



# The City of Raleigh Pre-Budget Council Workshop

J. Russell Allen, City Manager  
April 1, 2013

# Agenda

## Economic Indicators



National, local and city indicators of fiscal sustainability



## Current FY13 Update



Current year (2012-13) cost savings, revenues, facility openings, trends and key service measures



## FY14 Operating Budget



Budget Balancing Priorities, Projected Revenues, Operating Budget Pressures, Status of Enterprise Funds



## Capital & Debt

Maintain, repair, and respond to growing needs for capital assets through sustainable financing and collaborative planning



## Budget Process

Budget process to date and next steps



# Indicators

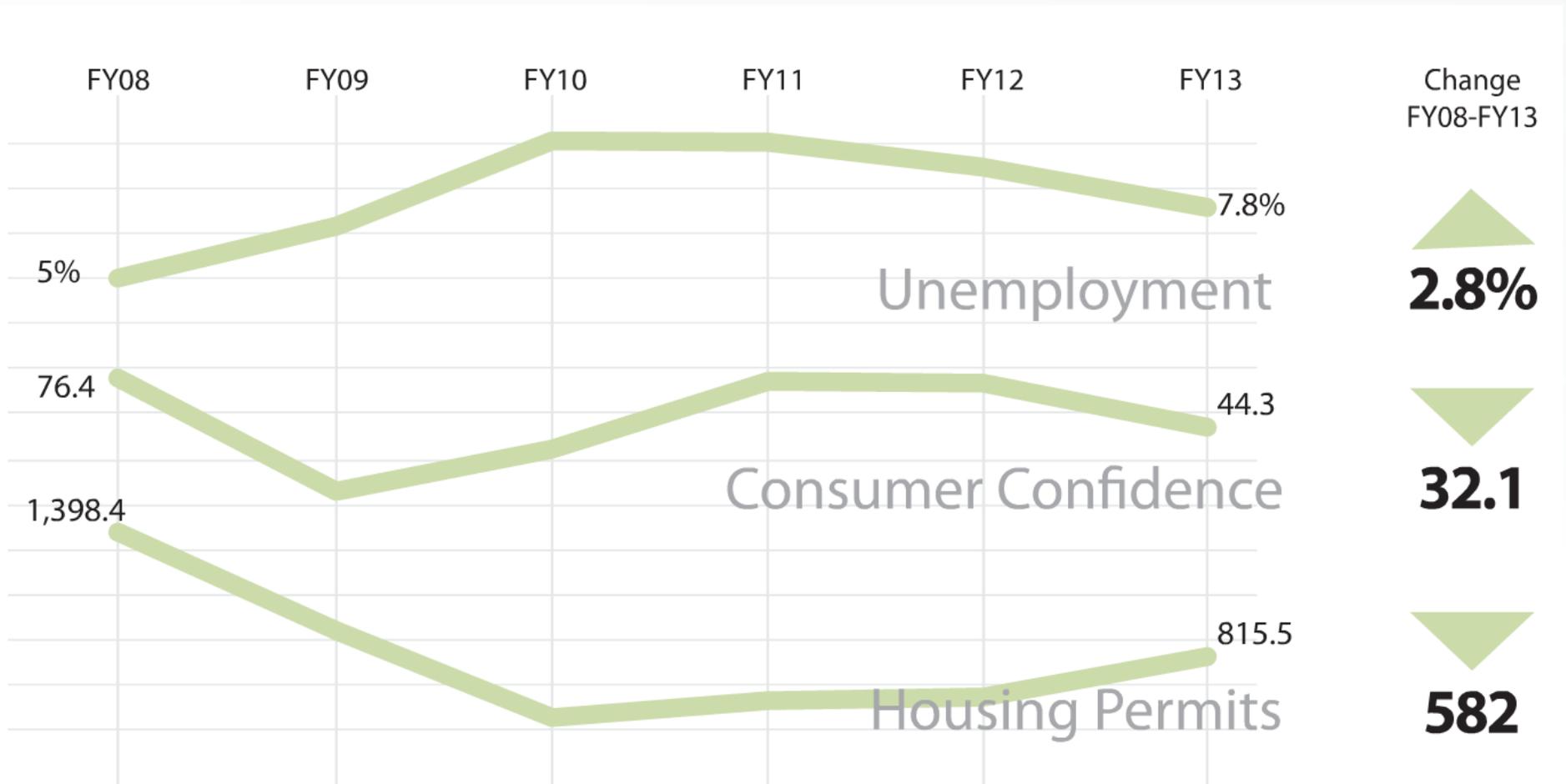


Solar powered electric vehicle charging station

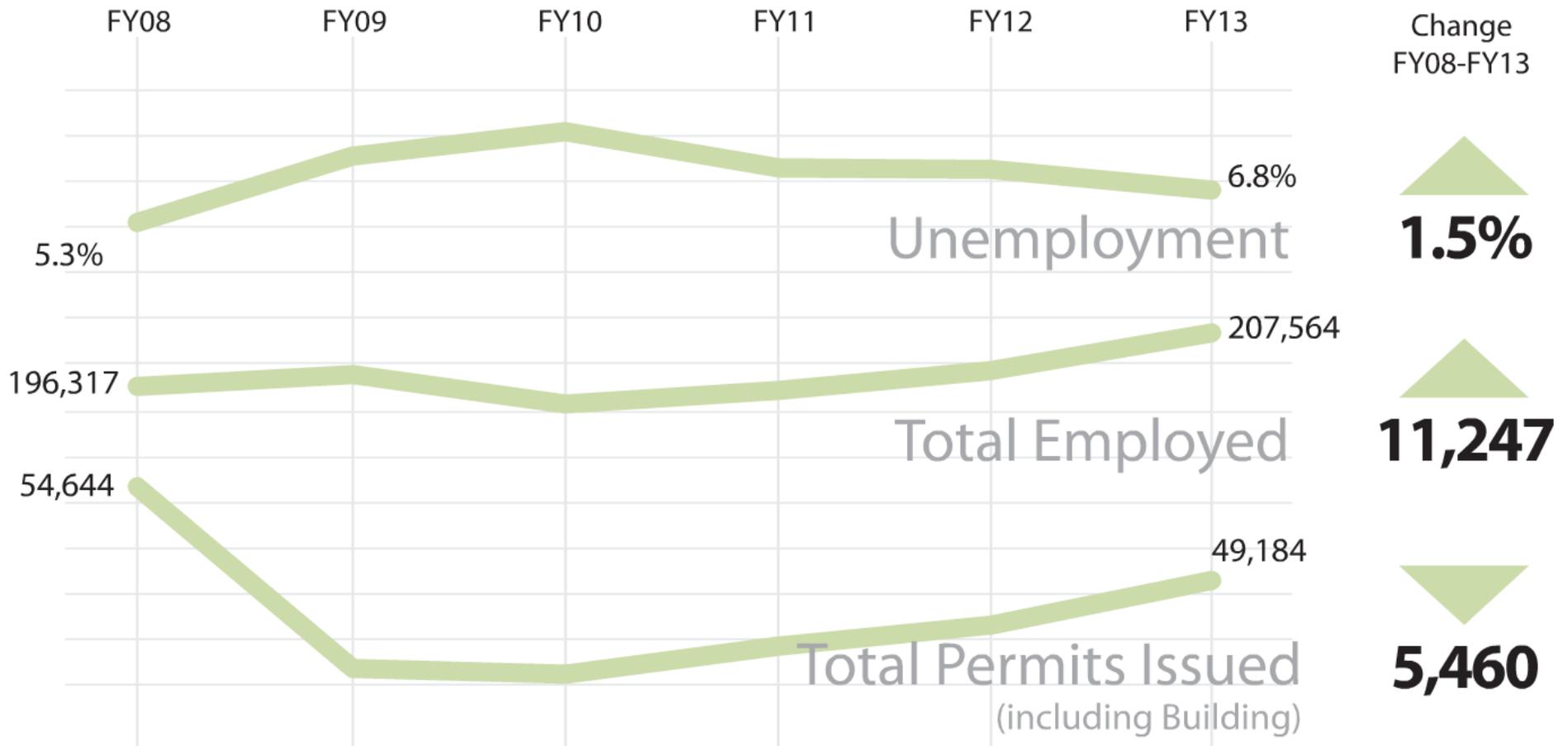
National, local and city indicators  
of fiscal sustainability



# Economic Indicators - National



# Economic Indicators - Local



24/7 Wall St. placed "Raleigh Among the Very Best Run Cities In America"

# Property Tax Trends

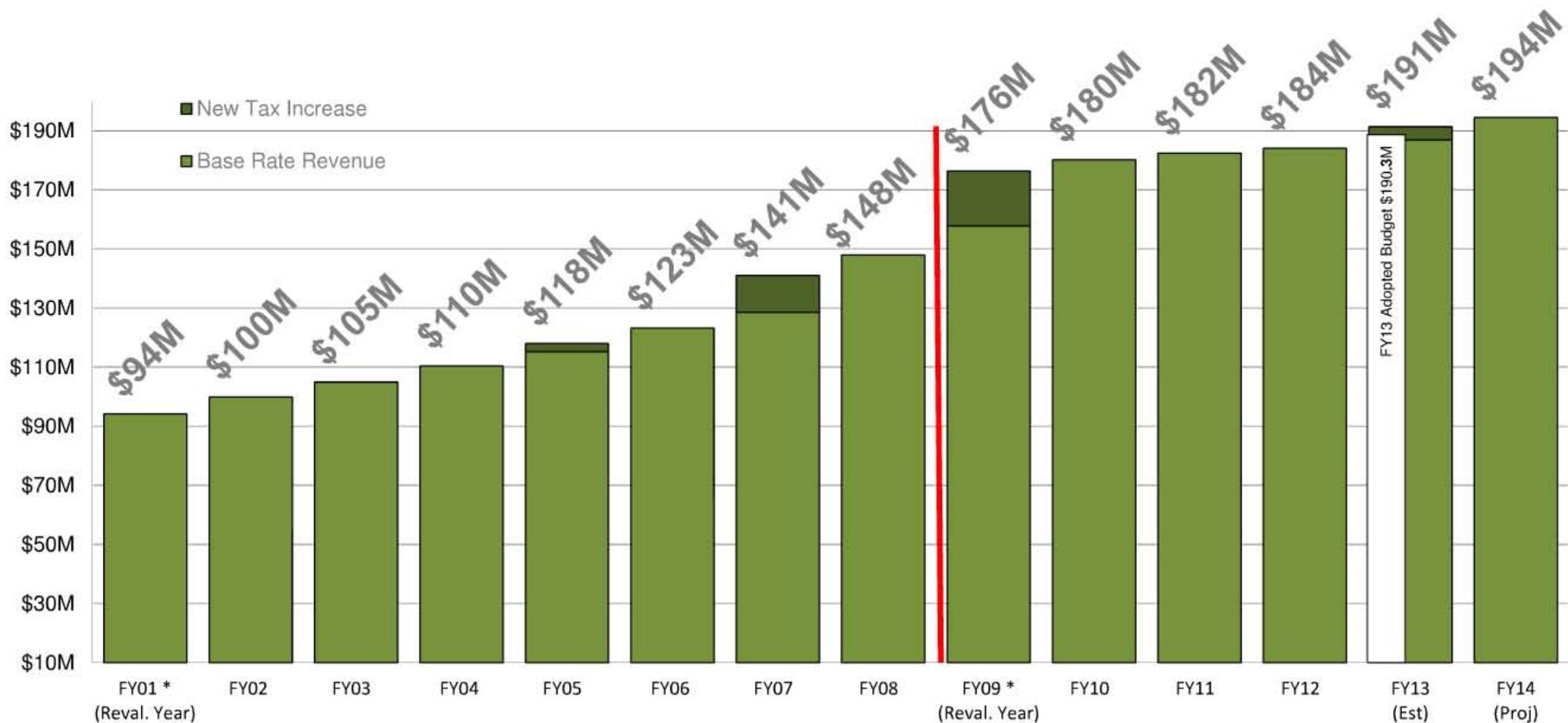
- Recent - 1.5% growth
- Pre-recession - 5.4% growth
- Projected FY14 - 1.8% growth



Renaissance Park, Chapanoke Road

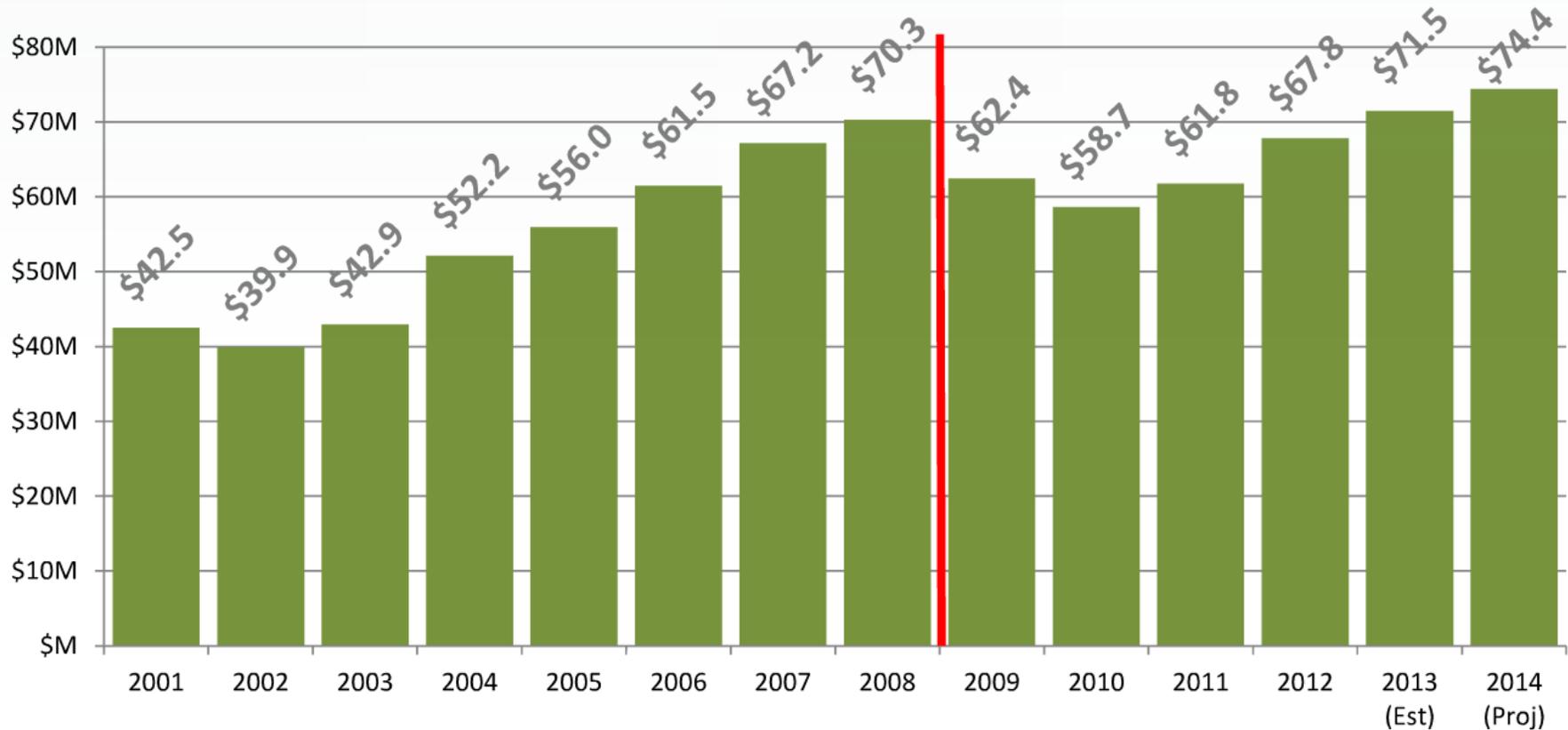


State Employees Credit Union



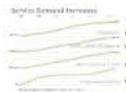
# Sales Tax Trends

- Pre-recession growth 9.1% vs 3.8% FY10-FY14 growth
- Sales tax projected to grow \$2.9M (4%)
- FY14 projected at \$74.4M



# Update

Current year (2012-13) cost savings, revenues, facility openings, trends and key service measures



# FY13 Summary

	<u>ANNUAL BUDGET</u>	<u>ACTUAL TO DATE</u>	<u>YTD %</u>	<u>PRIOR YTD %</u>
<b>GENERAL FUND (\$ Thousands)</b>				
<b>REVENUES</b>				
OPERATING REVENUES	\$365,886	\$286,817	78%	77%
TRANSFERS IN	\$6,235	\$5,881	94%	89%
FUND BALANCE APPROPRIATION	\$27,033	\$0	-	-
<b>TOTAL REVENUES</b>	<b>\$399,154</b>	<b>\$292,698</b>		
<b>EXPENDITURES</b>				
OPERATING EXPENDITURES	\$308,203	\$187,230	61%	61%
TRANSFERS OUT	\$90,951	\$67,846	75%	36%
<b>TOTAL EXPENDITURES</b>	<b>\$399,154</b>	<b>\$255,076</b>	<b>64%</b>	<b>57%</b>
<b>WATER &amp; SEWER FUND (\$ Thousands)</b>				
<b>REVENUES</b>				
OPERATING AND OTHER REVENUES	\$175,168	\$126,428	72%	69%
FUND BALANCE APPROPRIATION	\$20,819	\$0	-	-
<b>TOTAL REVENUES</b>	<b>\$195,986</b>	<b>\$126,428</b>		
<b>EXPENDITURES</b>				
OPERATING EXPENSES	\$84,214	\$44,964	53%	53%
TRANSFERS OUT AND OTHER	\$111,772	\$75,351	67%	45%
<b>TOTAL EXPENDITURES</b>	<b>\$195,986</b>	<b>\$120,315</b>	<b>61%</b>	<b>49%</b>

# FY13 - Budget Status

- Property tax improving
  - New investment in real property (0.8%)
  - Rebounding vehicle sales (7%)
- Sales tax growth continuing (4%)
  - Strong gross countywide collections (6%)
- Managing vacancies - 274 in February (7%)
- Expenditures conservatively tracking budget

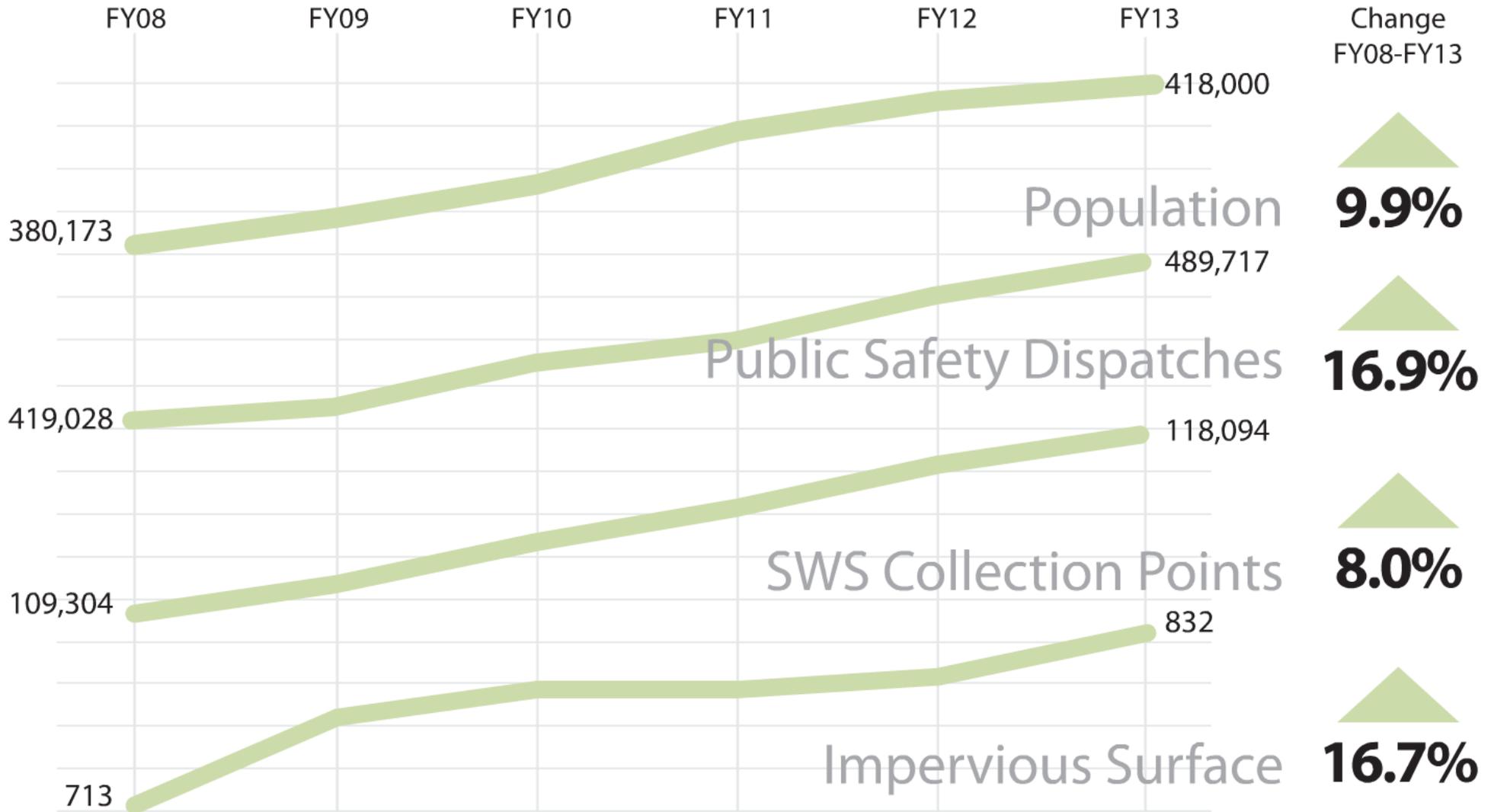


# General Fund Budget

	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>Change FY09 - FY13</b>
<b>Expenditures (millions)</b>	\$383.4	\$385.2	\$386.2	\$386.8	\$383.5	<b>\$0.1</b>
<b>Total Positions</b>	3,024	2,962	2,949	2,906	2,722	<b>-302*</b>
<b>Employee Pay Changes</b>	Full merit (0-5%) and range	Reduced merit (0-4%), no range	Reduced merit (0-2%), no range	No merit, \$500 bonus	\$1,000 merit	

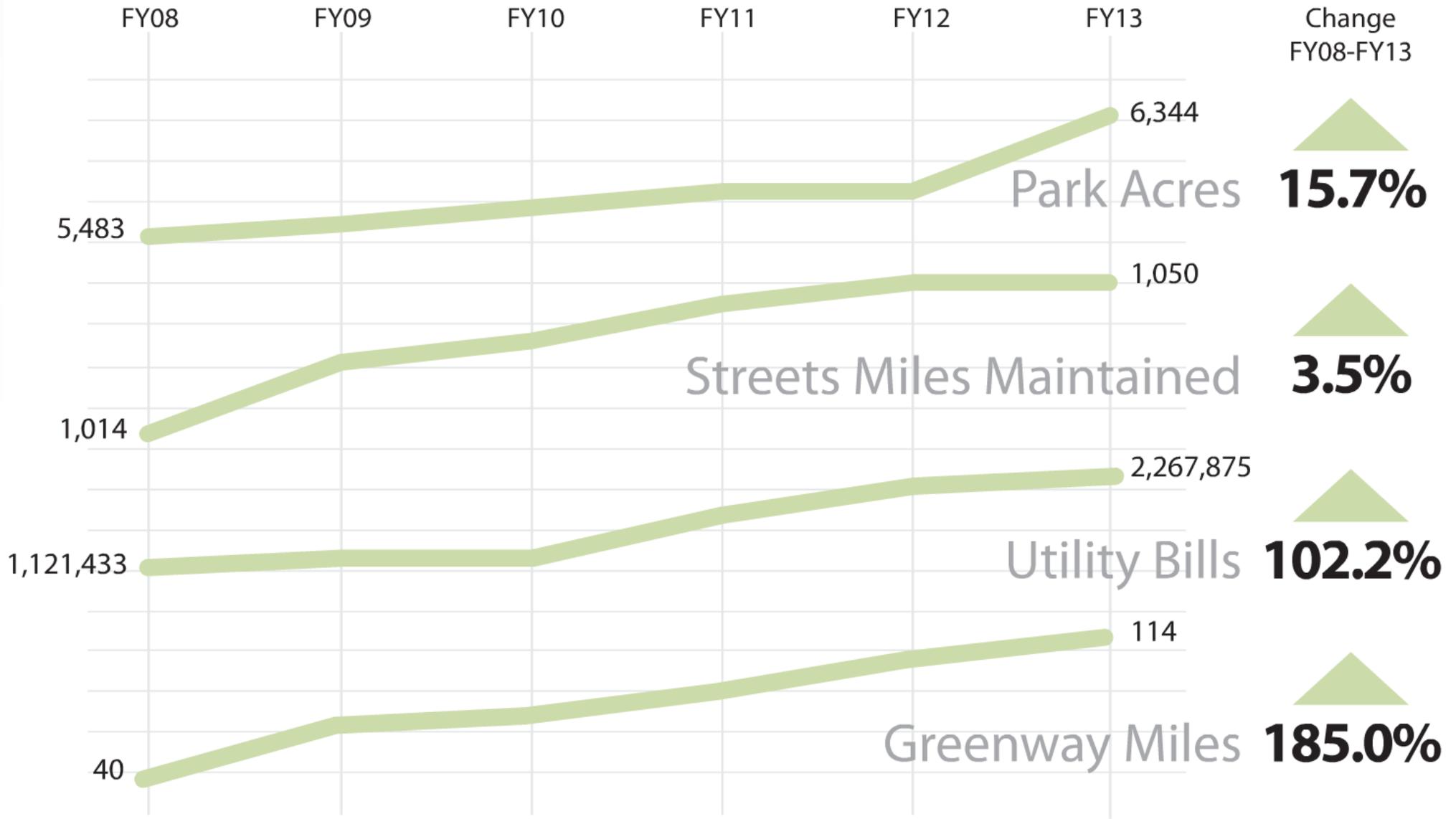
\* 204 positions moved to SWS enterprise fund in FY13

# Service Demand Increases



"Raleigh is Fastest Growing in the US in 2012" - Forbes

# Service Demand Increases



# FY13 - Economic Investment

- Increasing economic impact of Convention and Performing Arts Centers and Amphitheater
  - 908 events and performances; attendance of 939k
- Continuing investment in Economic Development working with business to generate 3,600 jobs and \$140M in capital investment
- Unified Development Ordinance approved
- Opening of Green Square Project downtown
- Citrix announced
- Dix Park lease



Red Hat Amphitheater

# FY13 – Transportation and Infrastructure Improvements

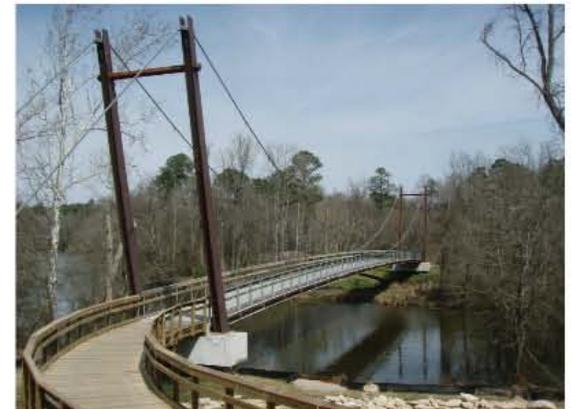
- Transit ridership increasing, 32% more riders since FY09
- Sustainable infrastructure investments
  - 2.2 MW solar panels generate 5.7M kilowatts
  - 30 electric vehicle charging stations, 5,247 charges last year



Solar panels at Neuse River  
Wastewater Treatment Plant



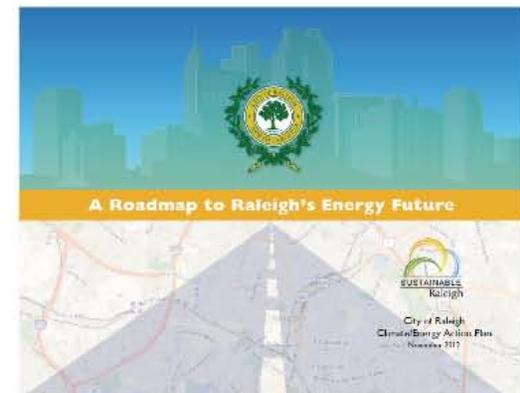
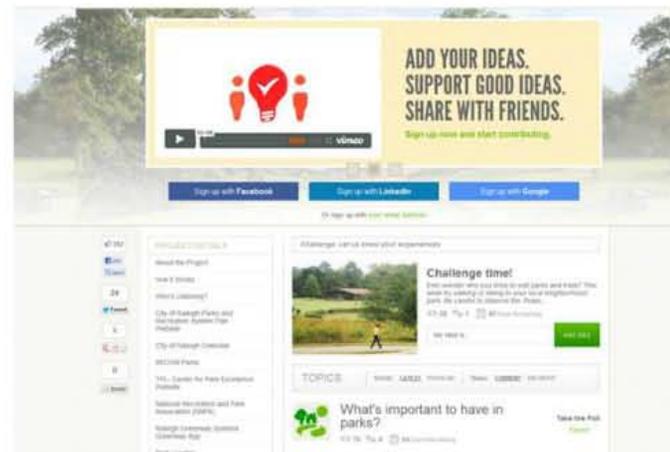
Jones Sausage Road Widening



Neuse River Greenway opens April 2013

# FY13 – Citizen Communication

- Parks and Recreation system plan project
- First Citizen's Annual Financial Report
- MyRaleighSubscriptions (39,000 users)
- Award-winning city website receives 2M visits per year
- SeeClickFix - resolved 5,700 citizen service requests



# FY13 – Cost Savings

- Capital cost savings
  - State revolving loan interest savings
  - Debt refunding opportunities
- Continued investments in safety and smaller claims lowering risk management costs (\$1.3M savings in General Fund)
- \$17.6M in competitive and block grants YTD FY13
- Integrating data systems and metrics across the city
  - Joining national ICMA benchmarking project
  - Expansion of Open Data
  - e-Procurement



# FY13 – Sustainability Savings

- Sustainability project cost savings available for reinvestment
  - Automated recycling reduced division budget by 15% while collecting 23% more tonnage
  - 48 Big Bellies saving \$53k annually
  - 20 propane Police vehicles saving \$100k
  - Automated leaf collection saving \$418k



# Budget

Budget Balancing Priorities, Projected Revenues,  
Operating Budget Pressures, Status of Enterprise Funds



NC Symphony at the Meymandi Concert Hall

# FY14 - Balancing Priorities

- Maintain credit strength & financial integrity
- Address deferred maintenance and equipment replacements
- Deliver services at competitive costs
- Retain highly productive employees through competitive compensation and benefits
- Ensure effective public safety
- Staff and maintain new facilities



# FY14 - Development Revenues

- Development revenues increasing by \$2.3M from increasing permits and economic development (8%)



Citrix



Cameron Village residences

# FY14 - Operating Budget Pressures

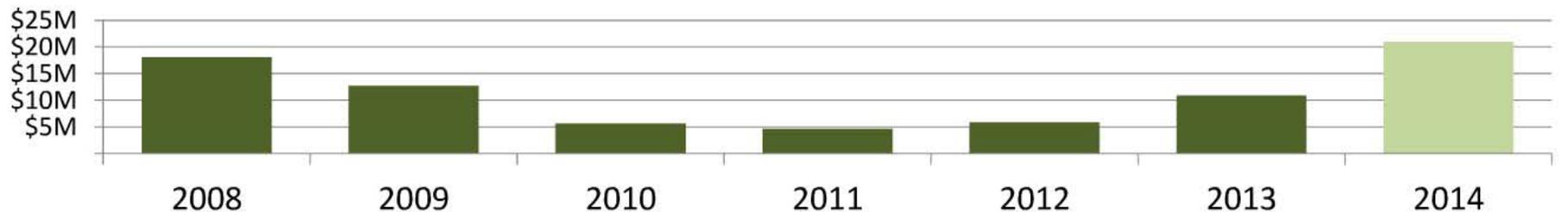
- Maintaining fund balance goal of 14%
- Increase in arts grants funding by \$278k
- One-time unemployment increase (\$858k)
- Continuing replacement of deferred equipment (P&R, SWS, Fire, etc)
- Police Separation Allowance (\$825k increase)



Automated trucks cost \$260k each



Fire Ladder truck costs \$1.1M



Total equipment purchases projected at \$21M from FY11 low of \$4.7M

# Full year of FY13 Expansions

- \$2M in annualized costs for facilities, greenways and expansions brought online in FY13
  - Greenway Expansion – \$673k
  - Highway Maintenance – \$381k



Millbrook Exchange Center  
for Active Adults (\$117k)

City Museum rededicated October  
2013; Historical Resources and Museum  
Operations expanded by \$349k



Chavis Carousel (\$63k)



Hill Street Neighborhood Center (\$174k)



Five Points Center for Active Adults  
opened Sept 2012 (\$239k annually)

# FY14 - New facilities opening

- Fire and Parks & Recreation facilities opening in FY14
- Dix (\$676k projected for FY14)
- Northeast Remote Ops (\$847k)



Mordecai opens January 2014 (\$130k annual)



Fire Station 29 opens March 2014 (\$1.8M annual)



Annie L. Wilkerson Nature Preserve opens March 2014 (\$154k annual)



Newly renovated Halifax park and community center opens February 2014 (\$288k annual)

# FY14 – Department Requests

- New facilities + \$3.8M
- Continue current services + \$1.3M
- Address growth and expand service + \$6.2M
  
- Departments requesting 112 new positions totaling \$5.4M
  - 30 Fire positions for new station
  - 29 Parks and Recreation staff



Glenwood Avenue

Photo Credit: Mike Legeros

# FY14 - Other Fund Highlights

- Parking - Improved financial performance; \$1.03M reduction in subsidy (\$1M total)
- Transit - Ridership increasing; no ability to expand CAT with transit plan unfunded (\$1.4M); subsidy stabilized at \$17.4M
- Convention Center Complex - \$9.9M investments in maintenance; no RCC subsidy beyond interlocal agreement



Parking pay station  
on Fayetteville St



Wilmington Street Parking Deck

# FY14 – Business-like Enterprises

- Stormwater
  - Revenues remain strong
  - No rate change since FY04 inception; none will be proposed
- Solid Waste Services
  - Half of heavy fleet (49) replaced in FY13 and FY14 (\$14.1M)
  - Model will be presented to Council (62% cost recovery)
- Public Utilities
  - Rate increase aligning with financial model projections
  - Council provided staff direction at Feb workshop

# FY14 – Budget Strategies

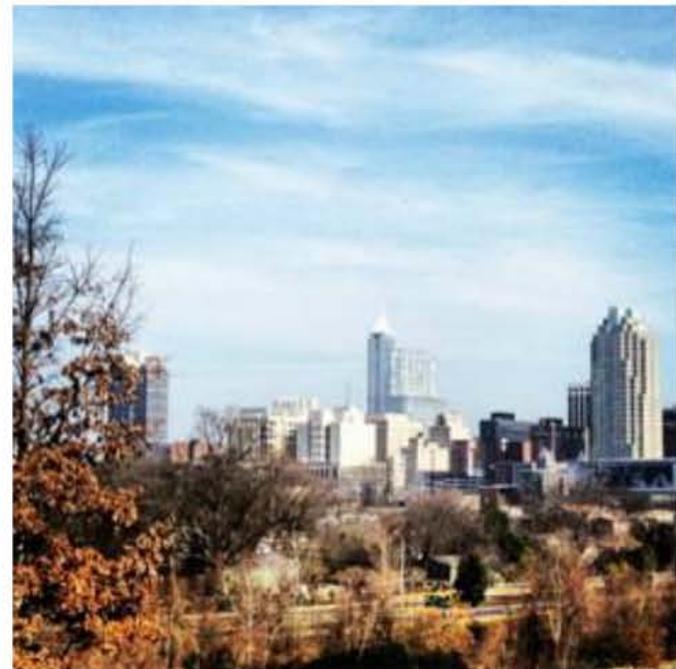
- No Property Tax increase
- Keep city cost to citizens competitive
- Continued operational efficiencies
  - Targeted vacant position reviews
  - Utility Billing insourcing
  - Reorganization to improve efficiency
- No expanded service except to open new facilities
- Interdepartmental collaboration
  - PUD-VFS, Cityworks, Northeast Remote Ops, Community Oriented Government
- Employee Compensation
  - Merit performance pay (1% = \$2.2M)
  - Health Insurance
  - Supplemental Retirement



Development Services Customer Service Center

# Potential Exposures

- Impact of federal sequester
- Senate Bill 363 - Privilege License
- House Bill 150 - Unified Development Ordinance
- Dix lease



City skyline as seen from Dorothea Dix Property



Falls of Neuse Bridge and Realignment

# Capital

Maintain, repair, and respond to growing needs for capital assets through sustainable financing and collaborative planning

#### 2014 Capital Program Requests

- 1 Continue Bridge and Realignment at Northside of Elizabeth River and Operations Facility
- 1 Mobile Security Building (MSB)



#### 5 Year - Invest in Transportation

- 1 Capital Program Request
- 1 Park, Trail, or Recreation Program



#### 5 Year - Invest in Infrastructure

- 1 Mobile Security Building
- 1 Operations Center
- 1 Public Safety Building
- 1 Customer Service Program



#### 5 Year - Invest in Community

- 1 Public Safety Building
- 1 Operations Center
- 1 Customer Service Program



# FY14 Capital Program Requests

- Continue design and construction of Northeast and Downtown Remote Operations Facilities
- Maintain downtown facilities (\$2.1M)
- Street resurfacing (\$5M)



Downtown Remote Operations Center



Street Resurfacing Crew

# 5 Year - Invest in Transportation

- Union Station – \$3M match
- Public Transit – replace buses, improve bus shelters and benches
- Street resurfacing - \$13.9M from 2011 bond and pay-go
- Address pedestrian needs -
  - Sidewalk improvements, repairs (\$4.5M)
  - Greenway resurfacing, bridge replacements (\$650K)
- \$4.8M for streets from increased facility fees



Dillon Viaduct Building



Boylan Ave



Cutler Street

# 5 Year - Invest in Infrastructure

- Maintain, improve water and sewer infrastructure (\$596M)
- Invest in Six Forks Police building (\$1.2M)
- Improve water quality and stormwater drainage (\$30.4M)
- Fire Station improvement, replacement (\$6.7M)
- Continue maintenance program at Convention Center and performance facilities (\$26.4M)



Walnut Creek Amphitheatre

# 5 Year - Invest in Community

- Parks and Recreation facilities, especially maintenance and renovations (\$27.4M)
- Increased facility fees for parks improvements (\$7.25M)
- Continue 2011 Housing bond with Joint Venture Rental, First Time Home Ownership, and other programs (\$17.2M )

# Process

Budget process to date and next steps

**Budget Development Process**  
The process of developing a budget for the next fiscal year. It involves gathering information from various departments, analyzing current and projected revenues and expenses, and making adjustments to ensure the budget is balanced and meets the organization's goals.

**Process - Next Steps**  
The next steps in the budget development process are to review the budget with the Board of Directors, make any necessary adjustments, and finally, to approve the budget for the next fiscal year.



Moore Square Transit Station

# Budget Development Process

Oct 2012 – Departments received budget guidelines and balancing exercise

Dec 2012 – Departments submitted operating and capital requests

Jan & Feb 2013 – OMB staff review

March-May 2013 – Departments, Budget and City Manager collaborate in further analysis

# Process – Next Steps

May 21 – Present City  
Manager’s proposed CIP and  
operating budgets

June – Council work sessions  
to be determined

June 5 – Public hearing  
Budget adoption on or before  
July 1



Feedstock for biofuels grant project for the  
Neuse River Waste Water Treatment Plant