

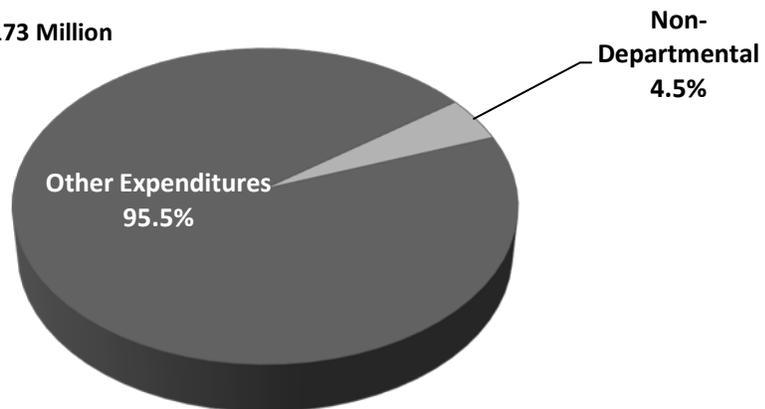
Non-Departmental

Summary

Non-Departmental expenditures includes costs that are not directly attributable to any one department or unit. Costs include debt service and other citywide expenditures. This section also includes contingencies and expense provisions that will be allocated to individual departments as needs arise.

Budget	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Budget	Change from prior year
Debt Services	\$ 42,002,854	\$ 42,767,267	\$ 42,617,449	-0.4%
Non-Departmental	10,499,634	15,733,946	7,562,663	-51.9%
Net Expenditures	\$ 52,502,488	\$ 58,501,213	\$ 50,180,112	-14.2%

Non-Departmental
 Total City Budget - \$1111.173 Million



Non-Departmental

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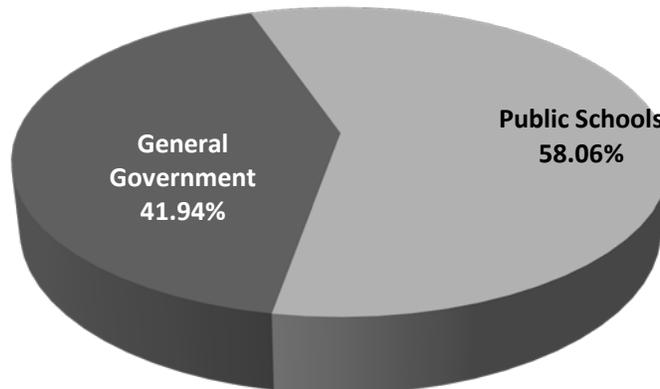
Debt Services

Summary

Debt service represents the annual payments required for bonds and other debt issued by the City. Debt service costs for the enterprise funds are included in department budgets and excluded from this section. The City typically borrows to finance the construction or acquisition of infrastructure, buildings and equipment.

Budget by Department	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Estimate	Change from prior year
Public Schools	\$ 21,713,062	\$ 23,232,543	\$ 24,745,153	6.5%
General Government Debt				
Greenbrier TIF	\$ 1,311,424	\$ 1,002,349	\$ 1,001,049	-0.1%
South Norfolk TIF	1,343,319	1,042,340	1,023,611	-1.8%
Open Space/Agricultural Preserv.	64,430	64,430	64,430	0.0%
Other General Government	17,570,620	17,425,605	15,783,206	-9.4%
Subtotal	\$ 20,289,792	\$ 19,534,724	\$ 17,872,296	-8.5%
Total Debt Service Fund	\$ 42,002,854	\$ 42,767,267	\$ 42,617,449	-0.4%

Debt Services



Budget by Service	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Budget	Change from prior year
Principal	\$ 28,677,783	\$ 27,790,286	\$ 27,872,635	0.3%
Interest	13,294,557	14,921,981	14,689,814	-1.6%
Trust fees	30,514	55,000	55,000	0.0%
Total Debt Service	\$ 42,002,854	\$ 42,767,267	\$ 42,617,449	-0.4%

Debt Services

Summary

Operating Revenues	FY 17-18	FY 18-19	FY 19-20	Change from
Resource	Actual	Budget	Budget	prior year
401 Debt Service Fund	2018	2019	2020	
Use of Money and Property	\$ 248,661	\$ 54,889	\$ 54,889	0.0%
Miscellaneous Revenue	360,770	453,191	458,195	1.1%
Federal Aid	889,902	872,357	841,467	-3.5%
Total Revenues	\$ 1,499,334	\$ 1,380,437	\$ 1,354,551	-1.9%
Transfers from:				
General Fund				
Pre-lockbox debt	6,141,649	1,596,540	-	-100.0%
City Lock Box	12,905,246	13,610,044	13,181,272	-3.2%
School Lock Box	14,847,240	19,347,683	21,627,795	11.8%
Proffers	-	-	-	N/A
Open Space Fund	64,430	64,430	64,430	0.0%
Integrated Behavioral Healthcare	287,150	293,150	291,850	-0.4%
School Fund	254,907	-	-	N/A
Capital Fund	1,814,559	-	-	N/A
Greenbrier TIF	1,465,293	1,472,548	1,468,658	-0.3%
South Norfolk TIF	1,006,088	1,002,435	1,010,682	0.8%
Use of Fund Balance	1,716,958	4,000,000	3,618,211	-9.5%
Total Resources	\$ 42,002,854	\$ 42,767,267	\$ 42,617,449	-0.35%
Budget by Fund:				
401 Debt Service Fund	\$ 42,002,854	\$ 42,767,267	\$ 42,617,449	-0.4%

Debt Service

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Debt Management Policies

- Long-term borrowing will not be used to finance current operations or normal maintenance.
- Long-term borrowing for capital improvements will be confined to such improvements and projects that cannot be financed from current revenues.
- Capital improvements that are financed by issuing General Obligation Bonds, Revenue Bonds, or other long-term debt are repaid within a period less than the expected useful life of the improvements.
- General Obligation Bonds will be used for projects that benefit the citizens of Chesapeake.
- Overall net debt will not exceed three and one-half percent (3.5%) of the assessed valuation of the taxable real property in the City of Chesapeake.
- Overall net debt will not exceed \$3,000 per capita.
- Where possible and appropriate, the City will develop, authorize, and issue revenue or other self-supporting debt instruments in lieu of general obligation bonds.
- Revenue bonds will comply with bond covenants.
- Lease-purchase or other debt instruments may be used as a medium-term (four to ten years) method of borrowing for the financing of vehicles, specialized types of equipment or other capital improvements.
- Use lease-purchase financing cautiously with the goal of financing purchases greater than \$20,000.
- The equipment or improvements must have an expected useful life of more than four years.
- The City of Chesapeake will determine and utilize the least costly financing method available.
- Such debt arrangements will be repaid within the expected useful life of the equipment or improvement acquired.
- Tax -supported debt will not exceed 10% of General Government revenue. (General Fund and Tax Increment Financing Funds)
- Short-term borrowing may be utilized for temporary funding of anticipated bond proceeds, anticipated grant payments or other expected revenues.
- Short-term debt, such as tax-exempt commercial paper, bond anticipation notes, tax anticipation notes, and grant anticipation notes, may be used when it provides immediate financing and an interest advantage, or the advantage to delay long-term debt until market conditions are more favorable. The City of Chesapeake will determine and utilize the least costly method for short-term borrowing.

Debt Service

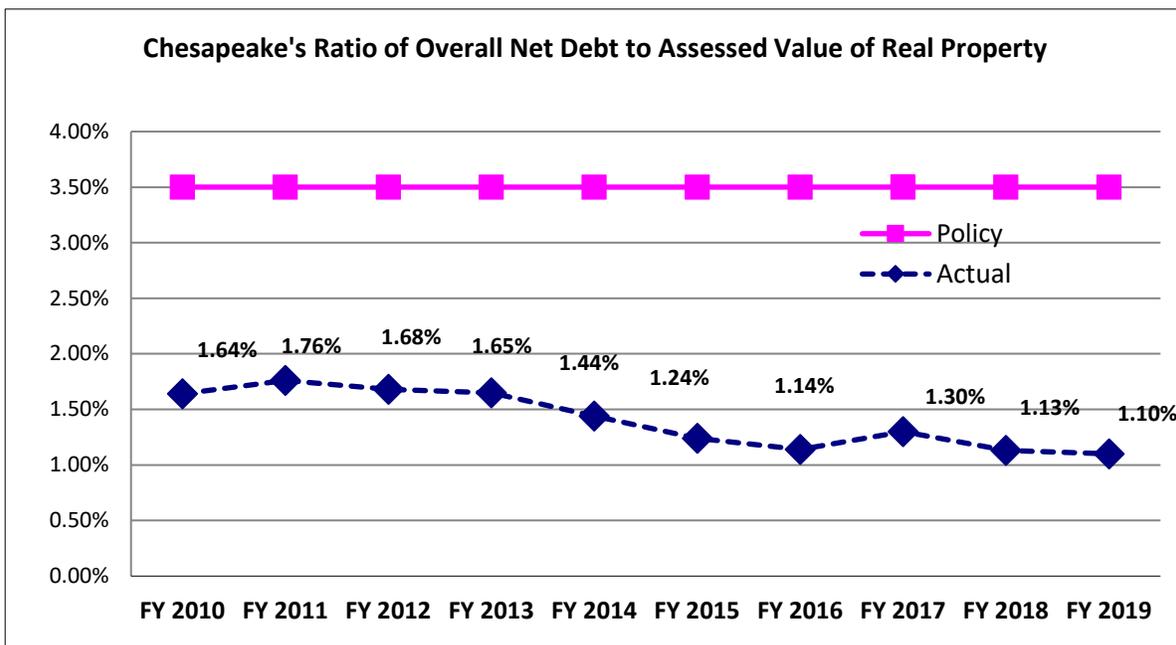
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Debt Management Policies continued

- Short-term debt will not exceed the following limits:

Anticipated Revenues - An amount equal to the estimated amount of the source which it is in anticipation of receiving. (Anticipated revenues are revenues such as Federal and State grants received, and anticipated proceeds from long-term financing.)

Other Expected Revenues - An amount equal to the estimated amount of the expected revenues. (Expected revenues are revenues such as Federal and State grants that will be forthcoming for a project where there has been an expenditure of funds, but as yet those agencies have not been billed for the funding expended.)



In determining the amount of debt to issue, the City evaluates the amount of additional debt service that can be supported by current year revenues for the years in which the debt will be outstanding, as well as, the City's legal debt limits and debt management policies.

Debt Service

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Legal Debt Limit

Pursuant to the Constitution of Virginia and the Public Finance Act, a city in Virginia is authorized to issue bonds and notes secured by a pledge of its full faith and credit. The Constitution and the Public Finance Act also limit the indebtedness that may be incurred by cities. This limit is ten (10) percent of the assessed valuation of real estate subject to local taxation.

The City Charter further limits the City’s power to create debt. It provides that no bonds and notes (other than refunding bonds) secured by a pledge of the City’s full faith and credit shall be issued until their issuance has been authorized by a majority of the qualified voters of the City voting in an election on the question. However, the City Charter provides that the City Council may authorize the issuance of such bonds or notes without an election in any calendar year in an amount not to exceed \$4,500,000 plus amount of debt retired the previous calendar year as new annual borrowing authority. Also, the charter states the amount of such bonds or notes together with existing indebtedness of the City shall not exceed eight (8) percent of the assessed valuation of real estate in the City subject to local taxation, as shown by the last preceding assessment for taxes. Contractual obligations of the City other than bonds and notes are not included within the prohibitions described in this paragraph.

Calculation of Legal Debt Limit

The following table illustrates the calculation of the legal debt margin as of June 30, 2018. According to the current statutes of the Commonwealth of Virginia, the City’s general obligation bonded debt issuance must not exceed 10% of the total assessed value of real property.

As illustrated in the chart, as of June 30, 2018, the City may incur an additional 2312902000 in debt without exceeding its legal debt limit.

Assessed Value of taxable real estate: as of June 30, 2018	\$26,241,693,000
Legal debt limit of 10% of assessed value:	\$2,624,169,000
Bonded debt outstanding, excluding revenue bonds	\$311,267,000
Legal Debt Margin for Creation of Additional Indebtedness:	\$2,312,902,000

Source: Data in this table are from the City's Comprehensive Annual Financial Report-June 30, 2018

Non-Departmental

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Description:

The Non-departmental costs are focused on City-wide expenses that are not related to a specific department. It also includes contingencies that will be allocated to departments as estimates are finalized or needs are identified.

- **Outside Agencies** includes City support for non-profit organizations providing services to citizens.
- **Regional Cooperation & Support** includes Real Estate tax relief for eligible elderly and disabled homeowners, as well as, dues and memberships in agencies promoting region-wide cooperation.
- **City-Wide Operations** includes costs that are not specific to a particular City department.
- **Contingencies** are included in the budget to address unforeseen demands or specific costs that are not well-defined during budget development.
- **Emergency Event Contingency** provides immediate funding for materials, supplies, and overtime costs incurred during inclement weather or other declared emergencies.

Budget by Service	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Budget	Change from prior year
91300 Outside Agencies	\$ 451,448	\$ 398,857	\$ -	-100.0%
91304 City-Wide Operations	3,078,134	6,846,976	3,547,726	-48.2%
91305 Airport Authority	278,506	294,050	300,937	2.3%
91311 Regional Cooperation and Support	6,679,547	6,809,063	2,329,000	-65.8%
91400 City Contingencies	12,000	1,385,000	1,385,000	0.0%
Total by Service	\$ 10,499,634	\$ 15,733,946	\$ 7,562,663	-51.9%

Starting in FY 2019-20, most costs previously included in the non-departmental section are included in the department that is primarily responsible. This was done for two reasons:

- (1) More accurately state cost of services and
- (2) Improve internal vendor payment process and ensure appropriate payment approvals.

This change affects department budgets as follows:

Community Service Grants are moved to Community Program Division of Human Services.	\$ 317,000
Comprehensive planning for youth and elderly is moved to Community Program Division of Human Services.	72,000
Boards and Commissions is moved to City Clerk.	10,400
Support of Opportunity, Inc. is moved to Economic Development.	58,857
Line of Duty funding is moved to Police, Fire and Sheriff.	900,000

Non-Departmental

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Costs previously labeled as Non-Departmental moved to department budgets continued:

Outside counsel (primarily for environmental defense) is moved to City Attorney.	\$ 159,250
Rental and maintenance of fire hydrants is moved to Fire.	1,201,000
Process Improvement Initiative is moved to City Manager.	500,000
Hampton Roads Transit payments are moved to Public Works.	2,824,063
Support of the Economic Development Authority and provisions for Economic Development Incentives are moved to Economic Development.	1,612,000
Support of Hampton Roads Economic Development Alliance is moved to Economic Development.	228,400
Hampton Roads Planning District Commission - Medical Response section moved to Fire Department.	48,540
Support of most regional organizations, including Hampton Roads Planning District Commission is moved to the City Manager.	414,745
Approximate amount moved from Non-Departmental section	\$ 8,346,255

Non-Departmental accounts are included in the General Fund and are funded entirely from general tax revenue. There are no revenue accounts dedicated to non-departmental costs.

Non-Departmental

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Outside Agencies - 91300	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Budget	Change from prior year
Boards and Commissions				
Boards & Commissions	\$ -	\$ 10,000	\$ -	-100.0%
Commission on Health/Well Being	5,235	-	-	
Commission of Substance Abuse	275	-	-	
Mayor's Commission Veterans Affairs	365	400	-	-100.0%
South Norfolk Revitalization	38	-	-	
Services and Grants				
Child Abuse Ctr of Hampton Roads	16,000	10,000	-	-100.0%
Children's Harbor	4,000	5,000	-	-100.0%
Ches. Health Investment Program	5,000	10,000	-	-100.0%
Comprehensive Plans for Youth and Adults 55+	26,978	72,600	-	-100.0%
Tidewater Builders Assoc				
Trade Academy	78,200	-	-	
Endeppendence Center (Tidewater)	20,000	10,000	-	-100.0%
Foodbank of SE Virginia	10,000	10,000	-	-100.0%
Free Clinic	142,500	140,000	-	-100.0%
Help & Emergency Response	15,000	10,000	-	-100.0%
Legal Aid Society of Eastern VA	4,000	5,000	-	-100.0%
Senior Services of SE Virginia	15,000	10,000	-	-100.0%
For Kids / Our House Families	50,000	47,000	-	-100.0%
Opportunity Inc.	58,857	58,857	-	-100.0%
Total	\$ 451,448	\$ 398,857	\$ -	-100.0%

Budget Highlights:

As previously noted, payments to outside agencies has been moved the City Clerk, Economic Development, and Human Services Division of Community Programs.

Non-Departmental

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City-Wide Operations - 91304	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Budget	Change from prior year
Line of Duty Benefits	\$ 658,716	\$ 851,400	\$ -	-100.0%
Retiree healthcare	1,226	1,226	1,226	0.0%
Overhead Allocation- Other Funds	(1,806,000)	(1,450,150)	(1,522,000)	5.0%
Oak Grove Connector - Principal	1,560,000	1,640,000	1,720,000	4.9%
Oak Grove Connector - Interest	430,750	354,000	281,000	-20.6%
Edinburgh Development Payments	741,107	475,000	-	-100.0%
Environmental Protection Initiatives (outside counsel)	3,043	159,250	-	-100.0%
Capital/Operating Contribution - Greenbrier Parking Garage	-	100,000	-	-100.0%
Lease/Maintain - Fire Hydrants	1,171,390	1,201,000	-	-100.0%
Stormwater Management Fees	317,902	325,000	325,000	0.0%
Land Bank Authority	-	1,500,000	1,533,500	2.2%
Chesapeake Homes	-	215,250	-	-100.0%
Public Health Initiatives (includes Healthy Chesapeake)	-	975,000	1,209,000	24.0%
Process Improvement Initiative		500,000		-100.0%
Subtotal	3,078,134	6,846,976	3,547,726	-48.2%
Chesapeake Airport Authority	278,506	294,050	300,937	2.3%
Total	\$ 3,356,640	\$ 7,141,026	\$ 3,848,663	-46.1%

Budget Highlights:

- Overhead allocations reflect the distribution of operating expenditures to other funds.
- Edinburgh Development Payments are tax incentives provided to the developer. The incentive payments were completed during FY 2018-19.
- Under a revised agreement with Summit Pointe, capital and operating contributions to Greenbrier garage are not required.
- Outside counsel (primarily for environmental defense) is moved to City Attorney.
- Rental and maintenance of fire hydrants is moved to Fire.
- Process Improvement Initiative is moved to City Manager.
- Payments to Chesapeake Homes is not expected to recur in FY 2019-20.
- Payments to Land Bank Authority include the General Fund portion only, see South Norfolk TIF (Economic and Environmental Vitality) for remainder. Note that provision for FY 2019 was not disbursed, but has been carried over to FY 2020 for payment to the Authority.

Non-Departmental

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Regional Cooperation and Support - 91311	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Budget	Change from prior year
Real Estate Tax Relief	\$ 2,260,412	\$ 2,100,000	\$ 2,329,000	10.9%
Transit Operating Agreement	2,677,447	2,835,000	-	-100.0%
Dues & Memberships				
Chamber of Commerce	8,700	8,700	-	-100.0%
Clean Community System	6,640	15,800	-	-100.0%
Hampton Roads Planning	407,115	295,633	-	-100.0%
Local and Regional Community Development Funds				
Tidewater Community College	66,500	66,500	-	-100.0%
Highway Safety Commission	-	750	-	-100.0%
Hampton Roads Economic	223,658	232,900	-	-100.0%
Eastern Virginia Medical School	85,200	89,300	-	-100.0%
Hampton Roads Military and Federal Facilities Alliance	120,175	120,250	-	-100.0%
Economic Develop Incentives	5,701	752,000	-	-100.0%
Southeastern Virginia Health System	250,000	250,000	-	100.0%
Economic Development Authority	568,000	42,230	-	-100.0%
Total	\$ 6,679,547	\$ 6,809,063	\$ 2,329,000	-65.8%

Budget Highlights:

- Real estate tax relief is provided to elderly and disabled homeowners who meet eligibility requirements. It does not include tax exemptions granted to disabled veterans by the Virginia Constitution as these reduce the recognition of property tax revenue.
- The Transit operating agreement is the subsidy paid by the City for the transit bus routes within the City limits. Payments to Hampton Roads Transit are moved to Public Works.
- Other regional payments are moved to City Manager's Office and Economic Development.

Non-Departmental

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Contingencies - 91400	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Budget	Change from prior year
Council Contingency	\$ -	\$ 10,000	\$ 10,000	0.0%
Salary Contingency	-	375,000	375,000	0.0%
Emergency Event Contingency	-	400,000	400,000	0.0%
Health Insurance Contingency	12,000	225,000	225,000	0.0%
City Operating Contingency	-	375,000	375,000	0.0%
Storm Events (actual costs)	-	-	-	
Total	\$ 12,000	\$ 1,385,000	\$ 1,385,000	0.0%

Budget Highlights:

- Funds are not usually paid directly from the Contingency, but rather moved to the appropriate department's expense line.
- The salary contingency may be used to address changes in personnel classifications during the fiscal year.

Non-Departmental

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Capital Improvement Plan Summary

Overview

The City Council adopts a five-year Capital Improvement Plan (CIP) for which funds are appropriated for the first year in the Capital Improvement Budget (CIB). The remaining four years of the CIP serve as a planning guide for public facilities and infrastructure. However, the CIP may be revised by City Council if significant events change resources or priorities.

The CIP is developed in advance of the Operating Budget and is reviewed and approved by City Council separately from the Operating Budget. As with the Operating Budget, the process for the CIP preparation begins with the City's Multi-Year Forecast in the fall of each year. Through the Multi-Year Forecast, the City estimates the resources available and the anticipated expenditures for the Operating Budget as well as the funding available to support debt service for existing debt and new capital projects. The Operating Budget includes appropriations for the payment of the debt service and any additional funding for operating costs from completed capital projects. However, the Capital Improvement Plan is produced as a separate document and the Capital Improvement Budget is appropriated under a separate ordinance.

The Capital Improvement Plan Summary provides an overview of the capital projects and the impact of the Capital Improvement Budget on the Operating Budget. The Debt Service section shows the funding level budgeted for debt service, the City's level of indebtedness and the Debt Management Policies. Specific capital project detail is contained in the CIP document. The CIP policy and process as well as the relationship to the Operating Budget are discussed in the Overview section at the beginning of the Operating Budget document.

Capital Improvement Plan - Impact on the Operating Budget

Overview

The Capital Improvement Budget impacts the Operating Budget in two primary ways.

First, the Operating Budget provides for the ongoing costs to operate and maintain capital projects upon completion. The table in the following sub-section lists the capital projects that are scheduled to be completed in FY 19-20, the original estimate of the operating impact as included in the CIP and the actual amount of additional funding that is provided in the FY 19-20 Operating Budget.

Second, the Operating Budget provides for the annual payments on the debt used to finance the construction of projects in the CIP. The level of debt service and its impact on the Operating Budget is discussed under Debt Management Policies.

Capital Improvement Plan - Impact on the Operating Budget

Impact on Current Operating Budget - Capital Projects Opening in FY 19-20

The following table lists the approved projects in the FY 2020-24 CIP that are scheduled to be completed in FY 19-20. The table also lists the estimated amount of the Operating Budget impact that was originally included in the CIB authorizing the project as well as the actual amount of additional funding provided in the FY 19-20 Operating Budget for operations. The original estimate of the Operating Budget impact may differ from the actual amount funded because the estimated cost is revised, the in-service date is for a partial fiscal year, or the department is absorbing the additional cost within existing resources.

Project #	Project Title	Estimated In-Service Date	Original Estimated Annual Impact	Funding/Savings in FY 19-20
06-100	Greenbrier Pkwy. - Force Main Upgrade	FY 19-20	4,300	4,300
07-210	CAD Interface between Sheriff & Police	FY 19-20	98,000	61,000
16-210	Sheriff - Automated Rounds Software	FY 19-20	24,000	24,000
21-140	Battlefield to Centerville Water Main - Ph. I	FY 19-20	3,800	3,800
22-140	Battlefield to Centerville Water Main - Ph. II	FY 19-20	4,800	4,800
34-200	Force Main Replace: Dominion Blvd. & I-64	FY 19-20	5,500	5,500
Total – All Projects			\$ 140,400	\$ 103,400

Summary of Capital Improvement Plan (CIP) Resources and Capital Projects

The following tables summarize the five years of estimated resources and requirements included as part of the CIP. The resources and requirements listed under FY 19-20 will be included as part of the Capital Budget Ordinance for expenditure. The **Summary of Estimated Resources** and **Summary of Resource Requirements** tables list all of the resources funding the Capital Budget as well as the total level of funding, by category of expenditure, provided in the Capital Budget. The **Estimated Cost Requirements** table lists the specific projects by category included in the Capital Budget.