



# Proposed Budget 2012-2013

Operating and Capital Budgets  
J. Russell Allen, City Manager  
May 14, 2012

# Agenda

- Overview
- FY13 Budget Highlights
- Customer Costs
- Potential Exposures
- Summary

# Financial Sustainability

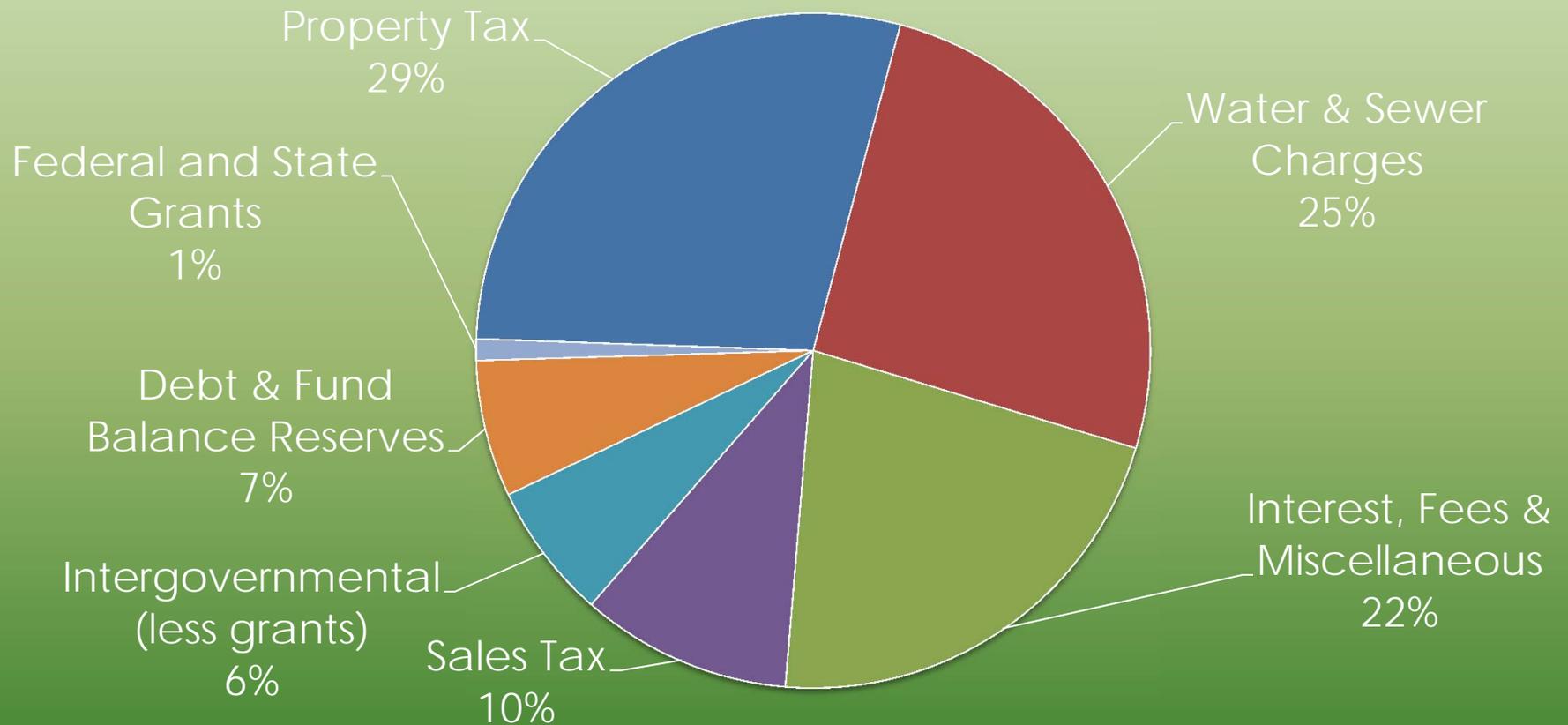
- Maintain credit strength and financial integrity
- Balance increasing service delivery demands with cost competitiveness

# Budget Priorities

- Address deferred maintenance and capital needs
- Minimize citizen service impacts
- Invest in employee workforce

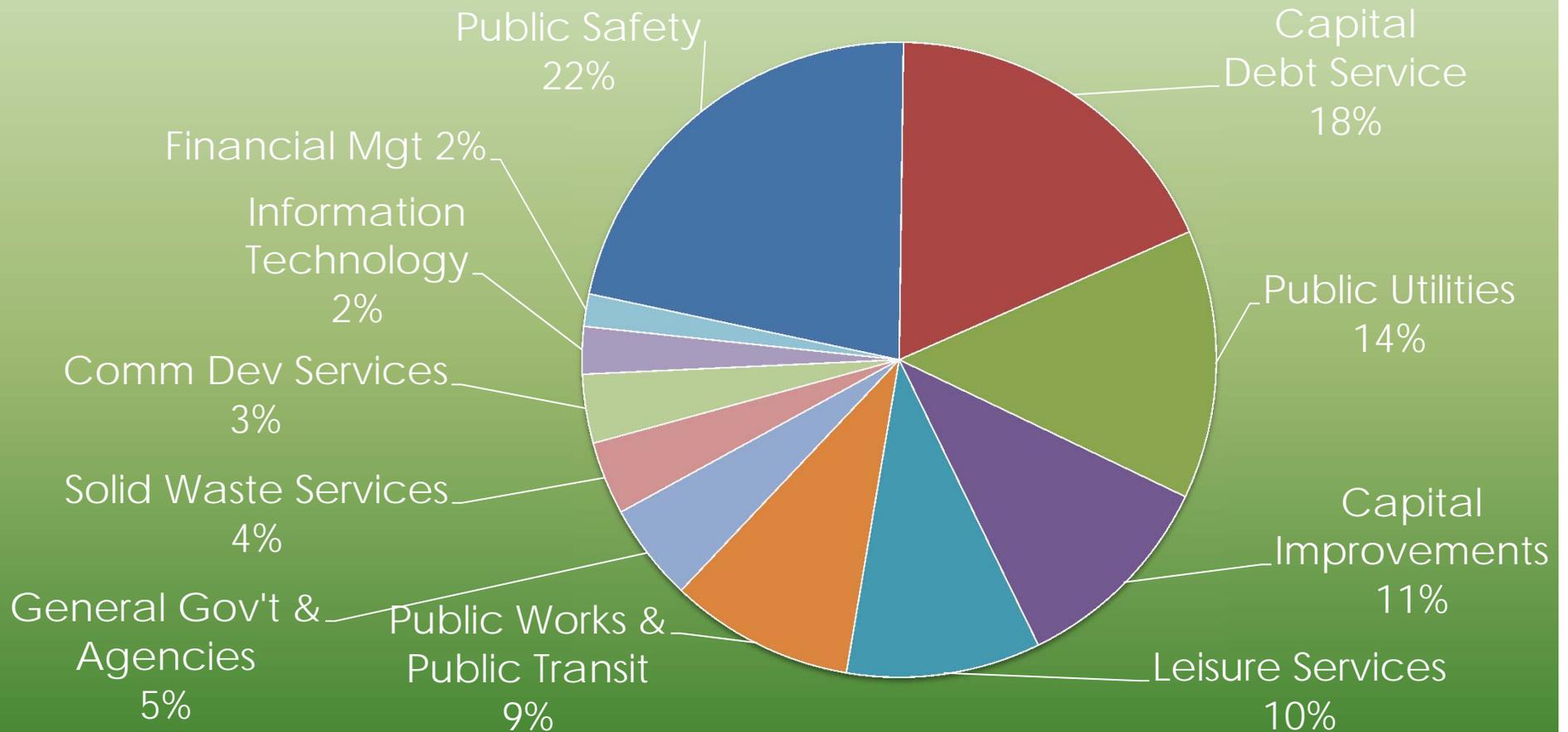
# FY13 BUDGET HIGHLIGHTS

# Total Budgeted Revenue



\$ 678.9 Million  
(Net of Interfund Transfers)

# Total Budgeted Expenditures



\$ 678.9 Million  
(Net of Interfund Transfers)

# FY13 Budget Highlights

- Anticipated rising healthcare and retiree costs
- Identified potential reductions early in budget development
- Reduces recurring operational costs
- Small growth in property tax base
- Increases Sales Tax revenue
- No reductions in Arts and Human Services Agency Funding

# FY13 Budget Pressures

- Invest in workforce
  - Adding public safety and Parks and Recreation employees
  - Health care, OPEB and Police Separation
- Cost drivers
  - Debt service, health insurance, fuel, capital
- Increasing enterprise subsidies (\$1.7M)

General Fund Revenues, Property Tax, Sales Tax

# REVENUE OVERVIEW

# FY13 General Fund Revenues

- 0.91 cent property tax increase dedicated to fund debt service on 2011 bonds
  - Transportation
  - Affordable Housing
- Sales tax revenues increasing; projected 4% increase for FY13

- **NO INCREASE** in Solid Waste Fees
- **NO INCREASE** in Stormwater Fees
- **NO INCREASE** in Privilege License Fees

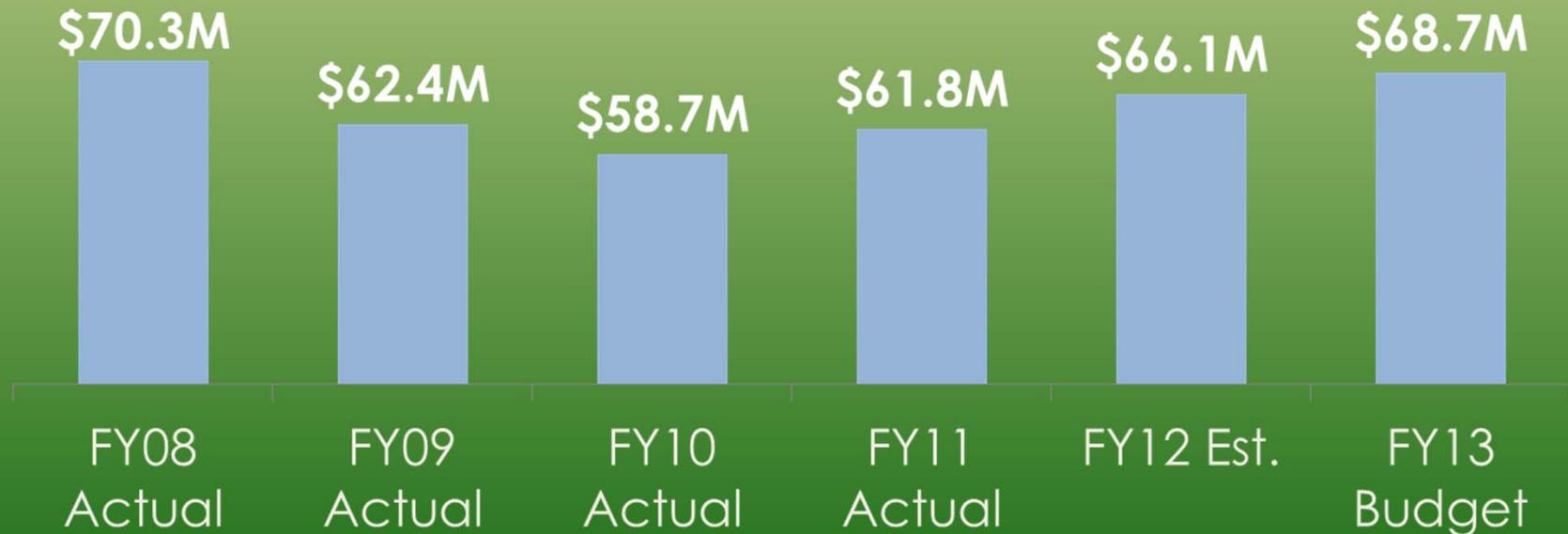
# Property Tax Revenues



\* Revaluation

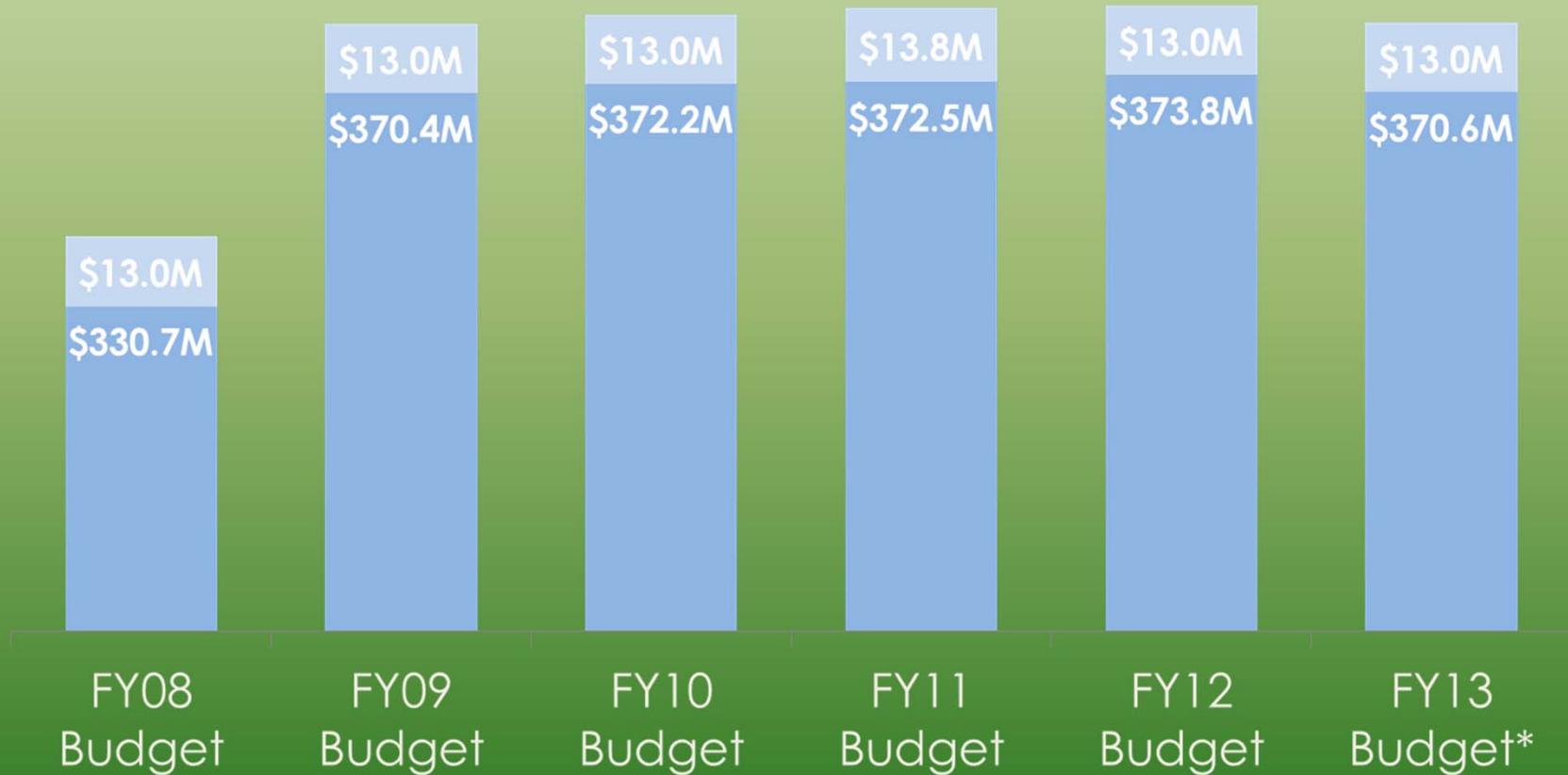
# Sales Tax Revenues

- Moderate increase in Sales Tax revenue base 4%
- Gross Sales Tax collections improving



# General Fund Revenue

■ New Revenue   ■ Fund Balance Appropriation



\* In FY13, the Solid Waste Service program transitions an Enterprise Fund with a net general fund impact of \$12.8M and loss of \$18.8M in revenue.

Public Safety, Leisure Services, Efficient Service Delivery,  
Manage Workforce Costs, Invest in Deferred Maintenance

# EXPENDITURE OVERVIEW

# Sustainability

- “Nation’s Most Sustainable Mid-Size Community”



- Internal operating efficiencies
- Advancing innovation and technology
- Policy development
- Outreach and training



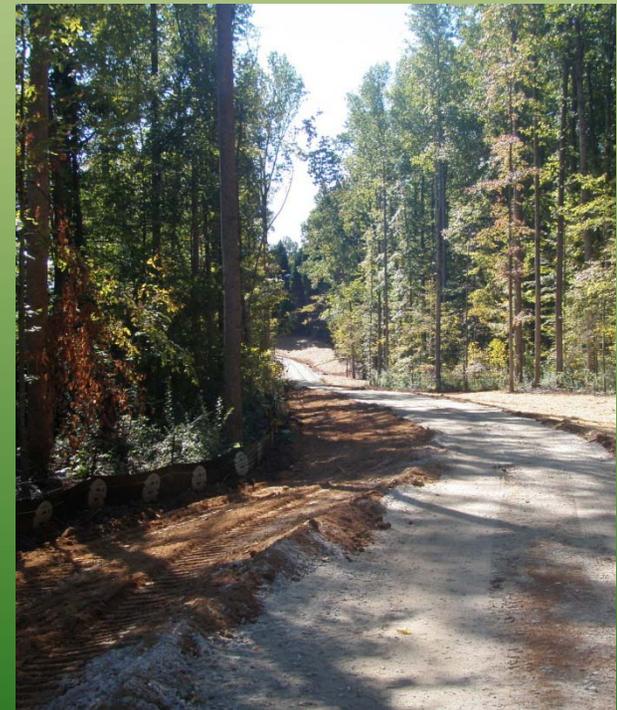
# Meet Public Safety Needs

- 18% increase in dispatches
  - 7 Emergency Call Takers added
  - Attorney and paralegal added for Police
  - No delay in Fire or Police academies
  - Fire ladder truck



# Invest in Maintenance

- 39% increase in Greenways from FY12
  - 10 Greenway maintenance employees
- 75% increase in road miles from FY02
  - Restore 5 of 6 Highway maintenance employees cut during downturn



House Creek Greenway

# Staff New Parks and Programs

- Add 5 staff to support opening new and renovated facilities/programs
  - Hill Street Neighborhood Center
  - Historical Resources & Museum



Hill Street Neighborhood Center  
off Skycrest Drive  
to open summer 2012

# Open New P&R Facilities

Millbrook Center  
for Active Adults



Five Points  
Active Adult Center

# City-Wide Efficiencies

- Begin Phase 3 automated recycling
  - Reduced SWS by 7 employees
- Eliminated 2 general government employees
- Invest in technical solutions for cost savings
  - eProcurement, work order management, data management, accounts receivable, enterprise content management, HR

# Control Workforce Costs

- Tightly manage vacant positions
  - 113 General Fund positions
  - 96 other fund positions
- \$1,000 merit increase
- Reduce tuition reimbursement limit
- Increase employee dependent healthcare premiums 4%

# Re-Invest in Deferred Capital

- Equipment replacements \$10.4M
  - Double investment from FY12
  - Equipment replacement still under pre-recession levels
- Includes \$7.9M to replace Solid Waste vehicles and equipment

# Address Deferred Maintenance

- Cash funding begins to address maintenance over next 5 years
  - Municipal Building, One Exchange Plaza, and energy efficiency (\$5.3M)
  - Fire station roofing, building systems (\$4.2M)
  - Maintain parks and greenways (\$12.7M )
- Balances against investing in our core infrastructure

# Proposed Debt Financed Facilities

- Critical Public Safety Center (Phase I)
- Downtown Remote Operations (Phase I)
- Replacement of 2 Fire Stations and future land acquisition
- Performing Arts Center Capital Maintenance

Public Utilities, Stormwater, Solid Waste, Transit,  
Convention and Performing Arts Centers, Parking

# ENTERPRISE FUNDS

# Business-Type Funds

- Enterprise activities 43% of total budget
- General Fund subsidy of \$35.4M / 9%



Neuse River Wastewater Treatment Plant



Automated SWS  
recycling truck

# Public Utilities

- Continue to defer growth-related capital projects
- Increase pay-go capital by \$15M
- Continue to manage vacancies and defer system maintenance
- Sewer and admin increase = Average monthly bill will increase \$3.97
- Budget consistent with rate model projections

# Stormwater

- Develop, implement 5-year \$32.6M capital plan
  - Petition projects
  - Neighborhood and street drainage
  - Stream restoration



Smallwood Park, Pigeon House Branch after construction

# Subsidized Enterprises

- Parking (\$2M subsidy)
  - Revenues lagging debt service
- Transit (\$17M subsidy)
  - Regional Seamless Service Initiative
  - ART structural changes
- RCCC/PAC (\$2M subsidy)
  - Increasing capital maintenance

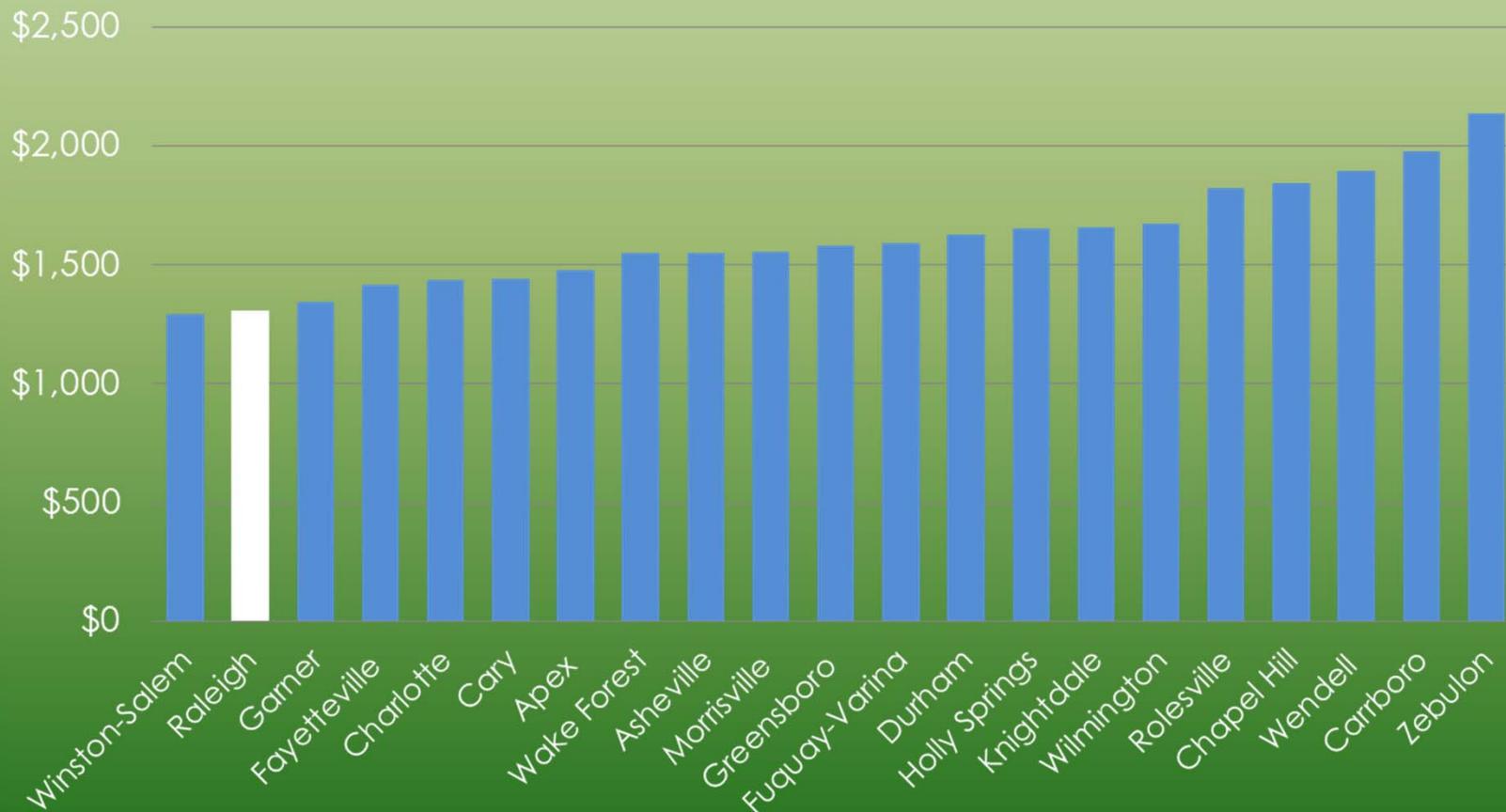


# Subsidized Enterprise - SWS

- \$12.7M subsidy from General Fund (40% of budget)
  - 5 year phase in to full cost recovery
- Conversion to enterprise for FY13 for full cost tracking
- Growing trend with local governments

# Annual Customer Costs

FY12 Adopted Average Annual Customer Costs for Municipal Services



# Potential Exposures

- Unknown timing, extent & pace of economic recovery (Sales Tax)
- Maintenance of city infrastructure, over \$500M in unfunded projects
- Increasing service demands outpacing economic recovery

# Next Steps

- Public Hearing June 5
- Council Work Sessions in June
- Adopt FY13 Budget by July 1