

CITY OF NEWPORT NEWS

OFFICE OF THE CITY MANAGER

December 2, 2015

TO: The Honorable City Council
FROM: City Manager
SUBJECT: FY 2017 - FY 2021 Capital Improvements Plan (CIP)

A resolution has been submitted for City Council approval of the FY 2017 - FY 2021 Capital Improvements Plan (CIP). By ordinance, the City Manager is required to provide an updated capital improvements plan to City Council no later than November 1 of each year. This was done at your October 27 Work Session with the distribution of the City Manager Recommended Plan for FY 2017 - FY 2021, along with the presentation of an overview of the Plan. Presentation of more specific project information and time for further City Council discussion and inquiry of the Recommended CIP were provided during the November 10 and November 24 Work Sessions.

The proposed FY 2017 - FY 2021 CIP will allow us to continue to satisfy the four Capital Financing and Debt Management Policies adopted in January 2007:

- i. Our debt burden (the ratio of outstanding debt to assessed value) will remain below 3%
- ii. General Fund Debt Service will not exceed 9.5% of combined City and School Revenue
- iii. Cash capital funding will exceed 20% of the Plan
- iv. Projected debt retirement rates will exceed the adopted goals of 30% in five years and 60% in ten years.

As important as its adherence to our adopted financial policies is the fact that the proposed plan supports the strategic initiatives of the City and provides funding for those capital projects identified as most critical.

Attached to this memorandum is a summary of the five-year, \$479.2 million financial plan along with a list of projects by category. Total General Fund supported spending of \$340.6 million is funded from General Obligation Bonds of \$149.9 million, Cash Capital of \$47.4 million, and Grant / Other Funding of \$143.4 million.

Total capital spending for User-Fee Funds is projected at \$162.3 million, consisting of Waterworks projects totaling \$82.9 million, Sewer Rehabilitation projects totaling \$27.3 million, Stormwater Drainage projects totaling \$51.6 million, and Solid Waste projects totaling \$450,000.

This proposed CIP reflects substantial investment in our transportation infrastructure and includes the construction of Atkinson and Independence Boulevards, replacement of bridges along Route 105 over the reservoir and Warwick Boulevard at Lake Maury, construction of Campbell Road and Chesapeake Avenue improvements, extension of streetscape improvements along lower Jefferson Avenue, and the reconstruction and resurfacing of arterial streets. Funding is identified for streetlight, roadway, intersection, and pedestrian improvements throughout the City. Construction of the Newport News Transportation Center and study and planning for Bus Rapid Transit will expand transportation options and improve mobility throughout the City and region.

Focus on development and redevelopment efforts in the Southeast Community and the Upper Warwick Boulevard/Denbigh area will continue with activities to include the acquisition of strategically located properties, streetscape and landscape enhancements to improve the visual aesthetic along major corridors in each area, and other targeted redevelopment and rehabilitation efforts. The capital plan provides funding to support development and redevelopment efforts in the Downtown area and includes funding required for the relocation of the Newport News Public Schools SCOT (Service Center for Operations and Transportation) Center and for public infrastructure associated with the expansion of Jefferson Lab.

Funding identified for the School Division will allow for the purchase of new buses and the replacement of aging HVAC units, learning cottages, roofs and electrical panels, and design of a new Huntington Middle School.

The plan maintains programs to renovate and repair the City's public facilities, including buildings, equipment, and parks, and will allow staff to continue to monitor and provide appropriate response to safety and environmental issues that may arise at City buildings and properties. Public building projects identified specifically include design and construction of a replacement Grissom Library, the aquatic facility at the Denbigh Community Center, and a new Fire Station 11. In the downtown municipal complex, fuel tanks and related facilities located at City Hall will be replaced and kitchen facility improvements will be completed at the City Jail and Juvenile Services Secure Detention facility to enhance security and replace antiquated equipment.

Construction of the Huntington Park Tennis Center Stadium Court and renovation of the city golf facility remain in the plan with no change to project budgets or timing. The proposed scope of the golf course project includes improvements to layout of the Cardinal Course, installation of more drought tolerant and disease resistant grasses, and repair and upgrade of drainage and irrigation infrastructure. Replacement of the ranger station and restroom facility located in Deer Park are identified, along with ramp and dredging improvements at Peterson's Yacht Basin, Leeward Marina and Huntington Park Boat Ramp, completion of interior display and exhibit space at Lee Hall Depot, and exploratory archaeological investigation at the Warwicktowne site.

Funding is proposed to replace and improve mission critical equipment throughout the City. During the next five years, the fire department will continue its vehicle replacement program and purchase new breathing apparatus and cardiac care equipment. Focus has also been placed on the need for improvement to data centers located at City Hall and Operations Center to ensure the uninterrupted operability of our computers, data management/storage, and network systems and to continue the migration from our legacy phone system to the expanded feature Voice over IP technology.

Significant investment is anticipated in our waterworks, sanitary sewer, and stormwater systems. A new automated meter reading/advanced metering system is a major investment planned for the water system and will increase meter reading efficiency and meter system functionality. The Sanitary Sewer Consent Order (Virginia Department of Environmental

The Honorable City Council

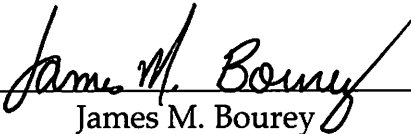
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Quality) and Municipal Separate Storm Sewer System Permit (Environmental Protection Agency) are expected to have substantial impact on the sewer rehabilitation and stormwater categories, respectively. The Recovery Operations Center Building will serve as the headquarters for our Landfill, Compost, Hazardous Household Waste and Recycling divisions and will support the Parks department during the construction of recreational facilities on the closed Denbigh landfill site.

I am confident that the CIP reflects the City's most critical capital projects and maintains debt at a fiscally responsible level. I recommend approval of the proposed FY 2017 - FY 2021 Capital Improvements Plan.


James M. Bourey

JMB:LJC:cp