

CITY OF NEWPORT NEWS

OFFICE OF THE CITY MANAGER

January 22, 2009

TO: The Honorable City Council
FROM: City Manager
SUBJECT: FY 2010 - FY 2014 Capital Improvements Plan

I am submitting a resolution to approve the FY 2010 - FY 2014 Capital Improvements Plan (CIP).

As I indicated in my memorandum on the Fiscally Constrained FY 2009 CIP, this five-year plan of funding reflects the need to limit capital spending in FY 2010 as well. Our expected budget situation dictates that we curtail capital spending over the next two years and fund only those projects that have been identified as critical. Our challenge has been to restructure our capital spending in the "out years" of this CIP so that projects postponed from the early years can be undertaken later in the five-year period without moving them out of the plan completely.

I believe that this five-year plan achieves that goal. It represents the culmination of several work sessions and addresses concerns you voiced about the timing for the construction of the Stoney Run Recreation Center. Additionally, the recommended FY 2010 - FY 2014 also adheres to our debt management policies. In fact, our debt burden ratio over the five-year period drops from 2.8% in FY 2010 to 2.5% by FY 2014, our ratio of debt service to General Fund revenue continues to average 8.2% over this period, and our cash capital ratio goal of funding 20% of the CIP with cash allocations is achieved by FY 2012.


You will find attached to this memorandum a summary of the overall financial plan for the CIP along with the project detail by category. Total General Fund spending over the five-year period is projected at \$542.4 million. The \$211.4 million in General Fund supported spending consists of General Obligation Bonds (\$150.5 million), Cash Capital (\$38.9 million) and Grant/Other Funding of (\$22 million). The \$331 million in User Fee

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supported General Obligation Bond spending consists of Public Utilities (\$277.7 million), Sanitary Sewer Rehabilitations (\$26.2 million), Solid Waste (\$2.9 million) and Stormwater Drainage (\$24.2 million).

In view of the economic uncertainty and budget challenges that we are facing, I believe that the recommended FY 2010 - FY 2014 CIP allows us the flexibility to adapt to these difficult times and still continue those projects that City Council has identified as being crucial over this five-year period.

I recommend approval of the resolution adopting the City's FY 2010 - FY 2014 CIP.


Randy W. Hildebrandt

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Attachments