

City Manager's Proposed FY 2022 Operating Budget and FY 2022 – 2026 CIP

Chris Price, City Manager
Jonathan Hobbs, Budget Director
March 23, 2021

Today's Agenda

- **Transparency and Choices**
- **Adherence to Vision and Guiding Principles**
- **The Process...Aligning Resource Decisions to Strategy**
- **Outcomes to be Achieved**
- **Community Investments to Achieve These Outcomes**
- **Demonstration of the City's New CIP Mapping Tool**
- **Overview of Revenue**
- **The Process Moving Forward**
- **Closing Thoughts**

Our Vision

Chesapeake will be economically strong, culturally diverse, and environmentally responsible, with a quality of life that defines our city as an exceptional place to live, learn, work, farm, and play. As the City continues to grow, it will be a progressive and well-connected community of treasured rural areas, vibrant residential neighborhoods, and thriving commercial and industrial centers. Moving forward, we will build on our strengths to create an unparalleled city that meets our full potential.

Strategic Anchors

- **WE HELP MAKE CHESAPEAKE AN EXCEPTIONAL PLACE TO LIVE, LEARN, WORK, FARM, AND PLAY (BASED ON OUR VISION)**
- **WE PROVIDE OUTSTANDING SERVICE TO COUNCIL, OUR COMMUNITY, OUR CUSTOMERS, AND EACH OTHER (BASED ON OUR VALUES)**
- **WE WILL BE FISCALLY RESPONSIBLE AND SUSTAINABLE (BASED ON OUR BUDGET GUIDING PRINCIPLES)**

Budget Guiding Principles

1. NO INCREASE IN THE REAL ESTATE TAX

- ✓ THIS BUDGET MAINTAINS THE CITY'S CURRENT TAX RATE OF \$1.05/\$100 OF VALUATION

Budget Guiding Principles

2. DO NOT ADD NEW FEES

✓ THIS BUDGET CONTAINS NO NEW FEES

Budget Guiding Principles

3. DO NOT SUPPLANT LOSSES IN STATE OR FEDERAL FUNDS WITH LOCAL FUND

- ✓ THIS BUDGET DOES NOT SUPPLANT ANY LOSSES IN STATE OR FEDERAL REVENUE

Budget Guiding Principles

4. DEVIATION FROM ABOVE ONLY WHEN ADDRESSING COUNCIL'S STRATEGIC PRIORITIES

- ✓ THE BUDGET CONTAINS NO DEVIATIONS FROM THE FIRST 3 GUIDING PRINCIPLES

Aligning Resource Decisions to Strategy

- **Each CIP Project Now aligned to A Comprehensive Plan Goal Area**
- **New Section in the CIP Highlighting Each Goal Area and One or More Aligned Projects**
- **Documents and Presentation Focus on Desired Outcomes**

The Process

START

*“What should we/
start doing?”*

List ideas/items:

- Things that are not being done, but should be done
- Things to begin doing to get better results
- Things worth trying or experimenting for better results

STOP

*“What should we/
stop doing?”*

List ideas/items:

- Things that are not working or helping
- Things that impede or are not practical
- Not delivering desired results
- We or others dislike

CONTINUE

*“What should we/
continue doing?”*

List ideas/items:

- Things that are working well
- Things that we want to keep
- Worth continuing to see if they're worthwhile
- We like or need

What Did We Stop Doing? (Examples)

- **Paying Rent on the 411 Building – Savings Re-Directed**
- **Budgeting for High Levels of Vacancy Savings**
- **Mt Pleasant Road Widening – Phase II (Page 350)**

What Did We Continue Doing?

- **Investing in the Relocation and Development of Cornland School (Page 174)**
- **Improving Stormwater Infrastructure in the Pughsville Area (Page 294)**
- **Providing State and Federally Mandated Programs and Services**
- **Meeting Contractual Obligations**

What Did We Start Doing?

- **New Medic 10 Unit**
- **Significantly Enhanced Cybersecurity Initiatives**
- **Residential Traffic Calming Program (Page 362)**
- **Urban Forestry Program**

Outcomes Aligned With City Council's Strategic Anchors

Outcomes We Are Attempting to Achieve and How They Align With the Strategic Anchors

- **Ease of Conducting Business with the City (Customer Service)**
- **Data and Transactions are Secure (Live, Learn, Work, Farm, Play, Fiscal Sustainability, Customer Service)**
- **Facilities, Equipment, and Systems Enable Operational Success (Live, Play, Fiscally Sustainable, Customer Service)**

Outcomes (Continued)

- **Improve Physical and Mental Health (Live, Learn, Play)**
- **Enhance Mobility and Connectivity (Live, Learn, Work, Farm, Play)**
- **Improve Air Quality, Water Quality, and the Physical Environment (Live, Work, Farm, Play)**

Outcomes (Continued)

- **Increased Tourism (Play, Fiscally Sustainable)**
- **Attraction of New Business Investment (Live, Work, Farm, Fiscally Sustainable)**
- **Retention/Expansion of Current Businesses (Live, Work, Farm, Fiscally Sustainable)**
- **Citizens and Visitors Feel Safe Anytime, Anywhere (Live, Learn, Work, Farm, Play, Customer Service)**

Outcomes (Continued)

- **Preservation of Life and Property (Live, Learn, Work, Farm, Play, Customer Service)**
- **Clean Drinking Water is Available (Live, Learn, Work, Farm, Play, Customer Service)**
- **Elimination of Environmental Contamination (Live, Work, Farm, Play)**
- **City Assets are Well-Maintained (Live, Work, Farm, Play, Fiscal Sustainability, Customer Service)**

Start with our most Valuable Resource... City Employees

Proposed Budget Includes:

- **Up to \$4.5 million for a GWI in FY 2022**
- **\$2.25 million to Begin Addressing Recommendations of the Forthcoming Pay and Class Study**
- **All \$6.75 Million Set Aside in Reserves**

Recruitment and Retention

- **Innovative Way to Add Staffing Resources in a Difficult to Fill Position**
- **Motor Equipment Operator Apprenticeship Program**
- **New Positions in Public Works**
- **Will Benefit Multiple Departments/Programs**

Facilities, Equipment, and Systems Enable Operational Success

- **Public Works and Public Utilities Operating Facilities Replacement is Fully Programmed - \$36.2 million (Page 97)**
- **Facilities - High Priority Renewal and Replacements – Phase III Added \$4 million (Page 79)**
- **Additional \$2 million to fully fund the Replacement of Dock Landing Fire Station (Station 11) (Page 192)**

Preservation of Life and Property

- **Faster Emergency Response Times - New Medic 10 Unit**
- **Broadlawn Apartments Outfall Improvements - \$1.8 million (Page 282)**
- **Rural Road Safety Improvement Program - \$ 1 million (Page 368)**

Improve Air Quality, Water Quality, and the Physical Environment

- **Blue Heron Landing Park on the Indian River (Page 167)**
- **BMP Restoration Citywide (Page 281)**
- **New Position to Address Lead and Copper Mandate in Drinking Water**
- **Create Urban Forestry Program**
- **Reduce Sanitary Sewer Overflows with Gracie Road Force Main Relocation (Page 262)**

Data and Transactions are Secure

- **Tax System Modernization – Fully Programmed (Page 158)**
- **Data Access Governance Design and Implementation (Page 137)**
- **Systems Security Engineer and Increased Professional Services Funding**

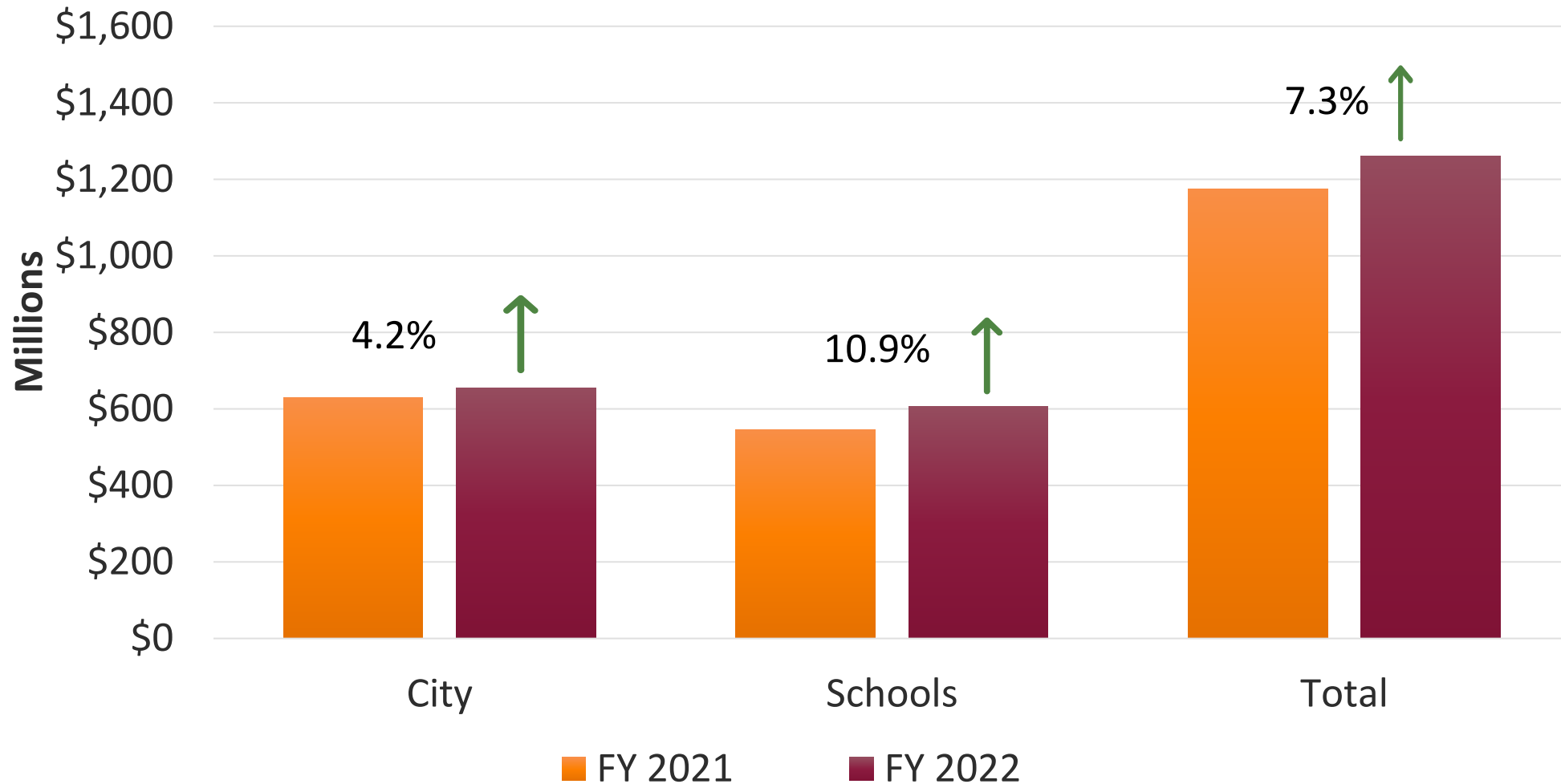
Physical Connectivity

- **Deep Creek AIW Bridge Replacement - Additional \$850k in FY 2022 (Page 331)**
- **Citywide Sidewalk Installation - Additional \$500k Annually (Page 322)**
- **Arterial and Collector Roadway Rehabilitation - \$2.5 million over final 2 years (Page 318)**

Schools

- **Final Phase of Full-Day Kindergarten Implementation**
- **Chesapeake Virtual Academy**
- **Replacement Technology and School Busses (Pages 129 & 130)**

Change in Operating Budget from Adopted FY 2021 to Proposed FY 2022



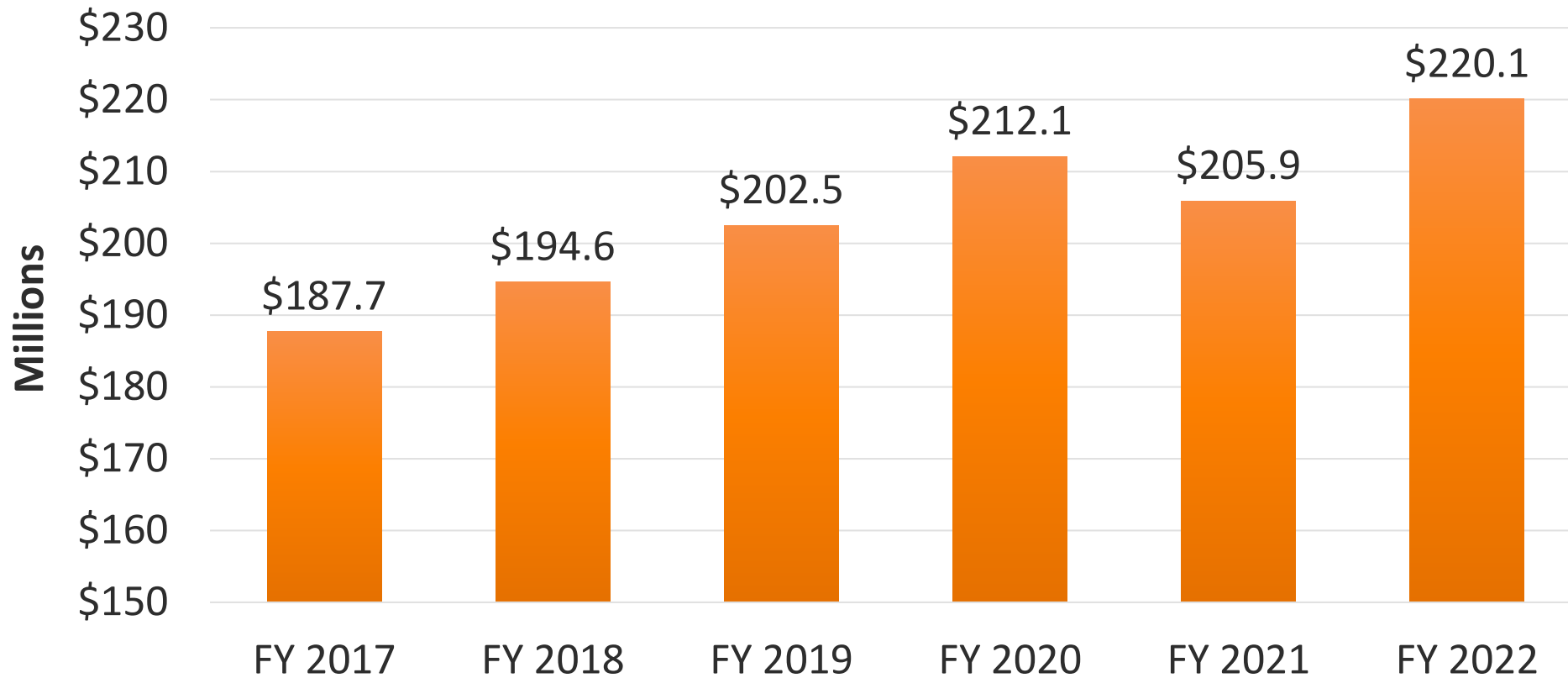
What is Driving the Growth in the Budget – City Return To Normal

- **Buying Down Vacancy Savings - \$17.3 million in FY 2021**
- **Elimination of Fund Balance Used to Balance the FY 2021 Budget**
- **Reinstated \$2.5 million for Public Safety Vehicle Replacement**

What is driving the Growth in the Budget – City Fund Current Programs and Policy Requirements

- **Increased Cost of Existing Programs and Services**
- **6% Charter Reserve**
- **12% Policy Reserve**
- **Transfer to Schools (Revenue Sharing Formula)**

Budgeted Contribution to Schools Revenue Sharing Formula



Please note the amount shown for FY 2020 reflects the originally adopted budget. The budget was reduced in the 4th quarter due to COVID-19, but as revenues did not decline as much as projected and the original budget is a better approximation than the revised figure.

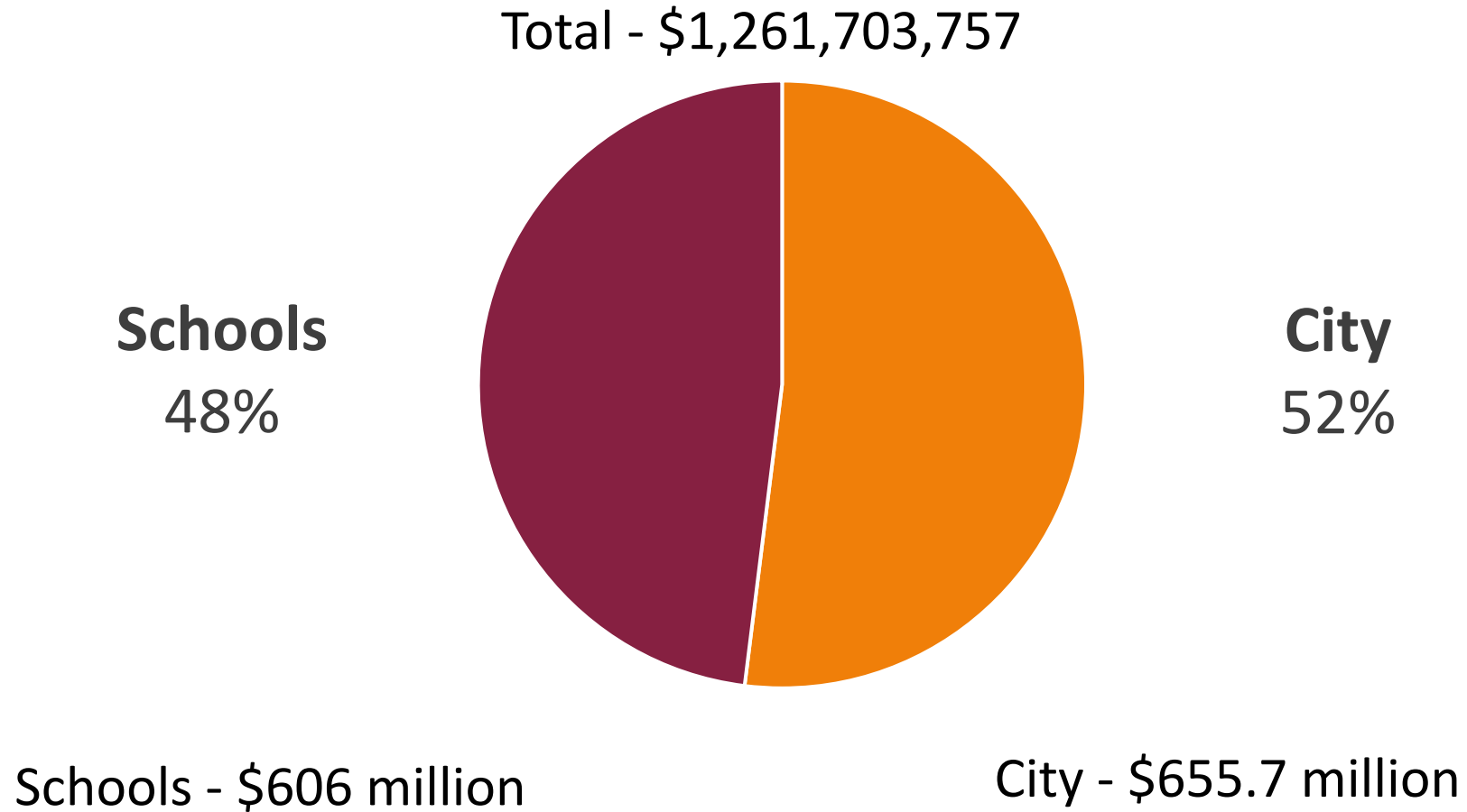
Limited New Spending Focused on Strategic Anchors, While Maintaining Flexibility

- **Funding Set Aside for FY 2022 to Address Classification and Compensation (GWI and Structural) Issues**
- **New Positions and Programs Directly Related to Achievement of Strategic Anchors**

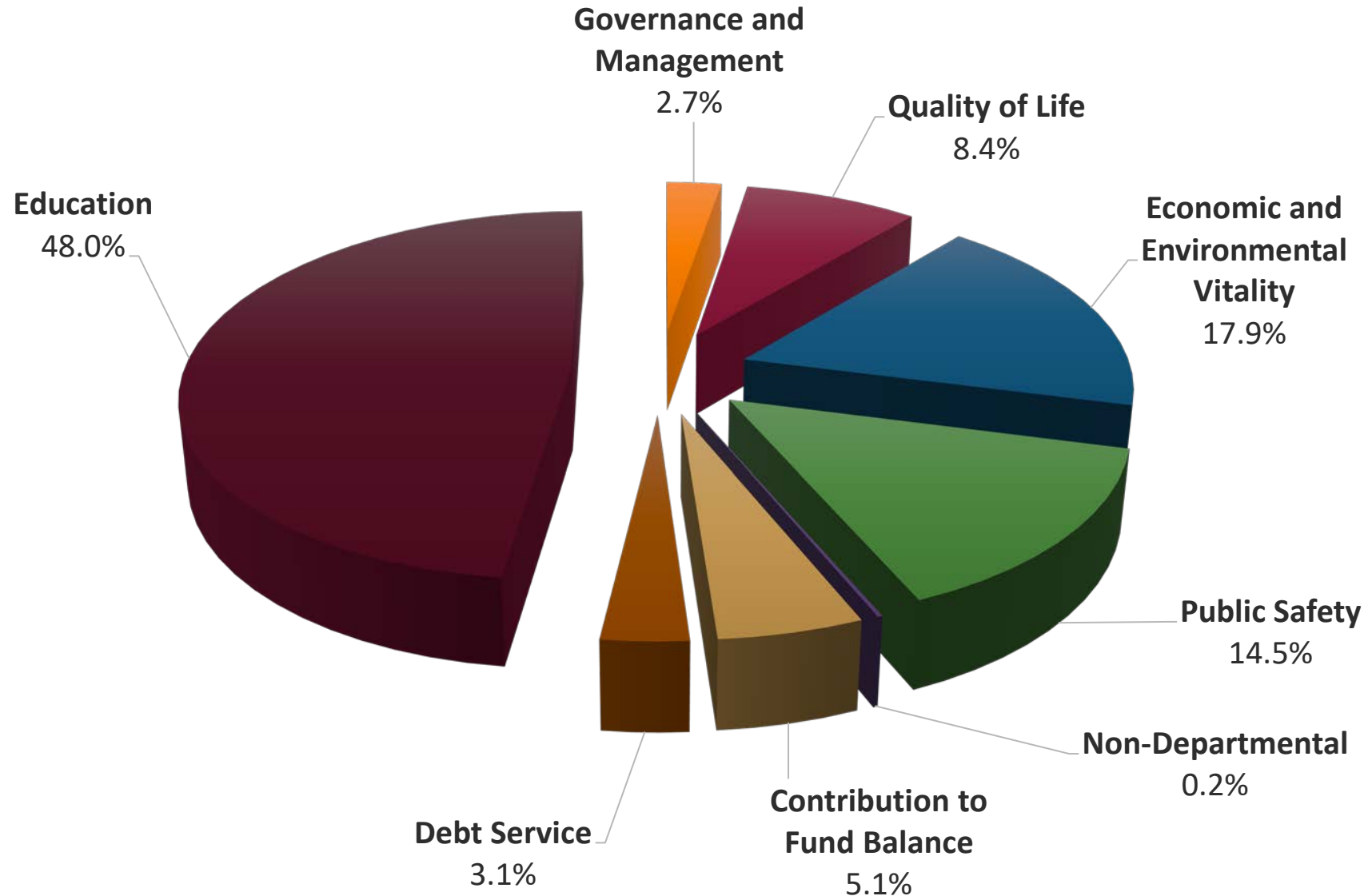
What is Driving the Growth in the Budget - Schools

- **CARES Act Funding (School Grant Fund)**
- **Salary Increases**
- **43 Positions for Final Phase of Full-Day Kindergarten**
- **14 Additional School Counselors**
- **Creation of New Athletic Fund**
- **Nurse and Psychologist Positions (4 Total)**
- **Lease Purchase of Replacement School Buses**
- **New Technology Positions Including 8 for Chesapeake Virtual Academy**

FY 2022 Net Operating Budget



Operating Expenditures By Functional Area



Operating Expenditures By Functional Area

	FY 2022 Proposed
Governance and Management	33,610,094
Quality of Life	106,245,038
Economic and Environmental Vitality	226,325,405
Public Safety	183,491,056
Non-Departmental	2,183,393
Contribution to Fund Balance	64,809,187
Debt Service	39,052,121
Net City Operating Budget	655,716,294
Net Schools Operating Budget	605,987,463
Total Net Operating Budget	1,261,703,757

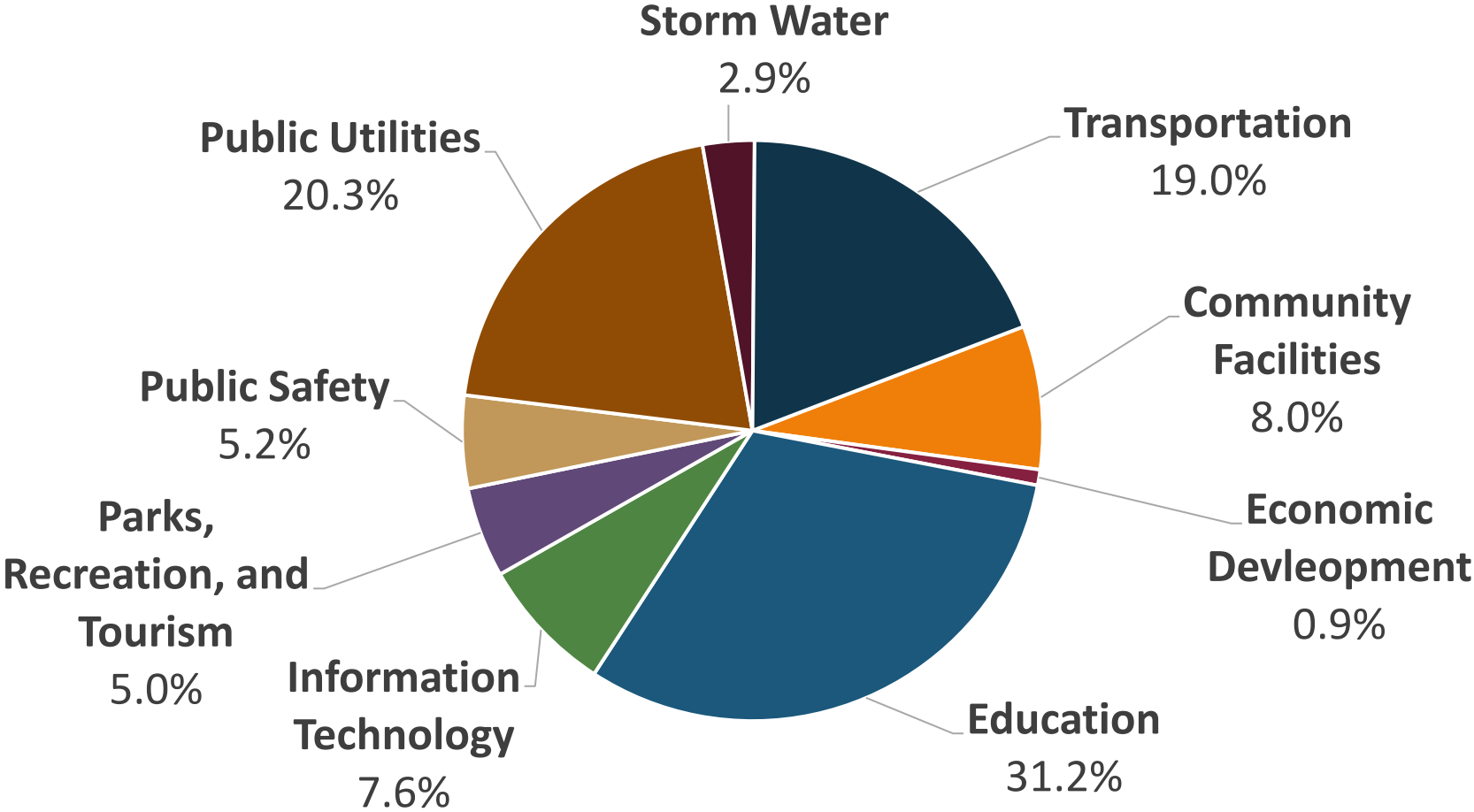
School Net Operating Budget By Fund

	FY 2022 Proposed
School Operating Fund	508,186,252
School Cell Tower Fund	10,440,000
Textbook fund	2,775,592
Grants Fund	63,844,756
Self-Insurance Fund	28,182,650
School Nutrition Fund	13,505,798
School Athletic Fund	9,235,065
Total School Operating Fund	636,170,113
Net of Internal Service Funds	(28,182,650)
Net of Interfund Transfers	(2,000,000)
Net School Operating Budget	605,987,463

5-Year CIP By Category

Section	FY 2022	FY 2023 to FY 2026	Total
Community Facilities	18,107,000	26,338,000	44,445,000
Economic Development	2,692,000	2,154,000	4,846,000
Education	17,875,000	155,500,000	173,375,000
Information Technology	8,890,000	33,274,000	42,164,000
Parks, Recreation, and Tourism	7,198,000	20,802,000	28,000,000
Public Safety	10,494,639	18,246,132	28,740,771
Public Utilities	20,772,000	92,082,300	112,854,300
Storm Water	8,655,000	7,350,000	16,005,000
Transportation	27,181,443	78,817,917	105,999,360
Total	121,865,082	434,564,349	556,429,431

FY 2022 – 2026 CIP by Section



CIP Sheets Have Two New Designations

15-190: CIBH - Intellectual Disability Day Support Building Renovation (Steppingstone Square)



Department:	Community Facilities Capital Projects	Comprehensive Plan Goal Area:	Public Services Facilities
Project Type:	Renovation or Rehabilitation	Planning Area:	Rivercrest
Year identified:	2015	Project Status:	Proposed
Start Date:	7/2/2014		
Est. Completion Date:	6/30/2022		

City of Chesapeake CIP Mapping Tool Demo

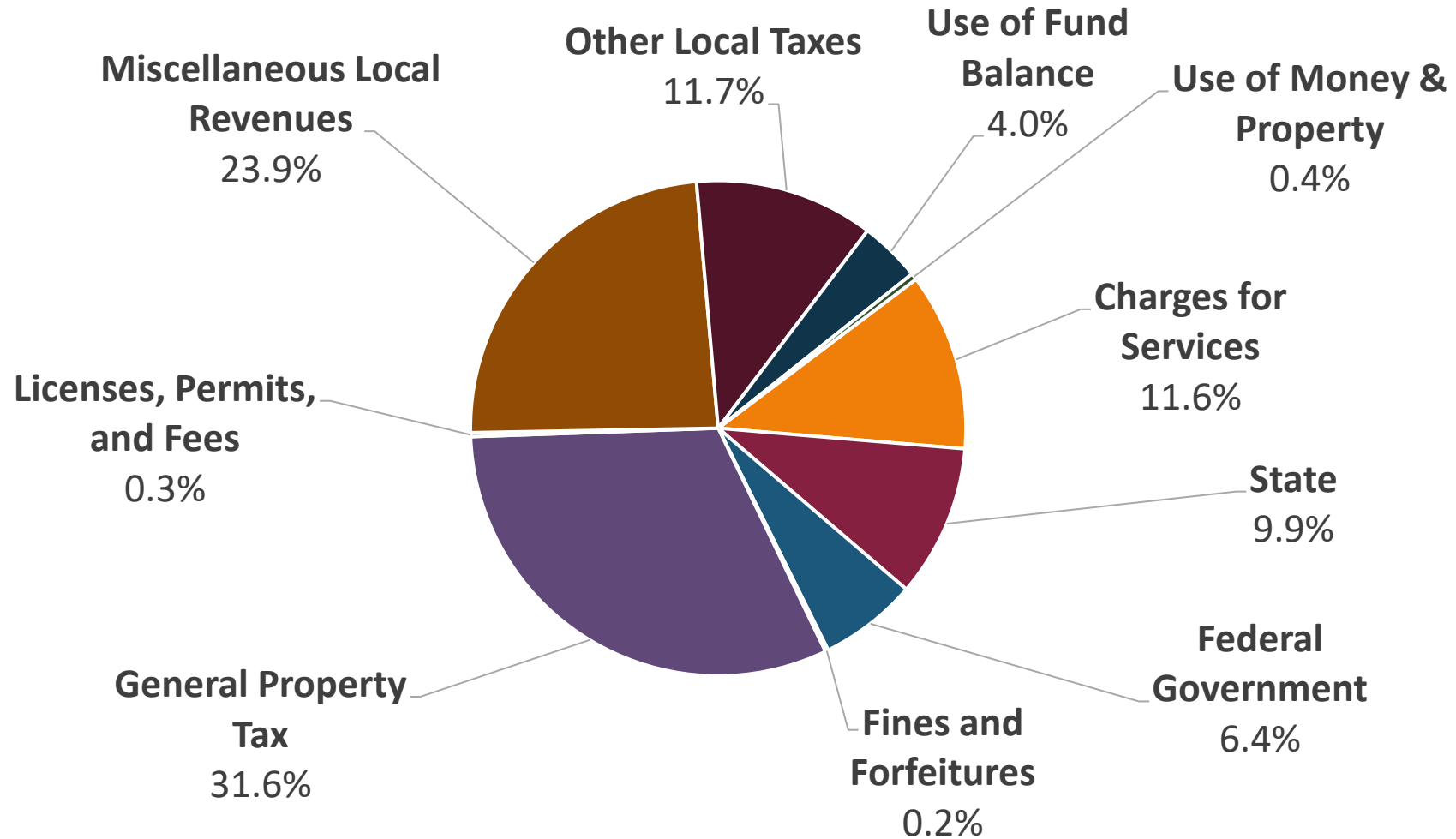
Virginia Fowler, GIS Administrator
March 23, 2021

Overview of Operating Budget Revenue

Total Revenue - Operating Budget

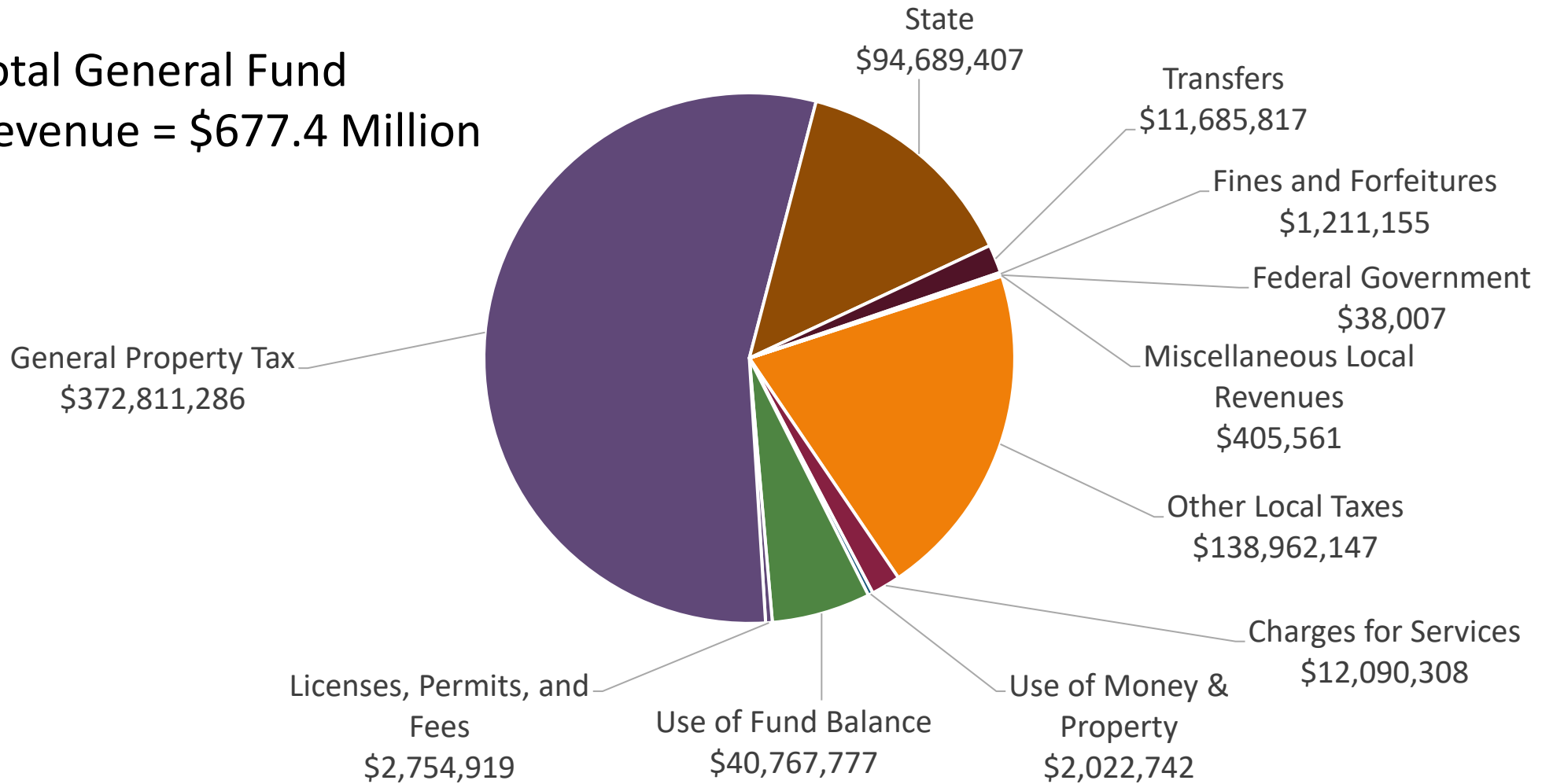
Revenue Category	FY 2022 Budget	% of Total
Charges for Services	146,469,809	11.6%
State	125,458,696	9.9%
Federal Government	80,821,565	6.4%
Fines and Forfeitures	2,485,555	0.2%
General Property Tax	398,395,237	31.6%
Licenses, Permits, and Fees	3,243,439	0.3%
Miscellaneous Local Revenues	301,388,589	23.9%
Other Local Taxes	147,683,260	11.7%
Use of Fund Balance	50,397,869	4.0%
Use of Money & Property	5,359,738	0.4%
Total Net Revenue	1,261,703,757	

Total Revenue By Source

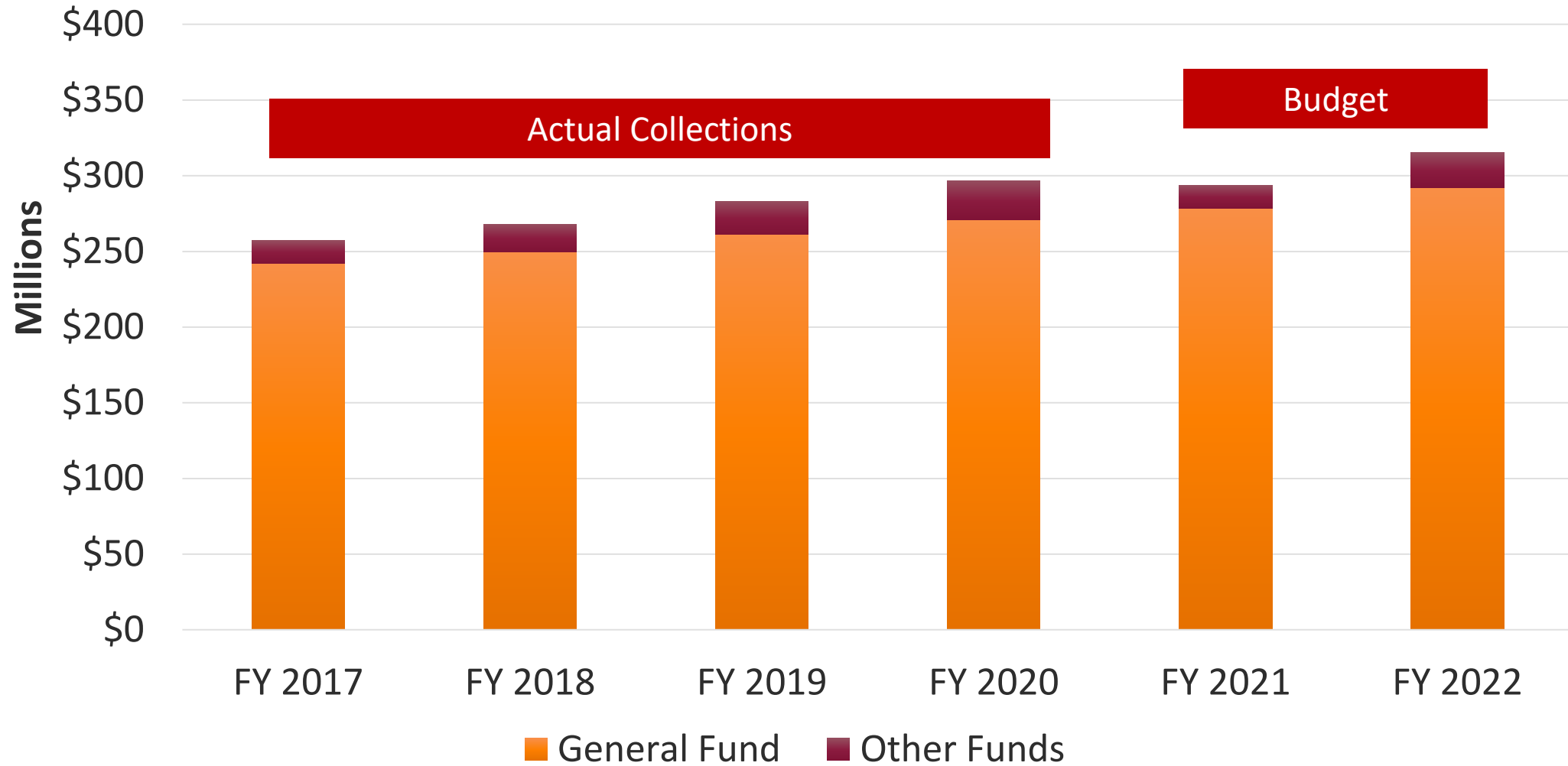


General Fund Revenue By Source

Total General Fund Revenue = \$677.4 Million

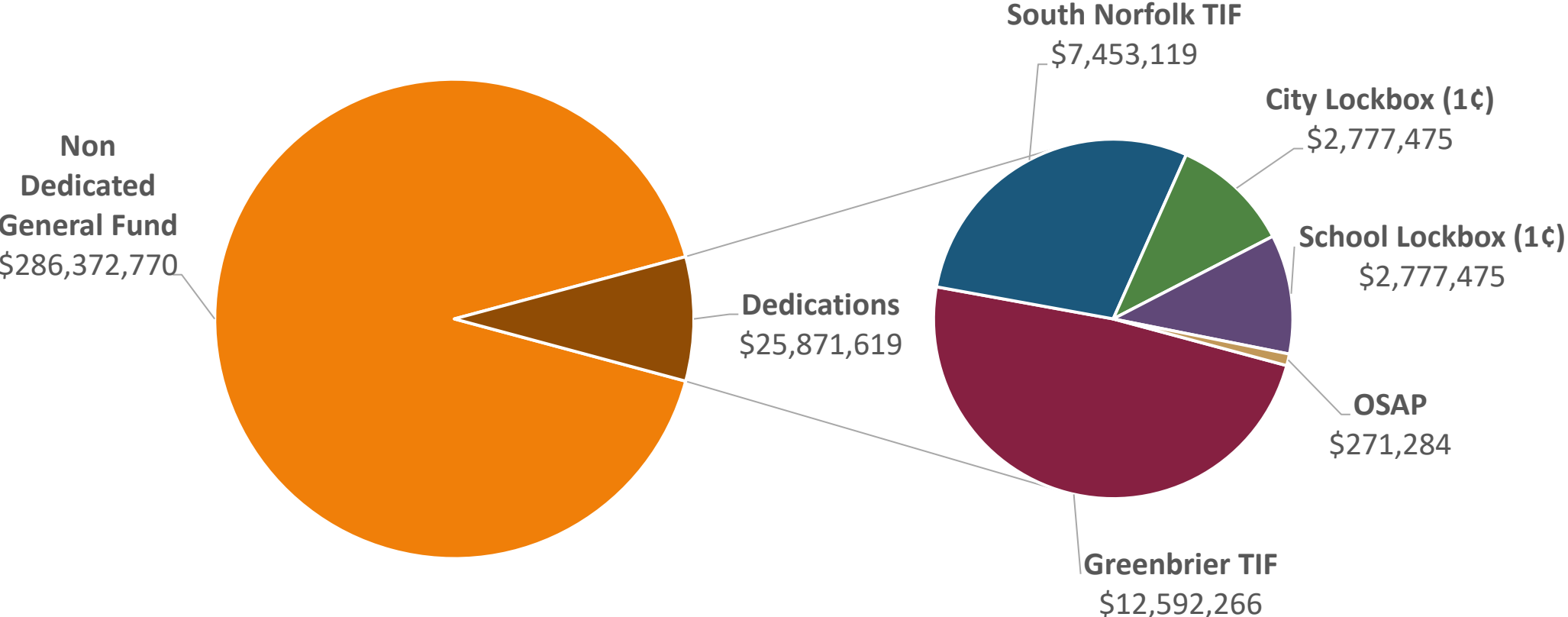


Real Estate Tax Revenue

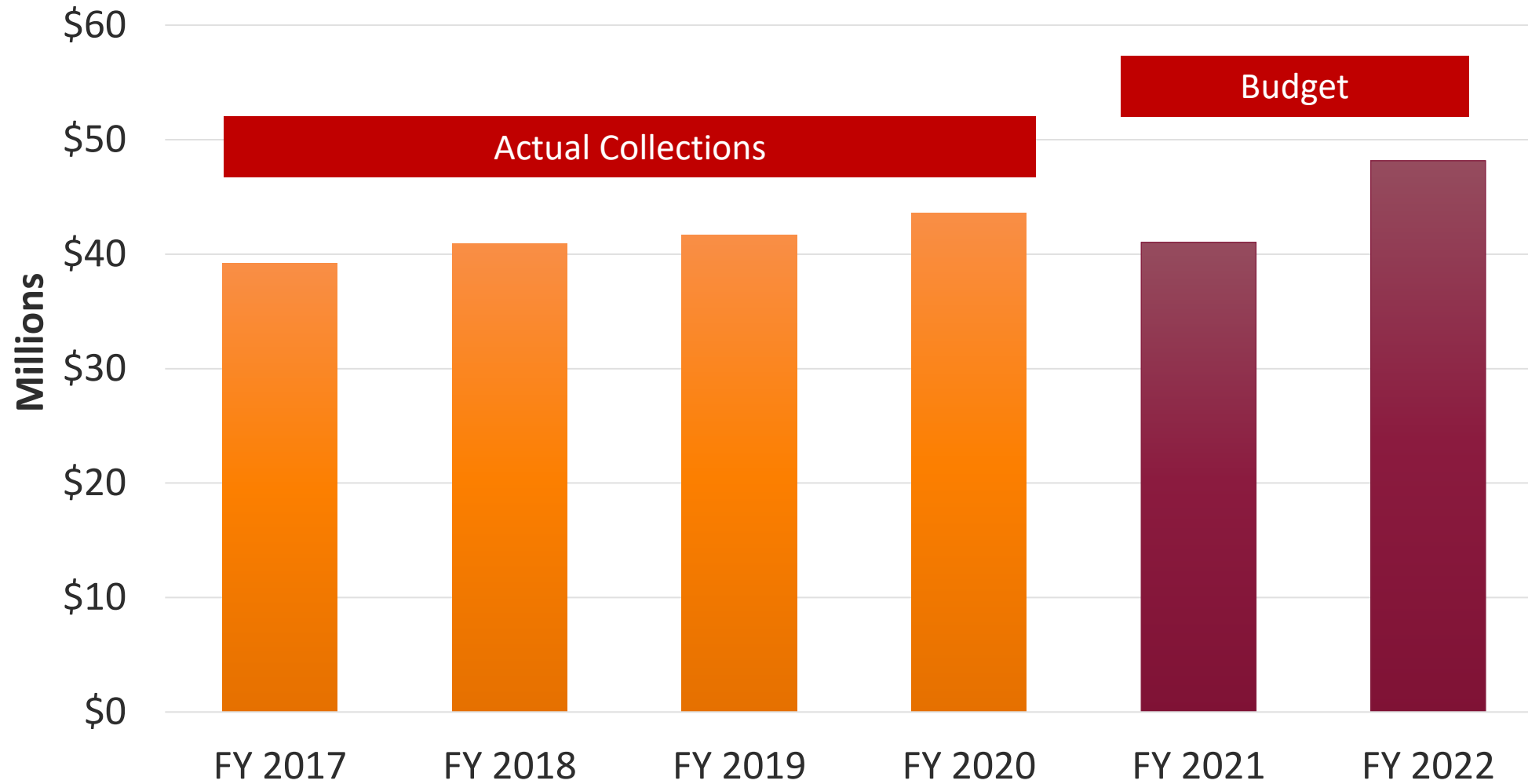


Real Estate Tax Dedications

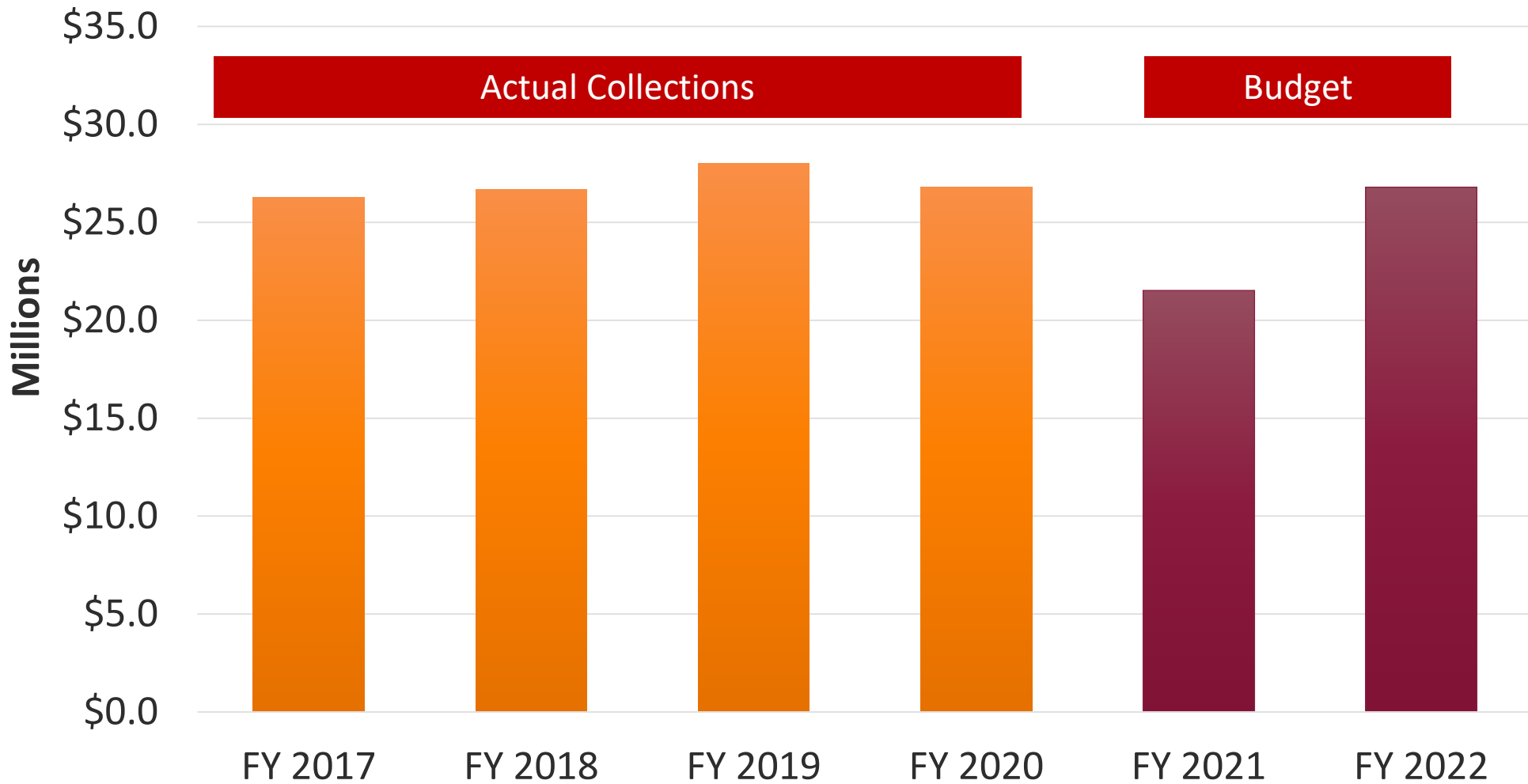
Excludes Mosquito Control



General Sales Tax Revenue



Meals Tax Revenue



Revenue – Schools Operating Fund

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
State Revenue	208,154,002	215,909,205	228,023,671
Sales Tax	48,268,649	39,457,719	47,554,456
Federal Revenue	7,951,513	4,575,000	4,575,000
Revenue Sharing Formula	208,975,361	205,876,000	220,084,008
TIF Surplus	-	2,750,000	5,062,182
Other Local	1,990,525	5,132,097	2,886,935
Reversion	-	3,587,614	
Total	475,340,050	477,287,635	508,186,252

School Revenue by Fund

	FY 2022 Proposed
School Operating Fund	508,186,252
School Cell Tower Fund	10,440,000
Textbook fund	2,775,592
Grants Fund	63,844,756
Self-Insurance Fund	28,182,650
School Nutrition Fund	13,505,798
School Athletic Fund	9,235,065
Total School Operating Fund	636,170,113

Overview of CIP Funding Sources

CIP Sources of Funding

Funding Source	FY 2022	FY 2023-2026	Total 5-Year Program
City Lockbox	10,527,000	35,630,950	46,157,950
School Lockbox	7,000,000	39,000,000	46,000,000
Enterprise Fund Cash	11,888,155	64,732,300	76,620,455
Special Revenue Fund Cash	5,566,943	4,873,057	10,440,000
Fund Balance - General Fund	17,090,002	34,861,154	51,951,156
Fund Balance - Other Funds	13,729,865	12,340,000	26,069,865
G.O Bonds	34,334,137	160,966,036	195,300,173
Revenue Bonds Utility Fund	8,982,000	42,700,000	51,682,000
Proffers	540,000	1,500,000	2,040,000
Developer Pro Rata	485,000	-	485,000
Grant	-	647,000	647,000
State	11,722,000	27,144,000	38,866,000
Federal	-	10,170,000	10,170,000
Total	121,865,102	434,564,497	556,429,599

Scorecard - Big Issues on the Horizon

- ✓ Making Great Places
- ✓ Classification and Compensation Study
- X Public Safety Training Facilities
- ✓ Road Maintenance
- ✓ Public Works / Public Utilities Facilities Study
- X Broadband
- ✓ Technology Infrastructure
- ✓ Stormwater
- X Trash/Recycling
- ✓ City Facilities, Space Needs, and Security
- X Joint Schools study

Process Moving Forward

- **Some Council Priorities are Not Included in the Budget**
 - **Chesapeake Connects (Contribution to Regional Ring programmed in out years)**
 - **Public Safety Training Facility**
 - **Site Readiness**
 - **Strategic Land Acquisition**
 - **Re-Branding**
 - **Funding Request from Great Bridge Battlefield and Waterways Museum**
- **Other Emerging Costs Not Included in the Budget**
 - **Adult Detention**
 - **Increased Tipping Fees**
- **Budget Work Sessions to Discuss Policy Levers Council May Utilize**

Closing Thoughts

- **Alignment**
 - **This budget is the first in a multi-year process of aligning resources to City Council's Strategic Priorities**
- **Transparency**
 - **New Mapping Tool will Enable Citizens a Greater Level of Access to Project Information**
 - **The CIP includes a complete list of "Requested but not Funded" projects to clearly show what we decided not to include in this budget**
 - **We plan to Implement a requested but not funded section in next year's Operating Budget document to further Improve our transparency**

Next Steps – City Council Work Sessions

- **April 13th**
 - **Reserve Policy**
 - **Police Speeding Cameras**
- **April 20th**
 - **Recycling Services**
 - **Real Estate Tax Supplement Process**
- **April 27th**
 - **Stormwater Program**