




To the Honorable Council
City of Norfolk, Virginia

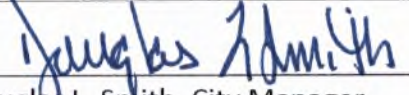
May 22, 2018

From: Gregory A. Patrick, Director,
Office of Budget and Strategic Planning

Subject: FY 2019 Budget Ordinance –
Capital Improvement Plan

Reviewed: 
Catheryn R. Whitesell, Deputy City Manager

Ward/Superward: Citywide

Approved: 
Douglas L. Smith, City Manager

Item Number: R-3

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk

III. **Description:**

This agenda item includes an ordinance to approve and authorize the Fiscal Year (FY) 2019 Capital Improvement Plan (CIP) for the city. The following Table 1 provides a breakdown of the capital improvement plan by fund source.

Table 1 – FY 2019 CIP

| Fiscal Year 2019 Capital Improvement Plan | |
|---|----------------------|
| Fund | Budget |
| General Capital | \$41,650,738 |
| Parking Facilities | \$9,900,000 |
| Storm Water Utility | \$9,915,200 |
| Wastewater Utility | \$20,000,000 |
| Water Utility | \$29,473,333 |
| Waste Management | \$1,100,000 |
| Total Capital Improvement Plan | \$112,039,271 |

IV. Analysis

This ordinance distributes Capital Improvement Plan funds in accordance with the City Manager’s Proposed FY 2019 Budget presented on April 3, 2018, and subsequent amendments by City Council to the Parking Fund CIP as a result of discussions during the budget work sessions to postpone parking rate increases until a third-party consultant reviews the city’s current parking operations and rates. Amendments to the Parking Fund CIP are as follows (see Table 2 and Table 3 for details):

- Budget amendment to reduce the proposed “Improve Customer Experience” project from \$9,000,000 to \$7,000,000 in FY 2019.
 - Reduces the Parking Fund’s proposed bond authorization by \$2,000,000 in FY 2019.
- Budget amendment to Eliminate the proposed “Improve Parking Technology Infrastructure” project
 - Reduces the Parking Fund’s proposed bond authorization by \$2,000,000 in FY 2019 and a planned \$3,000,000 from FY 2020 – FY 2021.
- Budget amendment to Eliminate the planned “Rehabilitate Parking Garages” project
 - Reduces the Parking Fund’s planned bond authorization by \$3,000,000 in FY 2021
- Budget amendment to increase the proposed “Maintain Parking Facilities.” project from \$1,900,000 to \$2,900,000 in FY 2019.
 - Increases the Parking Fund’s proposed cash contribution to the CIP by \$1,000,000 in FY 2019 and planned \$1,000,000 in FY 2020.

Table 2 Proposed FY 2019 – FY 2023 Parking CIP

| Project | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|
| Improve Parking Customer Experience | \$9,000,000 | \$0 | \$0 | \$0 | \$0 |
| Improve Parking Technology Infrastructure | \$2,000,000 | \$2,000,000 | \$1,000,000 | \$0 | \$0 |
| Maintain Parking Facilities | \$1,900,000 | \$1,900,000 | \$2,900,000 | \$2,900,000 | \$2,900,000 |
| Rehabilitate Parking Garages | \$0 | \$0 | \$3,000,000 | \$0 | \$0 |
| Totals | \$12,900,000 | \$3,900,000 | \$6,900,000 | \$2,900,000 | \$2,900,000 |

Table 3 Amended FY 2019 – FY 2023 Parking CIP

| Project | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Improve Parking Customer Experience | \$7,000,000 | \$0 | \$0 | \$0 | \$0 |
| Improve Parking Technology Infrastructure | \$0 | \$0 | \$0 | \$0 | \$0 |
| Maintain Parking Facilities | \$2,900,000 | \$2,900,000 | \$2,900,000 | \$2,900,000 | \$2,900,000 |
| Rehabilitate Parking Garages | \$0 | \$0 | \$0 | \$0 | \$0 |
| Totals | \$9,900,000 | \$2,900,000 | \$2,900,000 | \$2,900,000 | \$2,900,000 |

Technical Adjustments

There are two technical adjustments to the Capital Improvement Plan (CIP), which result in a net increase of \$6 million in FY 2019, but no change to the total five-year plan.

- **Fund Chrysler Hall Major Upgrades** – technical adjustment to shift \$6 million in bond authorization funding forward into FY 2019.
 - The project was funded in the Proposed FY 2019 CIP at a total of \$40,000,000 over five years. This project will be financed with a combination of bonds, historic tax credits, and philanthropic donations.
 - Subsequent to the budget proposal, it was determined that in order to quickly apply for tax credits the city would need to complete 35 percent construction drawings. As a result, this technical adjustment shifts \$6 million of bond funding forward into FY 2019 to immediately begin the architectural and engineering work. The total funding for the project will not change, just the timing. Table 4 below outlines the adjustment.

Table 4 – Technical Adjustment: Fund Chrysler Hall Major Upgrades

| Description | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | Five-Year Total |
|---------------|--------------------|-----------------------|-----------------------|-----------------------|------------|-----------------|
| Proposed | \$0 | \$13,500,000 | \$13,500,000 | \$13,000,000 | \$0 | \$40,000,000 |
| Amended | \$6,000,000 | \$11,500,000 | \$11,500,000 | \$11,000,000 | \$0 | \$40,000,000 |
| Change | \$6,000,000 | \$ (2,000,000) | \$ (2,000,000) | \$ (2,000,000) | \$0 | \$0 |

- **Reduce Reappropriation of Previous Authorizations** - Technical adjustment to reduce the reappropriation of previous bond authorizations by \$1.5 million and increase bond authorization by a corresponding \$1.5 million.
 - The Proposed FY 2019 CIP included a total reappropriation of \$3,192,409. This amount included \$1,500,000 from the project “Support Career and Technical Education.” The technical adjustment will not close the project, and in order to offset the reduction of reappropriation of previous authorizations, bond authorization will increase by \$1,500,000.

V. Financial Impact

The CIP budget ordinance totals \$112,039,271 across all city capital funds and meets the Norfolk City Charter requirements for a balanced budget. See the above Analysis section for more details.

VI. Environmental

N/A

VII. Community Outreach/Notification

Pursuant to the Code of Virginia and Norfolk City Charter, this agenda item requires a public hearing. As such, a public hearing notice was published in *The Virginian-Pilot* on April 8, 2018, and the public hearing was held on April 18, 2018.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This letter has been coordinated with the Office of Budget and Strategic Planning and the City Attorney's Office.

Supporting documentation from the Office of Budget and Strategic Planning:

- Ordinance

Form and Correctness Approved

By Nathaniel Schuman
Office of the City Attorney

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

Contents Approved:

By Angie A. [Signature]
DEPT. Budget & Strategic Planning

\$ 112,039,271 Various
Account
Amelie [Signature] 5/17/18
Director of Finance Date

NORFOLK, VIRGINIA

R-3

ORDINANCE No. 47,231

AN ORDINANCE APPROVING THE CAPITAL IMPROVEMENT PLAN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2018 AND ENDING JUNE 30, 2019; APPROPRIATING \$112,039,271 FOR CERTAIN PROJECTS APPROVED THEREIN; AUTHORIZING AN ISSUE OF BONDS IN THE AMOUNT OF \$85,510,137, OF WHICH \$1,692,409 IS THE REAPPROPRIATION OF PREVIOUSLY AUTHORIZED, BUT UNISSUED, BONDS; AND AUTHORIZING THE EXPENDITURE OF \$26,529,134 IN CASH.

- - -

WHEREAS, the City Manager submitted to the City Council a Capital Improvement Plan Budget for the City for the fiscal year beginning July 1, 2018 and ending on June 30, 2019; and

WHEREAS, it is necessary to appropriate sufficient funds to cover the approved capital projects set forth in the Capital Improvement Plan Budget and to authorize said projects; now therefore,

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the capital projects set forth below in the Capital Improvement Plan for the fiscal year beginning on July 1, 2018 and ending on June 30, 2019, submitted by the City Manager under date of April 03, 2018, are hereby approved and the amounts herein set forth aggregating \$112,039,271, or so much thereof as may be necessary, as set forth in the Capital Improvement Plan Budget for the fiscal year July 1, 2018 to June 30, 2019, are hereby appropriated for the purposes hereinafter set out in the following subparagraph:

A. Capital Improvement Projects

| <u>Number</u> | <u>Title</u> | <u>Approved Amount</u> |
|------------------------------|---|----------------------------|
| General Capital | | |
| 1 | Address School Major Maintenance | 6,000,000 |
| 2 | Fund Chrysler Hall Major Upgrades | 6,000,000 |
| 3 | Improve Street Infrastructure Citywide | 5,000,000 |
| 4 | Improve Neighborhoods Citywide | 2,000,000 |
| 5 | Repair, Replace, and Maintain Bridges | 2,000,000 |
| 6 | Strengthen Neighborhoods through Affordable Housing Initiatives | 1,750,000 |
| 7 | Fund Preliminary Engineering | 1,159,000 |
| 8 | Maintain Municipal Facilities | 1,150,000 |
| 9 | Acquire School Buses | 1,000,000 |
| 10 | Improve Cultural Facilities | 1,000,000 |
| 11 | Improve Fairmount Park Infrastructure | 1,000,000 |
| 12 | Improve Infrastructure and Acquire Property | 1,000,000 |
| 13 | Maintain Fire Stations | 1,000,000 |
| 14 | Provide Funds for Acquisition in Ward's Corner | 916,000 |
| 15 | Control Beach Erosion | 914,400 |
| 16 | Fund Chrysler Museum Capital Campaign Match | 850,000 |
| 17 | Acquire Property at 711 Church Street (LA) | 826,678 |
| 18 | Replace USS Wisconsin Basin Pedestrian Bridge | 825,000 |
| 19 | Implement Complete Streets Initiative | 750,000 |
| 20 | Replace In-Ground Vehicle Lifts | 609,660 |
| 21 | Implement RPOS Master Plan | 500,000 |
| 22 | Improve Harbor Park | 500,000 |
| 23 | Maintain USS Wisconsin BB-64 | 500,000 |
| 24 | Repair Waterfront Infrastructure | 500,000 |
| 25 | Replace Building Automation Systems | 500,000 |
| 26 | Support Infrastructure Improvements in the NEON District | 500,000 |
| 27 | Improve Tennis Courts Citywide | 350,000 |
| 28 | Improve Neighborhood Streets | 300,000 |
| 29 | Improve Community and Neighborhood Parks | 250,000 |
| 30 | Improve Roof Repair and Moisture Protection | 250,000 |
| 31 | Support Citywide Public Art | 250,000 |
| 32 | Support Elizabeth River Trail Capital Campaign | 250,000 |
| 33 | Acquire Blighted Properties in Willoughby | 200,000 |
| 34 | Enhance Signals and Intersections | 200,000 |
| 35 | Improve Existing Community Centers | 200,000 |
| 36 | Improve HVAC Systems Citywide | 200,000 |
| 37 | Support Jail Improvements | 200,000 |
| 38 | Improve Citywide Dredging and Waterways | 150,000 |
| 39 | Improve Street Lights | 100,000 |
| Total General Capital | | 41,650,738 |

| | | |
|----------------------------------|--|--------------------|
| Parking Facilities | | |
| 40 | Improve Parking Customer Experience | 7,000,000 |
| 41 | Maintain Parking Facilities | 2,900,000 |
| Total Parking Facilities | | 9,900,000 |
| Storm Water Utility | | |
| 42 | Reduce Neighborhood Flooding | 2,850,000 |
| 43 | Improve Storm Water Quality | 2,350,000 |
| 44 | Create Citywide Flooding Reserve | 1,315,200 |
| 45 | Address Street Flooding Citywide | 1,300,000 |
| 46 | Address Flooding in Spartan Village | 1,000,000 |
| 47 | Improve Storm Water System | 600,000 |
| 48 | Improve Storm Water Waterfront Facilities | 500,000 |
| Total Storm Water Utility | | 9,915,200 |
| Wastewater Utility | | |
| 49 | Improve Wastewater Collection System | 20,000,000 |
| Total Wastewater Utility | | 20,000,000 |
| Water Utility | | |
| 50 | Improve Water Resources and Delivery System | 15,343,333 |
| 51 | Upgrade Water Treatment Plants | 13,500,000 |
| 52 | Implement Meter Change-Out Program | 480,000 |
| 53 | Upgrade Billing System | 150,000 |
| Total Water Utility | | 29,473,333 |
| Waste Management | | |
| 54 | Support Campostella Landfill Post Closure Requirements | 1,100,000 |
| Total Waste Management | | 1,100,000 |
| Grand Total | | 112,039,271 |

Section 2:- That in order to provide the funds heretofore appropriated, cash in the aggregate principal sum of \$26,529,134 is authorized to be expended. Of such sum, \$2,313,934 is for General Capital Improvement Projects, which is comprised \$1,487,256 transferred from the General Fund, \$826,678 transferred from the Land Acquisition Fund; \$2,900,000 is for Parking Facilities Fund Projects; \$1,315,200 is for Storm Water Utility Fund Projects, and \$20,000,000 is for Water Utility Fund Projects. Previously approved, but unissued, bonds in the aggregate principal sum of \$1,692,409 are reappropriated

for General Capital Improvement Projects, and therefore bonds of the City of Norfolk in the aggregate principal sum of \$85,510,137 are hereby authorized to be issued from time to time in such form and with such terms as shall be established pursuant to future ordinances, of which \$39,336,804 is for General Capital Improvement Projects, \$7,000,000 is for Parking Facilities Fund Projects, \$8,600,000 is for Storm Water Utility Fund Projects, \$20,000,000 is for Wastewater Utility Fund Projects, \$9,473,333 is for Water Utility Fund Projects, and \$1,100,000 is for Waste Management Projects.

Section 3:- That the Council reasonably expects to reimburse certain expenditures made from the General Capital Improvement Projects Fund, Parking Fund, Storm Water Utility Fund, Wastewater Utility Fund, Water Utility Fund, and Waste Management Fund to interim finance the above-described capital projects with the proceeds of the above-described bonds to be issued by the City.

Section 4:- That this ordinance represents a declaration of "official intent" under Treasury Regulations Section 1.150-2(e).

Section 5:- That the expenditures to be reimbursed will be paid from the following funds, which funds have the following general functional purposes:

(a) General Capital Improvement Projects Fund. Used to account for the financial resources used to finance general capital improvement projects in the Capital Improvement Plan other than those financed by the City's enterprise funds or special revenue funds;

(b) Parking Facilities Fund. Used to account for the City's parking facility operations, including accounting for the financial resources used to finance capital projects in the Capital Improvement Plan related to parking facilities;

(c) Storm Water Utility Fund. Used to account for the City's environmental storm water operations, including accounting for the financial resources used to finance capital projects in the Capital Improvement Plan related to the storm water utility;

(d) Wastewater Utility Fund. Used to account for the City's wastewater utility operations, including accounting for the financial resources used to finance capital projects in the Capital Improvement Plan related to the wastewater utility;

(e) Water Utility Fund. Used to account for the City's water utility operations, including accounting for the financial resources used to finance capital projects in the Capital Improvement Plan related to the water utility; and

(f) Waste Management Fund. Used to account for the City's waste management operations, including accounting for the financial resources used to comply with regulatory requirements related to its landfills.

Section 6:- That the appropriate officers or agents of the City are authorized and directed to file a certified copy of this ordinance with the Circuit Court of the City of Norfolk pursuant to Sections 15.2-2607 and 15.2-2627 of the Code of Virginia, 1950, as amended.

Section 7:- That the City Manager, unless otherwise directed by City Council, is hereby authorized to do all things necessary to implement the projects set forth in the Fiscal Year 2019 Capital Improvement Plan Budget.

Section 8:- That the City Manager or his designee is authorized to close out or reappropriate unused Capital Improvement Plan funds in projects that have been completed. These funds may be reappropriated as sources in future year Capital Improvement Plans.

Section 9:- That the City Manager or his designee is authorized to transfer from any project which has an excess of funds appropriated for its use to any other project all or any part of such excess. A record of all such transfers shall be maintained by the Director of Finance.

Section 10:- That the City Manager or his designee is authorized to transfer funds from any project authorized with Public Art funds in the Capital Improvement Plan to any other project or pool funds, as needed, to implement any portion of the Plan.

Section 11:- That this ordinance shall be in effect
from and after July 1, 2018.

Adopted by Council May 22, 2018
Effective July 1, 2018

TRUE COPY
TESTE:

R. BRECKENRIDGE DAUGHTREY, CITY CLERK

BY: _____
DEPUTY CITY CLERK