the Open Space and Agricultural Program. The final budget after all revisions totals \$1.07 billion.

Summary of Revisions:

- School Operating Budget – final action by the Virginia General Assembly resulted in more state funds than was estimated in the proposed budget. The state budget included \$1.3 million more state funds and the school budget was increased accordingly.
- Four school resource officers were added to the Police Department budget. The first year cost of the new officers is \$365,000 with recurring costs of \$275,000 annually.
- Establishment and funding of Chesapeake Land Bank Authority – Council approved an initial investment of \$3.0 million for the purchases of property, a historical preservation program, and administrative costs.
- Installation of distinctive street signs in South Norfolk (\$11,700).
- Appropriation of funds for Chesapeake Revitalization Housing Initiative to replace a dwelling on Ohio Street with proceeds of subsequent sale being returned to Initiative (\$215,250).
- Revision of funding for Greenbrier Parking Garage reflecting changes in the financing plan which relied more on cash from the Greenbrier TIF and ownership by the Chesapeake

Economic Development Authority (EDA). This revision removed direct payment of debt by the city (\$1.52 million) and added payments to the EDA for the cash funding portion and FY 19 debt payments by the EDA (\$8.975 million).

- Tobacco taxes and Healthy Chesapeake Initiative – revision to increase cigarette taxes by fifteen cents per pack (15¢) and allocate proceeds to efforts that improve the health of residents (\$975,000).
- Hampton Roads Workforce Development – revision to add annual payment to Opportunity, Inc. that was omitted from proposed budget (\$58,857).
- Employee pay raises – revise cost estimates to include 2.5% pay raise for all employees with a \$1,000 floor for full-time staff (\$360,643).
- Hotel Voucher Program – revise budget to include funds to address emergency housing needs during catastrophic events (\$140,000).
- Sheriff's food service – revise budget for increased food costs (\$156,000).
- Revise revenue to reflect revisions to tax ordinance for Business and Professional Occupational Licenses (\$424,000).
- Corrections to department complements – the proposed budget included mistakes in the complements of several departments. These were reported and corrected in June.
- Increase in annual salaries of City Council – with the exception of pay reduction during one year of the recession, the annual pay of Council has remained the same since the mid 1990's. The pay was increased by \$1,000 for each member (total cost \$19,700 including taxes).
- Open Space and Agricultural Preservation – remove duplicate provision for property acquisitions. Starting in FY 2019, an annual provision is included in the capital budget. The provision for pre-acquisition costs in the operating budget is no longer needed (\$175,000 reduction).

In separate action, City Council also revised the Capital Improvement Program and FY 2019 Capital Budget. The amendments results in an increased transfer of funds from operating funds to capital funds as follows:

- General Fund – increase by \$2,886,500 related to several joint school-city projects, the addition of improvements for Chesapeake Airport, and several road projects.
- South Norfolk TIF Fund – increase by \$846,187 for design work on a proposed municipal facility in South Norfolk.
- Public Utilities Fund – increase by \$6,000,000 for the purchase and improvement of water franchise in areas along Indian River Road.
- Storm Water Fund – decrease by \$75,000 reflecting a shift from capital to system maintenance efforts.