



PROPOSED FY2017 OPERATING BUDGET AND FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

CITY COUNCIL / MAY 17, 2016



Introduction



Budget Process

- Identify
- Analyze
- Prioritize

Total City Budget of \$858.6M





Introduction

- Strong economy and tax base
- Challenging budget process
 - Open and operate new facilities and systems
 - Keep up with service demands
 - Implement strategic plan initiatives and high priority services



Revenue Outlook



- 2% growth in property tax revenue (\$4.6M)
- 5% growth in sales tax revenue (\$4.4M)

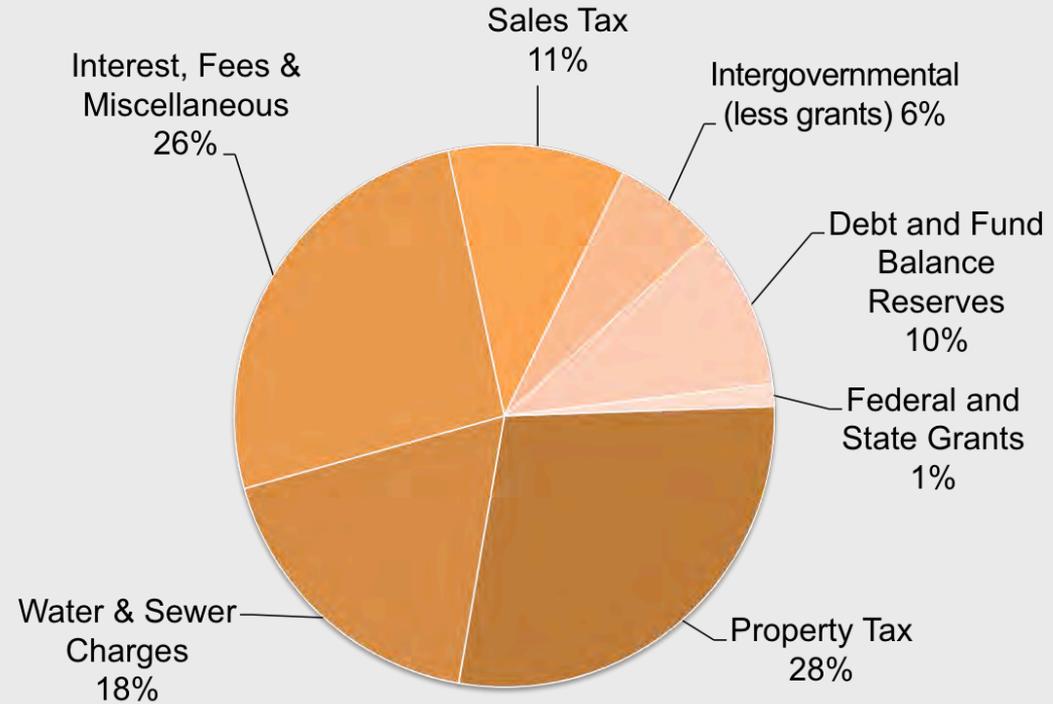




Revenue Outlook

Additional Major Revenue Sources

- User fees for water and sewer service, stormwater management, and solid waste remain strong
- Study of development fees





Implementing the City's Strategic Plan

City adopted Strategic Plan, April 2015

1. Safe, Vibrant and Healthy Community
2. Arts and Cultural Resources
3. Economic Development and Innovation
4. Growth and Natural Resources
5. Transportation and Transit
6. Organizational Excellence





Safe, Vibrant and Healthy Community

DOWNTOWN CLEANLINESS

15 new positions to improve
litter pickup, trash collection,
and clean furnishings

Downtown coordinator position

Consolidate in one
City department





Safe, Vibrant and Healthy Community

PUBLIC SAFETY Raleigh Police Dept.

Body-Worn Cameras

- \$1.5M for pilot program
- Strengthen public trust
- Improve evidence collection
- Improve officer training

New Police Training Facility





Safe, Vibrant and Healthy Community

PUBLIC SAFETY

Emergency Communications

Enhance 911 functions

12 new positions

- 10 Call-takers
- 2 Supervisory

Opened new Central
Communications Center





Safe, Vibrant and Healthy Community

PUBLIC SAFETY
Raleigh Fire Dept.

Apparatus replacement plan

One position to supplement fire inspections

Replace Fire Station #1
and administrative space





Safe, Vibrant and Healthy Community

Bill Assistance Program

- Funded at \$200,000
- Help eligible citizens with past due water and sewer bills





Arts and Cultural Resources

Approximately \$850,000
for public art

Funding generated by three
new facilities

Art Exhibit Curator position





Arts and Cultural Resources

- Oak City Sessions
- Preservation Planner position
- Survey of historic properties





Economic Development and Innovation

Two positions and operating funds to expand marketing efforts, promote more diverse retail, and provide research support

\$500,000 annually for proposed Building Upfit Grant program





Economic Development and Innovation

SERVING THE DEVELOPMENT COMMUNITY

Technology improvements

Six positions to focus on major projects, plan review and inspections





Economic Development and Innovation

PLANNING

- Funding for area plans

Two Positions

- Civic design
- Historic preservation

Attend all CAC discussions of zoning cases





Growth and Natural Resources

STORMWATER MANAGEMENT

\$1 per month fee increase to support expanded capital program:

- Drainage assistance
- System repairs
- Watershed planning
- Acquire flood-prone property

12 new positions to complete 20-25 additional projects per year





Growth and Natural Resources

PUBLIC UTILITIES

Increase in monthly volume-based rates and infrastructure charges

\$1.99 per month for average customer

Support infrastructure maintenance program





Growth and Natural Resources

SOLID WASTE SERVICES

- 75 cents increase in monthly fee
- Five positions for route efficiency and yard waste center
- Progress toward cost recovery goal





Growth and Natural Resources

PARKS, RECREATION & CULTURAL RESOURCES

\$1.1M to operate new or renovated park facilities over next 18 months

- Thomas G. Crowder Woodland Center
- Horseshoe Farm Nature Preserve
- Forest Ridge Park
- Moore Square





Transportation and Transit

Improve implementation of capital programs

Additional four positions to support

- Road widening
- Transit projects
- Street maintenance

Continue to implement \$75M bond program





Transportation and Transit

Bike Share program

- New program coordinator position
- Matching City capital funds

Two positions for Union Station





Organizational Excellence



COMMUNICATIONS

- Two positions for graphics and video support
- Realign staff to create centralized graphics unit
- Citizen survey



Organizational Excellence

Civic Campus

Bring 1,100 staff onto one campus

Goals:

- Improve customer service and civic engagement
- Improve staff efficiency
- Create new economic development opportunities





Organizational Excellence

EMPLOYEE COMPENSATION

3.25% average merit increase

One additional City holiday





Organizational Excellence

EMPLOYEE HEALTH PLAN

Significant increase in medical claims and costs

Cost drivers:

- Number of spouses and cost per spouse
- Volume and magnitude of high-cost claims





Organizational Excellence

EMPLOYEE HEALTH PLAN

City will absorb 82% of cost increase

Premium increases tied to major cost drivers

Spouse surcharge

Raleigh's employee health plan remains competitive with market





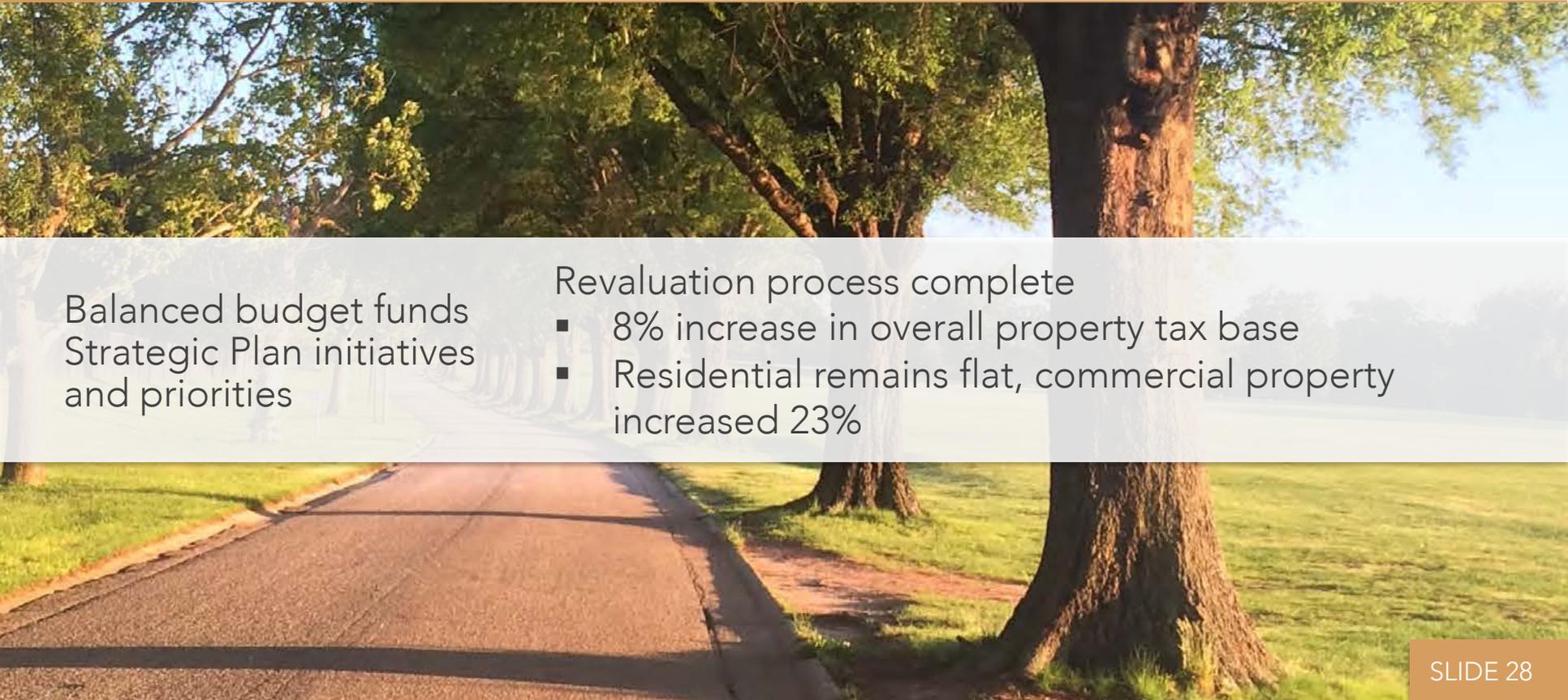
New Resources for the Future

- Challenging budget process
 - Prior commitments
 - Growth in service demands
 - Implement Strategic Plan
- Balanced budget funds these needs
- Additional resources needed





New Resources for the Future



Balanced budget funds
Strategic Plan initiatives
and priorities

Revaluation process complete

- 8% increase in overall property tax base
- Residential remains flat, commercial property increased 23%



New Resources for the Future

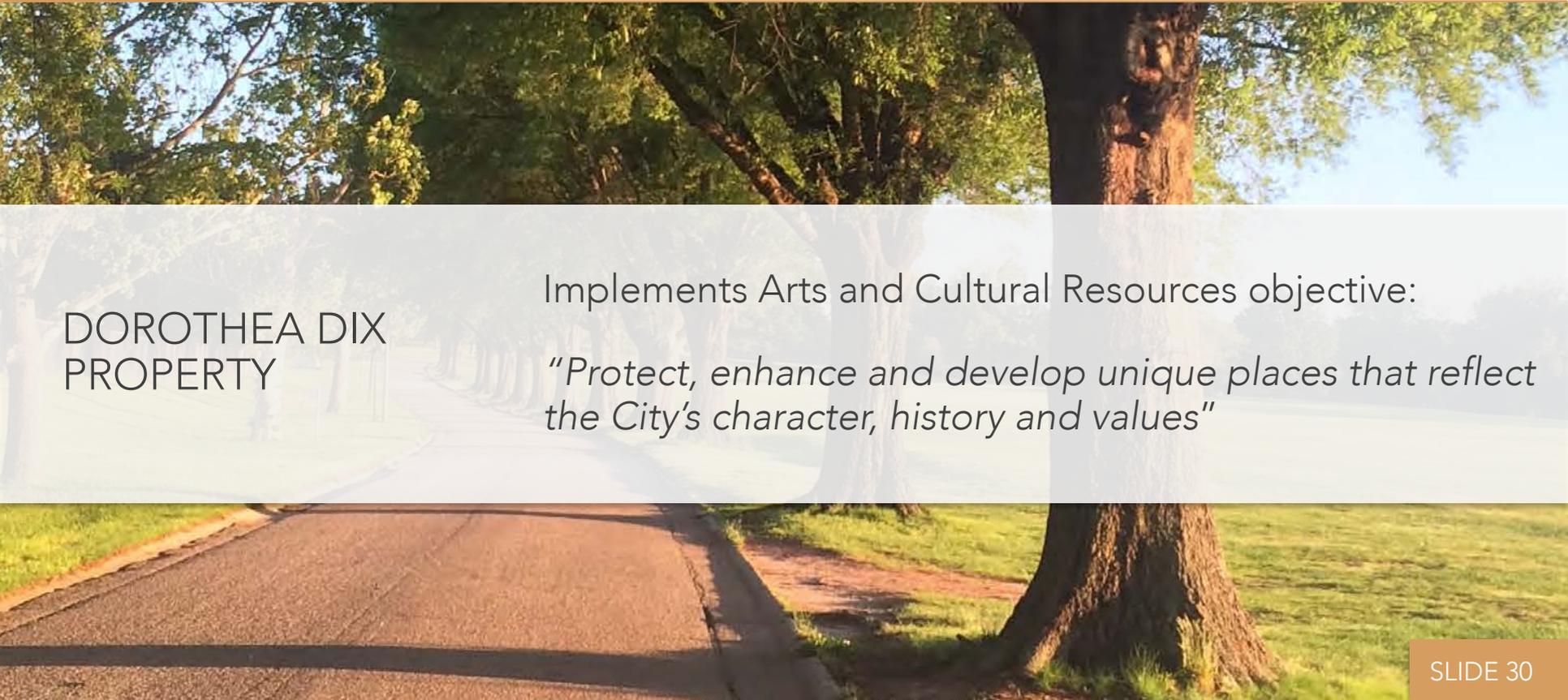


DOROTHEA DIX PROPERTY

- Allocate 1 cent (\$5.7M) to fund debt service
- Property acquired from the State for \$52M in 2015
- 10 year financing
- Favorable 2.18% interest rate



New Resources for the Future



DOROTHEA DIX
PROPERTY

Implements Arts and Cultural Resources objective:

“Protect, enhance and develop unique places that reflect the City’s character, history and values”



New Resources for the Future

DOROTHEA DIX PROPERTY

308 acre transformational park opportunity

Master planning begins this summer





New Resources for the Future

AFFORDABLE HOUSING NEEDS

- 32,000 cost burdened renter households—
Rental costs exceed 30% of income
- 16,000 severely cost burdened renter households—
Rental costs exceed 50% of income



New Resources for the Future

AFFORDABLE HOUSING NEEDS

- Strategic Plan Objective: Preserve and increase the supply of housing for all income groups
- Approved Affordable Housing Improvement Plan
- Why tackle this challenge now?
 - Have committed nearly all existing bond funds
 - Start investing now to realize benefits sooner
 - Important for long-term economic growth





New Resources for the Future

- < 30% of area median income: retail staff, home health aides
- 30 – 50% of area median income: daycare, grocery workers
- 50 – 80% area median income: firefighters, EMTs, teachers





New Resources for the Future

ECONOMIC BENEFITS

Studies find multiplier effects:

- Every \$1 spent generates \$1.28 of indirect spending
- Every \$1M spent creates 14 to 20 new jobs

National Association of Homebuilders

- Every 100 affordable housing units for families generates 80 construction jobs and 42 indirect jobs





New Resources for the Future

COMMUNITY BENEFITS

Educational Performance

- Children who move two or more times during high school years are twice as likely to drop out than children who do not move

Healthy Households

- Households that spend <30% of income on housing spend 9% on healthcare
- Households that spend >50% of income on housing spend only 4.2% on healthcare





New Resources for the Future

- The City of Durham approved 1 cent on the tax rate for affordable housing in FY13
- For FY17, the Mayor of Nashville, TN proposed \$10M annually for affordable housing; adjusted for population, that equates to \$6.5M in Raleigh.





New Resources for the Future

ALLOCATE ONE PENNY (\$5.7M)

Why property tax revenue?

- Applies ongoing funding stream to long-term challenge
- Reliable and flexible

Preserve and increase output of affordable rental units

- Currently supports 200 units per year with federal funds
- Additional City revenue can increase average annual output by 125 units (63%)
- Goal is average annual output of 325 units





New Resources for the Future

ALLOCATE 1 PENNY
(\$5.7M)

- Sufficient inventory of affordable housing helps maintain vibrant local economy
- More equitable housing market allows residents of all income levels to have more housing options throughout the City
- Ongoing funding stream for long-term challenge



Budget Process

City Council work sessions –
Each Monday in June beginning

Monday June 6;
Work sessions start at 4pm

Public hearing
Tuesday June 7 at 7pm

