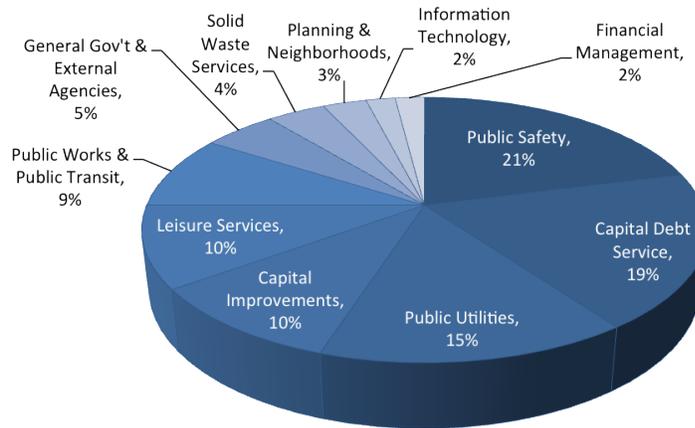


FY15 PROPOSED BUDGET SUMMARY



FY15 PROPOSED TOTAL EXPENDITURE BUDGET (NET OF TRANSFERS)

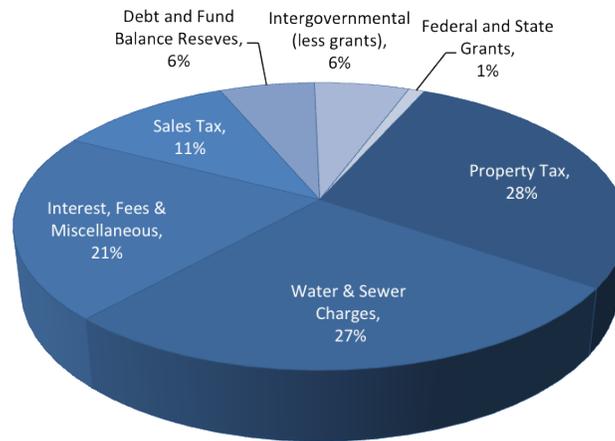


- Total net operating and capital budget proposed for FY15 is \$751 million, an increase of 6% over FY14.
- \$142 million net Capital Debt Service increases 10.6%, and \$77 million net Capital Improvements investment increases 3.5%, both supporting long-term capital investments outlined in the five-year Capital Improvement Plan.
- \$329 million net total budget for enterprise funds, including Public Utilities, Stormwater, Transit, Convention Center Complex and Solid Waste Services, increases 9.9%.

CITYWIDE BUDGET HIGHLIGHTS

- FY15 Budget Themes: 1) Rebuilds core service delivery 2) Opens facilities to improve services 3) Invests in deferred capital and maintenance 4) Improves business processes and realigns resources and 5) Invests in employees
- Proposed budget dedicates a total of \$7.2 million for street resurfacing:
 - The City's goal is to resurface roads every 15-20 years (or 5% of city miles per year). Streets are deteriorating at faster pace than current resurfacing funding allows.
 - The City maintains over 1,000 road miles, 10% of which are below standard. Road damage includes cracking, potholes, utility cuts, and broken curbs and gutters.
 - A 1 cent property tax increase is proposed to adequately fund street resurfacing. This tax increase is projected to raise \$5.15 million annually. With proposed FY15 funding, the City will resurface about 30 miles per year (2.8% of total), just over half of City's annual 5% goal.
- Solid Waste Services (SWS): Garbage Fee increases \$1 per month (\$1.4 million), which increases the percentage of costs recovered through fees from 63% to 67%. Residential customers will pay a combined \$13.30 monthly. SWS will replace aging trucks and roll carts, much of it initially purchased in 2005 when Raleigh switched to curbside garbage collection. SWS also will upgrade route optimization software and equipment to improve efficiency and add two crew supervisor positions for special events and yard waste operations.
- Public Safety Investment:
 - Opens Fire Station #29 – first new fire station since 2007. Adds 30 positions to staff two companies (\$1.8 million) and a ladder and engine apparatus (\$1.5 million) in the Fire Department.
 - Adds nine sworn police officers, the first increase since 2008 for citywide policing (\$658,000). As a result of population growth, the ratio sworn police officers per 1,000 citizens had decreased from 2.44 in 2000 to 1.82 in 2013. Addition of new officers would help reverse this trend. Funding also accelerates replacing the 800 MHz radios in the Police Department, which are near the end of their recommended life (\$1.2 million).

FY15 PROPOSED TOTAL REVENUE BUDGET (NET OF TRANSFERS)



- The FY15 Proposed Budget includes property tax revenue based on a tax rate of 40.38 cents per \$100 of assessed value. This tax rate includes a 1-cent property tax increase for street resurfacing and a 1.12-cent property tax increase approved by Raleigh voters in October 2013 for the transportation bonds.
- Economic growth and state law changes increase sales tax 7.4% or \$5.5 million.
- Public Utilities: 4.4% sewer rate increase, plus an additional \$3.25 monthly Infrastructure Replacement Charge. Customer using 6 CCFs of water monthly will see an increase of \$4.27 per month.

BUDGET THEME HIGHLIGHTS

Rebuild Core Service Delivery

- Adds an asphalt crew (5 positions) to increase the number of crews to work on pothole and patching repair (\$785,000). Historically, Raleigh operated five crews, but during the recession it was cut to three. The FY15 budget rebuilds the City's capacity to repair infrastructure by adding a fourth crew to spread an additional 4,000 tons of asphalt (33% increase).
- Adds a concrete crew (5 positions) and an engineering inspector position, which will let the City repair 1,320 more sidewalk panels a year (\$380,000).
- Includes three inspector positions plus overtime to respond to the increase and backlog of development permits (\$245,000); Land Management software licensing costs (\$125,000).

Invest in Deferred Capital and Infrastructure Maintenance

- During the recession, the City delayed fleet replacement, particularly in Public Utilities, Fire, Police, Public Works and Solid Waste departments. The FY15 budget includes total capital rolling stock purchases of \$21.9 million (with a lease charge increase of \$2.4 million). In FY11, Raleigh purchased just \$4.7 million in replacement equipment.
- Improves Parking Deck and Lot Maintenance by adding two maintenance worker positions.

Open New Facilities and Add Infrastructure to Improve Services

- In FY15, Raleigh will open facilities the City Council funded in prior Capital Improvement Plans. Citywide, 41 staff members and \$4.2 million are added to the operating budget to open these facilities, including Station 29 detailed above.
- Opens Northeast Remote Operations, an operations and maintenance "hub" that will house new streets and sidewalk crews, a vehicle maintenance shop with five new mechanic positions and two new support positions, and parks maintenance operations.
- Staffs Horseshoe Farm Park and Lake Johnson Woodland Center with the addition of two full-time positions (\$161,000). Raleigh has opened or expanded 24 new Parks, Recreation and Cultural Resources facilities since FY10.

Organizational Excellence: Improve Business Processes and Realign Resources

- Adds a strategic planning and performance manager position (\$96,000). Funds strategic plan development, performance data software and visualization services (\$57,000).
- Funds a Services Inventory, a review of City services to link them to the strategic plan. Results will identify where services can be streamlined, enhanced or eliminated (\$18,000).
- Provides for service optimization and efficiency studies citywide in emergency communications staffing, police staffing, and vehicle fleet operations. An additional internal auditor position will better support the City in fulfilling its fiduciary responsibilities.

Invest in Employees (Compensation & Benefits)

- Merit raise – Budgeted \$5.6 million citywide for pay increases (average 2.9%). Effective 8/9/2014. Most employees will receive 2% or 4% pay increases.
- Supplemental Retirement – Restores City match to 3% (reduced in FY12 to 2%) (\$1.25 million citywide). Competing North Carolina local government employers contribute 5% with no employee match. Effective 8/9/2014.
- No increase in employee or dependent premiums if the employee participates in the health risk assessment and is not a tobacco user.

CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS (FY15 to FY19)

- Totals \$890.3 million over five years; \$148.8 million in FY15 focused on deferred maintenance of buildings and infrastructure, primarily for streets and water and sewer.
- Improves water and sewer infrastructure, including \$198.7 million specifically for infrastructure replacement.
- Funds the remainder needed for the Fire Station #6 replacement (partially funded by two-thirds bonds).
- Prioritizes repair and rehab of facilities for core city services.
- Implements \$75 million transportation bond, approved by voters in Fall 2013.

TAX AND FEE IMPACT TO HOMEOWNER

Monthly Increase by Home Value				
Monthly Impact	\$150k	Median (\$189k)*	Average (\$241.5K)*	\$350k
Property Tax Increase - Transportation Bond	\$1.40	\$1.76	\$2.25	\$3.27
Property Tax Increase – Street Resurfacing	\$1.25	\$1.58	\$2.01	\$2.92
User Fee increase for typical Public Utilities customer	\$4.27	\$4.27	\$4.27	\$4.27
User Fee increase for Solid Waste Services	\$1.00	\$1.00	\$1.00	\$1.00
Total Monthly Impact	\$7.92	\$8.61	\$9.53	\$11.46

*Source: Wake County Tax Statistics: Single Family Residential as of January 1, 2013

For more information, contact the City of Raleigh Office of Budget and Management, 919-996-4270.