

May 30, 2007

The Honorable Dalton S. Edge and  
Members of the City Council  
City of Chesapeake  
Civic Center  
Chesapeake, VA 23322

Dear Mayor Edge and Members of the City Council:

On May 8, 2007, the City Council adopted the Fiscal Year 2007-08 Operating Budget. The budget as approved incorporated a five cent reduction in the non-mosquito real estate tax rate to \$1.04 and provides the necessary resources for critical basic services.

**ACTION OF MAY 8**

The City Council action of May 8, 2007 included the following adjustments to resources and requirements of the Proposed FY 2007-08 Operating Budget:

**PROPOSED FY 2007-08 OPERATING BUDGET RESOURCES** **\$ 891,984,955**

**Approved Increases:**

Increase in Retained Earnings/Fund Balance (moved from General Fund fund balance for purchase of the vehicle and equipment for Bells Mill Medic Unit	198,000	
		198,000

**Approved Reductions:**

Reduction in Real Estate Rate	(11,633,551)	
Reduction in Other Local Taxes (Revision to Telecommunication Tax Estimate)	(2,636,640)	
Reduction in Licenses and Permits (Revision due to construction activity trends)	(159,515)	
		(14,429,706)

**APPROVED RESOURCES - MAY 8, 2007** **\$ 877,753,249**

**PROPOSED FY 2007-08 OPERATING BUDGET REQUIREMENTS** **\$ 891,984,955**

**Approved Increases:**

TIF Cash Flow Reserve	449,812	
TIF Cash Flow Operational Reserve	374,844	
Bells Mill Medic Unit (Equipment Purchase)	198,000	
		1,022,656

**Approved Reductions:**

Reduction in Cash Flow Reserve	(912,867)	
Reduction in Cash Flow Operational Reserve	(760,722)	
Reduction in Transfer to Schools	(6,189,879)	
Reduction City Operational Expenditures	(6,349,394)	
Reduction in Retained Earnings/Fund Balance (TIF)	(1,041,500)	
		(15,254,362)

**APPROVED REQUIREMENTS – MAY 8, 2007** **\$ 877,753,249**

To meet the approved reduction level, each City department has been asked to adjust resources in non-core service areas for FY 2007-08. In addition, reductions were made in resources provided to outside agencies and in funds set aside for compensation and benefits.

Comparable adjustments were made to requirements in the FY 2008-09 Plan to reflect the estimated revenues available from the \$1.04 real estate tax rate.

**ACTION OF MAY 22, 2007**

On May 22, 2007, City Council approved the following amendments to the FY 2007-08 Operating Budget to reflect changes in resources for Chesapeake Public Schools and Stormwater Fund operations:

**APPROVED RESOURCES - MAY 8, 2007** **\$ 877,753,249**

**May 22, 2007 Approved Increases:**

Use of Money and Property & Charges for Services	13,465,859	
Miscellaneous Revenues & Recovered Costs	11,500	
State Revenue	7,324,175	
Federal Revenue	23,385,582	
Use of Retained Earnings/Fund Balance	1,667,271	
		<u>45,854,387</u>
<b>RESOURCES AS AMENDED MAY 22, 2007</b>		<b>\$ <u>923,607,636</u></b>

**APPROVE REQUIREMENTS - May 8, 2007**

**\$ 877,753,249**

**May 22, 2007 Approved Increases:**

School Textbook Fund	835,331	
School Cafeteria Fund	13,288,940	
School Grant Fund	26,068,514	
School Cell Tower Fund	70,000	
School Operating Fund	271,945	
Stormwater Operations Fund	2,830,859	
Transfer to Construction Fund (Stormwater Operations)	<u>3,200,000</u>	46,565,589

**May 22, 2007 Approved Reductions:**

Reduction in School Lottery Support to City-Wide Debt Service (moved to School Operating Fund)	(711,202)	(711,202)
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**RESOURCES AS AMENDED MAY 22, 2007**

**\$ 923,607,636**

The Approved FY 2007-08 Operating Budget as amended provides a total of \$923.6 million for all governmental activities beginning July 1, 2007. This represents a 7.1% increase over FY 2006-07 July 1 adjusted resources for all funds of the government. Of the \$923.6 million for FY 2007-08, \$477.1 million support School operations and capital. This represents 51.7% of the entire available resources and is a 3.4% increase over FY 2006-07 resources for School purposes.

The FY 2007-08 Operating Budget reflects the efforts of our staff, the citizens and the City Council in working to understand and shape a spending plan which reflects the highest priorities and needs for all our citizens. This plan will ensure our continued quality of life for the future.

Sincerely,

Anne F. Odell  
Acting City Manager