

July 28, 2011

The Honorable Alan P. Krasnoff and  
 Members of the City Council  
 City of Chesapeake – Municipal Center  
 306 Cedar Road  
 Chesapeake, Virginia 23322

Dear Mayor Krasnoff and Members of the City Council:

On May 10, 2011, the City Council approved the 2012-16 Capital Improvement Plan. In June, the Council approved several amendments to the Capital Improvement Plan (CIP) for community centers, upgrades to the City’s financial system, the replacement of voting equipment, and necessary improvements to the Chesapeake Expressway. With these changes, the City’s CIP for the next five years totals \$664.4 million. Projects that are scheduled to start in the first year total \$461.1 million.

The table below reconciles the plan as originally approved by Council with the Capital Improvement Plan as amended by Council last month.

<b>2012-16 Capital Improvement Plan</b>	<b>Amend Date</b>	<b>5-Year Capital Plan</b>	<b>FY 2011-12 Capital Budget</b>
Capital Plan as Recommended by City Manager		\$ 659,595,162	\$ 456,254,764
Amendments by City Council:			
Reduce redirection from Camelot Community Center to Community Centers	06/14/2011	(30,000)	(30,000)
Redirect savings from Deep Creek Park to General Improvements to Community Centers	06/14/2011	250,000	250,000
Add project for the Repaving and Renewal of the Chesapeake Expressway	06/14/2011	3,000,000	3,000,000
Add project for installation of new PeopleSoft release to comply with new IRS tax regulations	06/14/2011	600,000	600,000
Add project for replacement of voting equipment	06/14/2011	1,000,000	1,000,000
Plan and First-Year (2011-12) Budget as Approved by City Council through June 14, 2011		<u>\$ 664,415,162</u>	<u>\$ 461,074,764</u>

A summary of the revised funding plan for the Capital Improvement Plan appears below.

Source of Funds	5-Year Capital Plan	FY 2011-12 Capital Budget
Borrowing Authority - Greenbrier TIF	\$ 25,251,001	\$ 7,800,000
Borrowing Authority - Schools (VPSA)	21,143,200	9,934,800
Borrowing Authority - South Norfolk TIF	16,000,000	0
Borrowing Authority - Unissued	60,517,140	38,034,535
Chesapeake Expressway Renewal and Replacement Fund	3,000,000	3,000,000
General Fund Balance Designated for Capital Projects	5,146,425	5,146,425
General Fund Balance Designated for School Capital Projects	12,250,000	10,750,000
General Fund Chesapeake Public Schools	50,000	50,000
General Fund Operating Transfer	5,939,100	1,250,000
Greenbrier TIF - Cash	8,137,958	2,614,917
Proffers	770,883	770,883
Public Utilities - Borrowing Authority Revenue Supported	56,332,410	11,853,705
Public Utilities Fund Balance	22,945,077	3,595,000
Redirects from Other Projects	916,968	311,899
Revenue Bonds - Transportation (backed by toll revenue)	344,059,200	308,056,800
South Norfolk TIF - Cash	500,000	500,000
Stormwater Management Fees	30,000,000	6,000,000
VDOT Reimbursement	51,455,800	51,405,800
Total Source of Funds	\$ 664,415,162	\$ 461,074,764

The \$664.4 million Capital Improvement Plan for FY 2012-2016 reflects the commitment of our staff, our citizens, and the City Council to shape and deliver a capital improvement spending plan that reflects the highest priorities and needs. We firmly believe this plan will ensure the sustainability of our outstanding quality of life while moving forward in addressing our most critical capital infrastructure demands across the City of Chesapeake.

Sincerely,



William E. Harrell  
 City Manager