



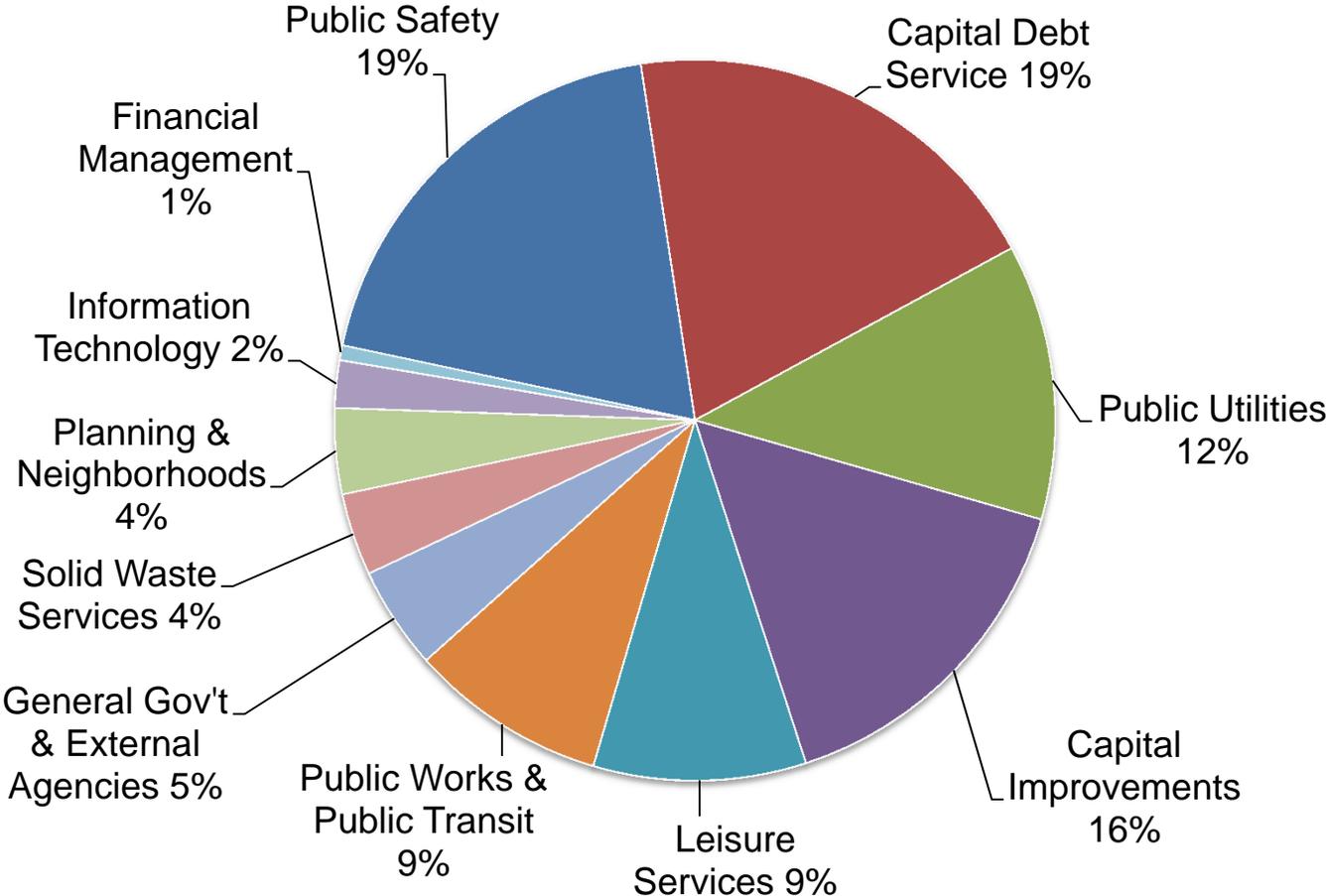
May 19, 2015

FY16 Operating and Capital Proposed Budget

FY 2016 Total Proposed Budget

\$832.5 Million

(Net of Interfund Transfers)



FY16 Budget Themes

- Service demands outpace revenue growth
- Smart strategies to align resources to highest priority needs
- Anticipating future opportunities and challenges based on strategic plan

Strategic Focus Areas

Arts & Cultural Resources



Embrace Raleigh's diverse offerings of arts and cultural resources as iconic celebrations of our community that provide entertainment, community and economic benefit.

Economic Development & Innovation



Maintain and grow a diverse economy through partnerships and innovation to support large and small businesses and entrepreneurs, while providing employment opportunities for all citizens.

Growth & Natural Resources



Encourage a diverse, vibrant built environment that preserves and protects the community's natural resources, while encouraging sustainable growth that complements existing development.

Organizational Excellence



Foster a transparent, nimble organization of employees challenged to provide high quality, responsive and innovative services efficiently and effectively.

Safe, Vibrant & Healthy Community



Promote a clean, engaged community environment where people feel safe and enjoy access to community amenities that support a high quality of life.

Transportation and Transit



Develop an equitable, citywide transportation network for pedestrians, cyclists, automobiles and transit that is linked to regional municipalities, rail and air hubs.

Overview

- Raleigh's Growth
- General Fund Revenues and Expenditures
- Enterprise Activities
- Capital Investment Highlights
- Agency Grants
- Decision Package
- Next Steps

Raleigh's Growth

The News&Observer

Business MAY 19, 2015

Raleigh ranked No. 1 city for jobs

"The inaugural "25 Best Cities for Jobs" report issued Tuesday by employer review site Glassdoor ranked Raleigh tops based on three factors: how easy it is to get a job, the cost of living and the satisfaction of employees who work here."

No. 2 – "Best Places for Business and Careers" – Forbes - May 2005

No. 12 – Best walking city in the U.S. - Prevention magazine - July 2007

No. 20 – "Best Places to Live and Launch." – Fortune - May 2008

Best city to live, work and play in – Kiplinger - July 2008

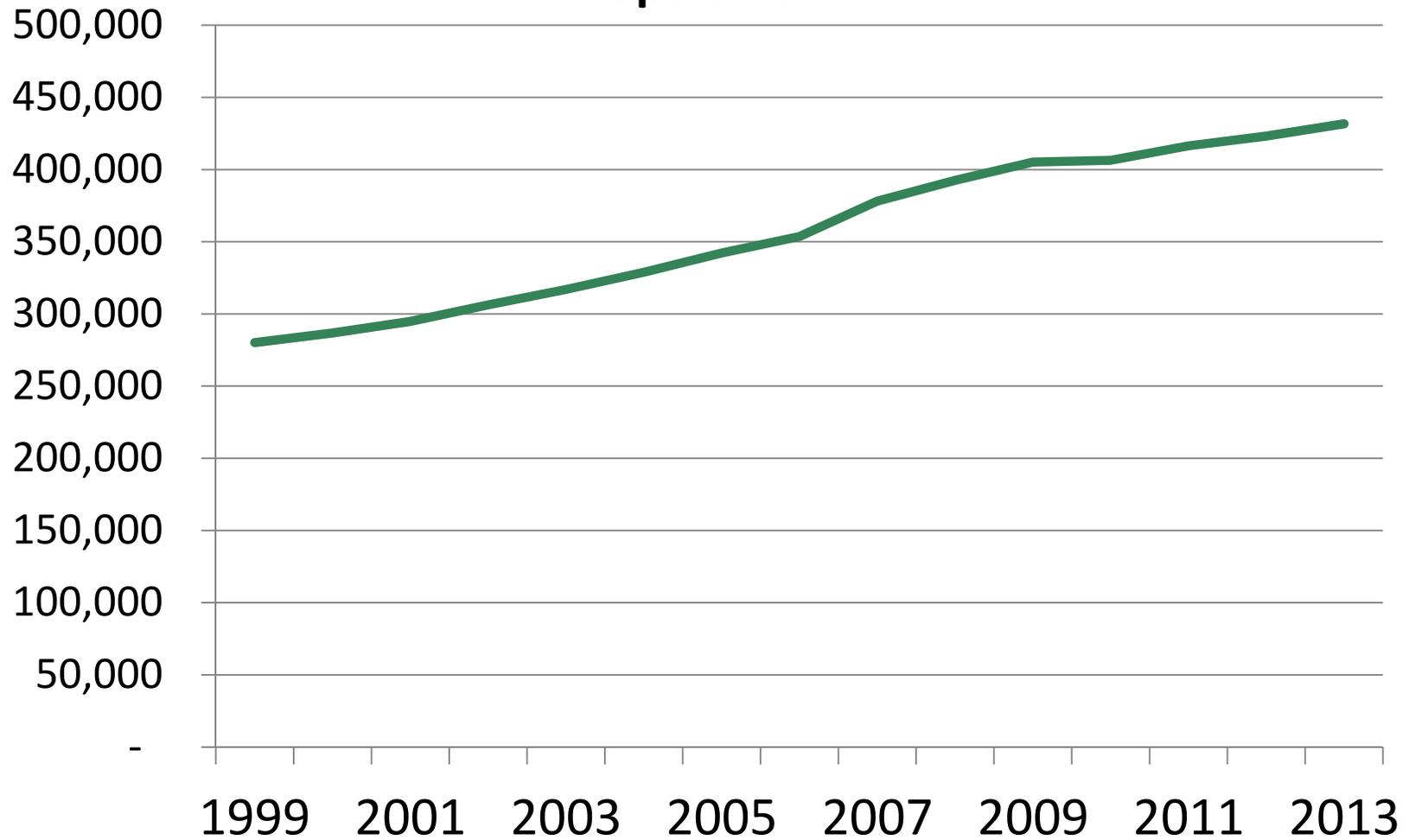
No. 5 – "Can-Do-Cities" - Newsweek - September 2011

No. 1 – Best place for business and career – 4th time in 8 years - Forbes Magazine – July 2014

No. 2 - Best metro area in the US in which to work at a small business - WalletHub - May 2015

Raleigh's Growth

Population

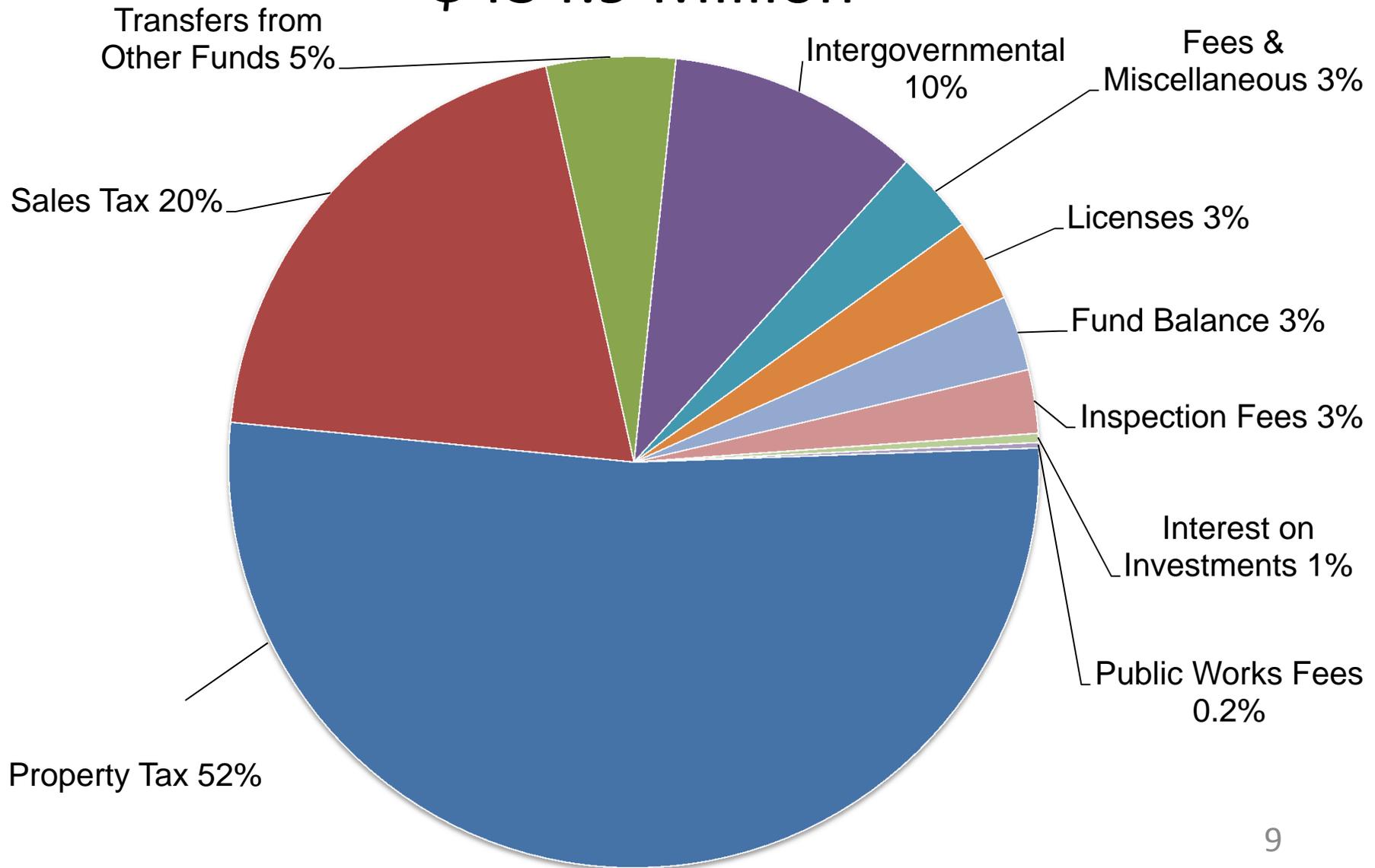


Property tax, Sales tax, Franchise tax

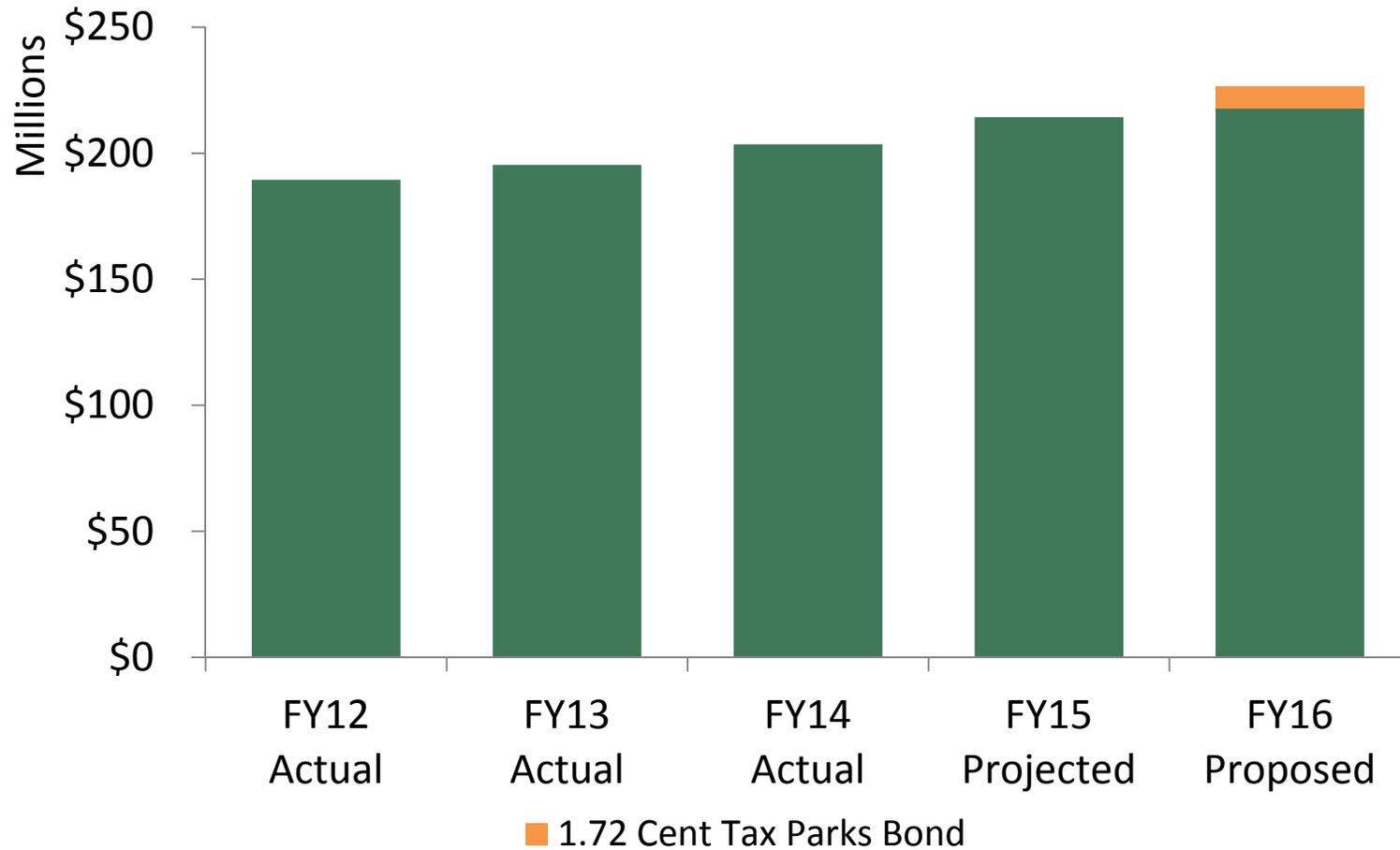
GENERAL FUND REVENUE HIGHLIGHTS

FY 2016 Proposed General Fund Revenues

\$434.9 Million



Property Tax Revenue Growth



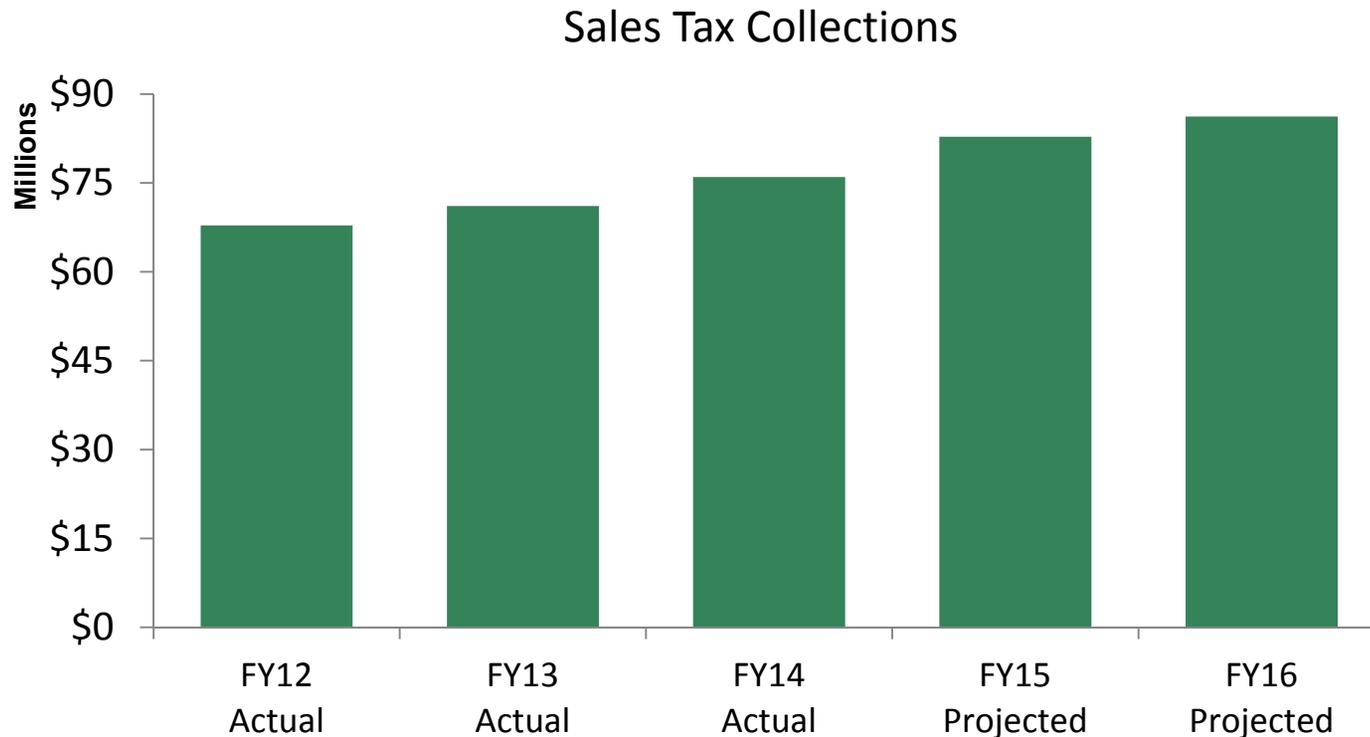
FY 2016 Property Tax Revenues \$226.7 Million

- Projected 1.5% growth in base property tax revenues for FY16 (\$3.1M)
- Proposed 1.72 cent tax increase for support of 2014 Parks bond referendum (\$8.8M)

FY 2016 Sales Tax Revenues

\$86.7 Million

- Improving economy yields strong sales tax increases
 - Estimating 4% growth (\$3.3 M) over FY15 projected

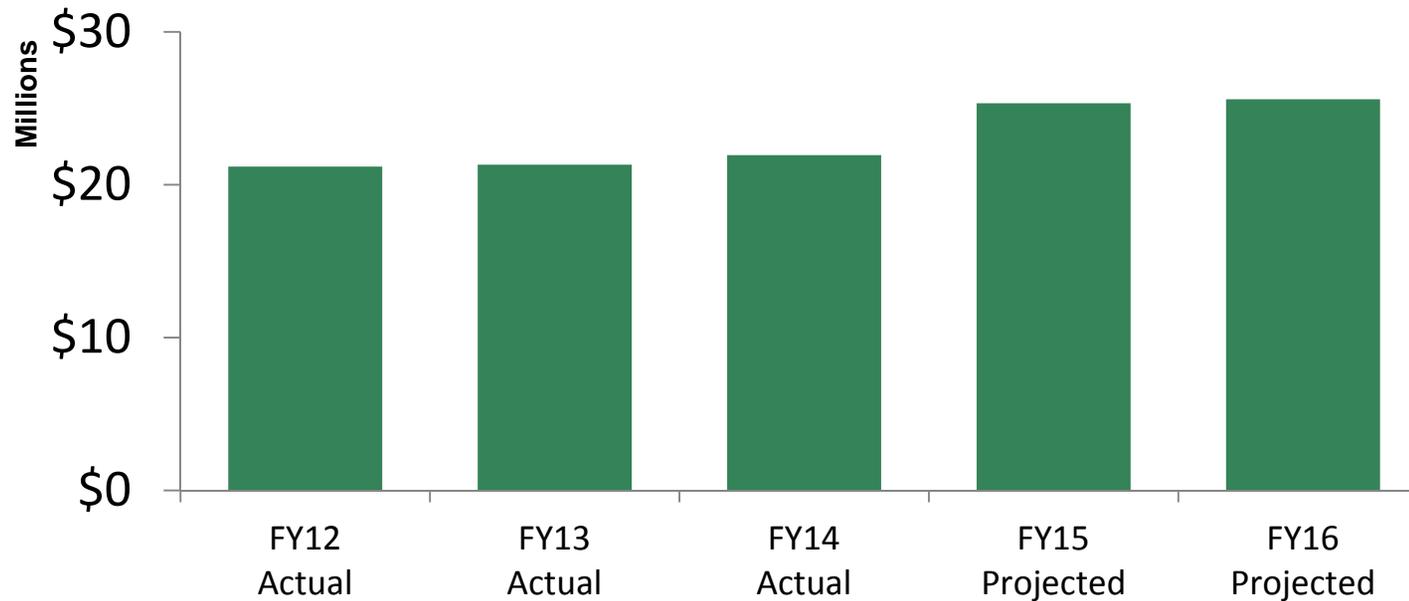


FY 2016 Franchise Taxes

\$25.6 Million

- State tax on electric and natural gas and telecommunication service consumption

– Estimating 1.2% growth (\$260k) over FY15 projected



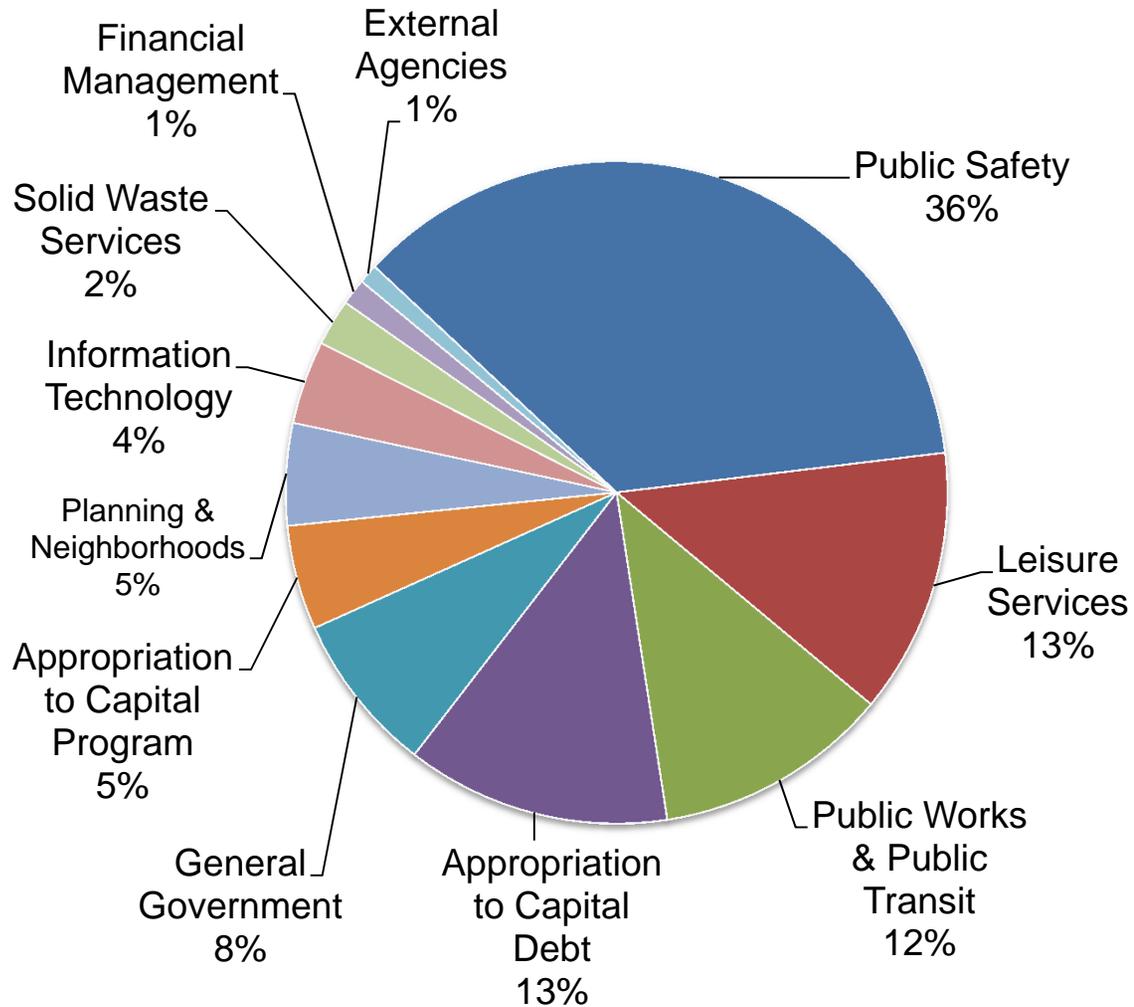
Business Privilege License

- Projected \$7.1 million loss
- Ongoing discussions in the General Assembly
- Revenue not included in the Proposed Budget

Reallocating resources, Growth pressures, Organizational excellence,
On the horizon

GENERAL FUND EXPENDITURE HIGHLIGHTS

FY 2016 Proposed General Fund Expenditures \$434.9 Million



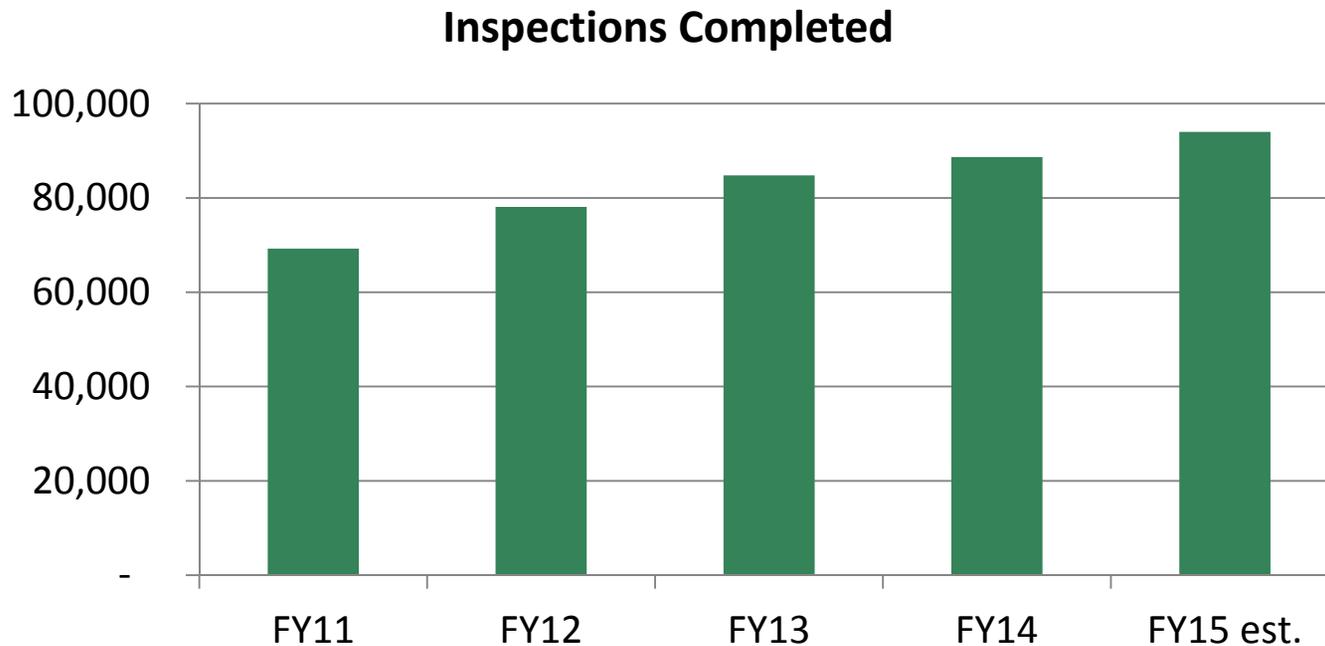
Reallocates Existing Resources to Address Needs \$3 Million

- Critical evaluation of department resources to fund higher priority needs
- Strengthened services
 - Capital project implementation
 - Facility and infrastructure maintenance
 - Information technology and training
- 10 positions through reallocation

DEVELOPMENT GROWTH PRESSURES

Development Activity

- Multi-Department Impact
- Increased demand for development review and inspections



Responding to Development Activity

- Building inspection staff added to respond to increased demand and project complexity
- Expand City's express review availability by adding one additional team for a total of five
- Enhanced legal and real estate resources
- Increased development revenues help offset costs



Enhancing City Planning and Development Services

- Reorganization of city planning services
 - Increases long range planning capacity
 - New program focused on civic design and capital project implementation
 - Strategic alignment of real estate and planning functions
- New Development Services department

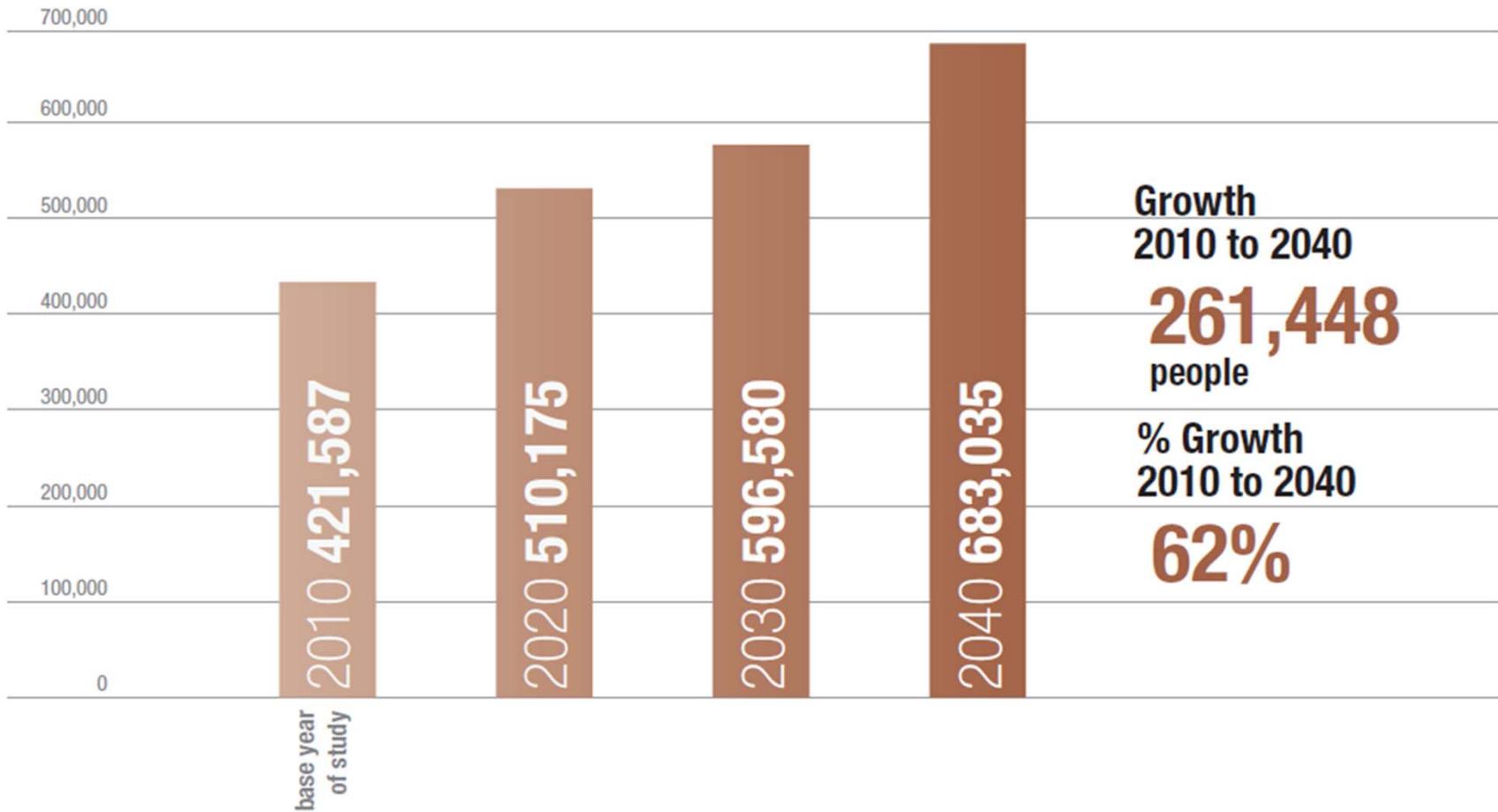


Growth Data, Public Safety, City Services

COMMUNITY GROWTH PRESSURES

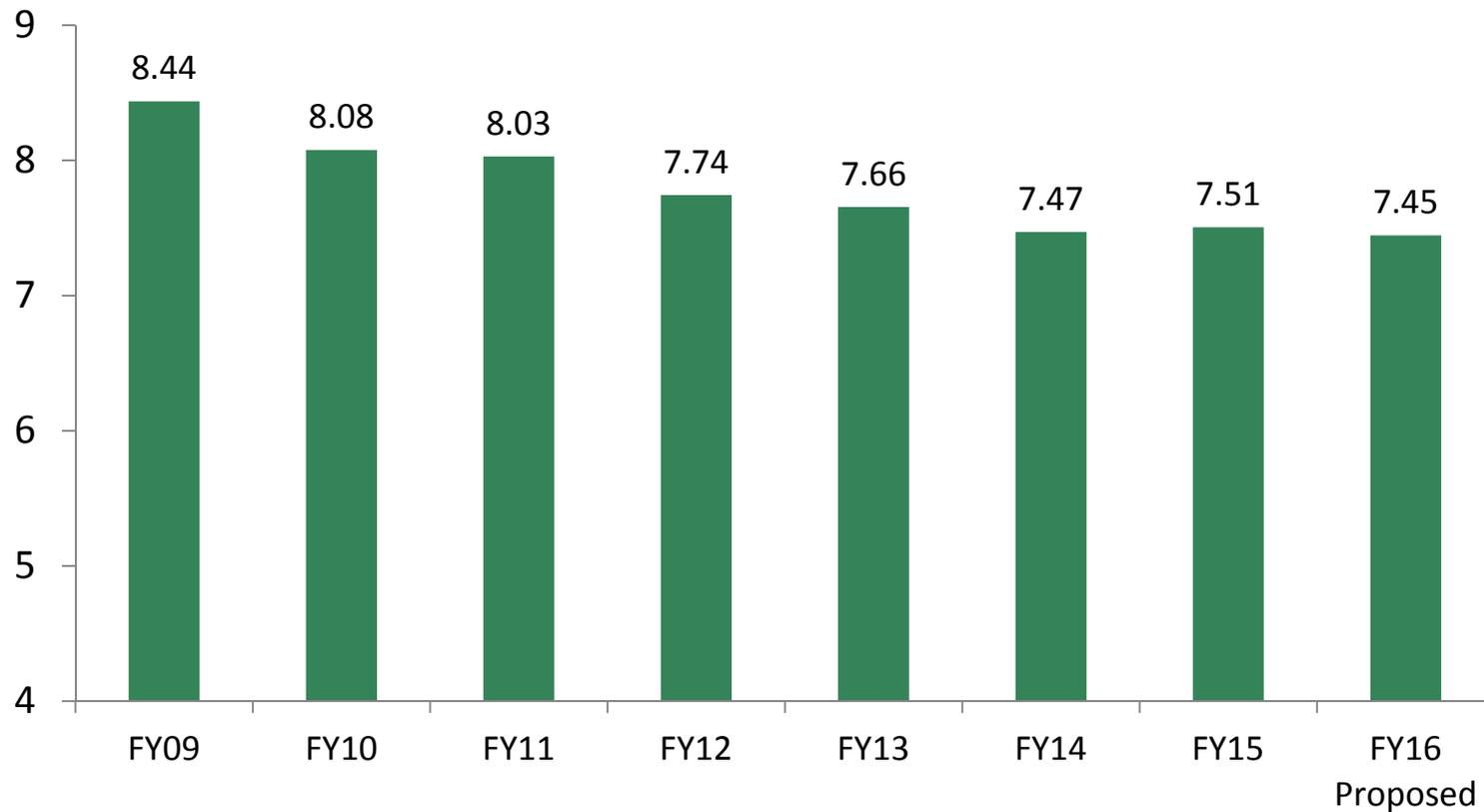
Data on Community Growth

Raleigh Planning Area* Population Projections — 2010 to 2040



Source: Capital Area Metropolitan Planning Organization

Employees per 1,000 Population



*Excludes Public Utilities Employees

Public Safety

- Eight police officers (two flexible response teams)
- Resources for crossing guards at each requesting elementary and middle school (21 new)



Public Safety

- New Fire Station 29 equipment costs
- Replacement of Computer Aided Dispatch system (911)



City Services

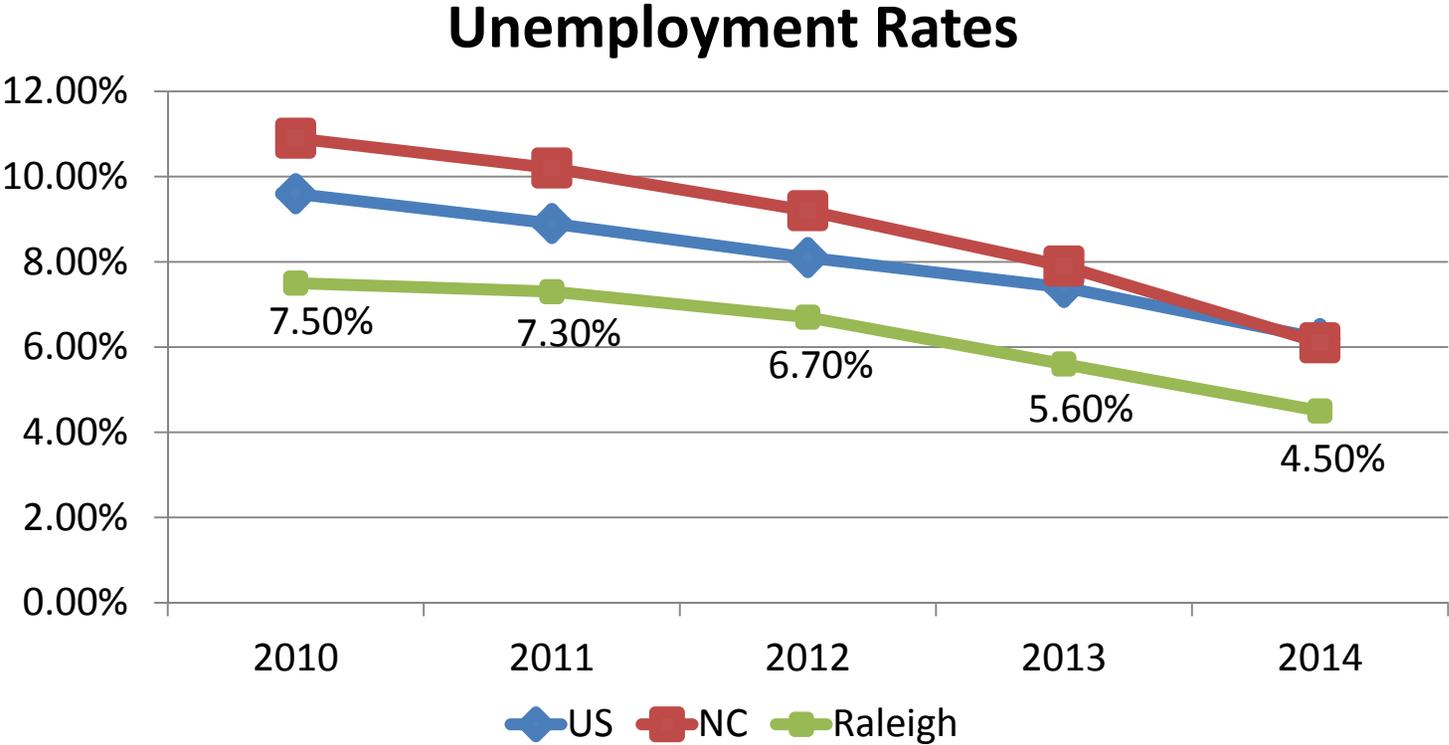
- Opening New or Expanded Facilities
 - Central Communications Center (formerly Critical Public Safety Center)
 - Central Operations Facility (formerly Downtown Remote Operations)
 - Abbotts Creek Park
 - MLK Jr. Memorial Gardens
 - Phase 1 of the Horseshoe Farm Nature Preserve

High Quality Workforce, Continuous Improvement

ORGANIZATIONAL EXCELLENCE

Competing for High Quality Talent

- Recruitment and retention in a strong regional economy requires competitive pay and benefits



Source: Bureau of Labor Statistics

Investment in Human Capital

Competitive Pay

- Average 2.9% pay increase (\$5.7M)
 - Most full-time employees will receive 2.5% or 3.5% as a pay adjustment or lump sum
 - Based on market comparisons of both public and private sector survey information (World at Work, Sibson Consulting)
- Funds allocated for comprehensive employee compensation and pay structure study
 - Pay system and processes
 - Employee performance evaluation system
 - Multi-year

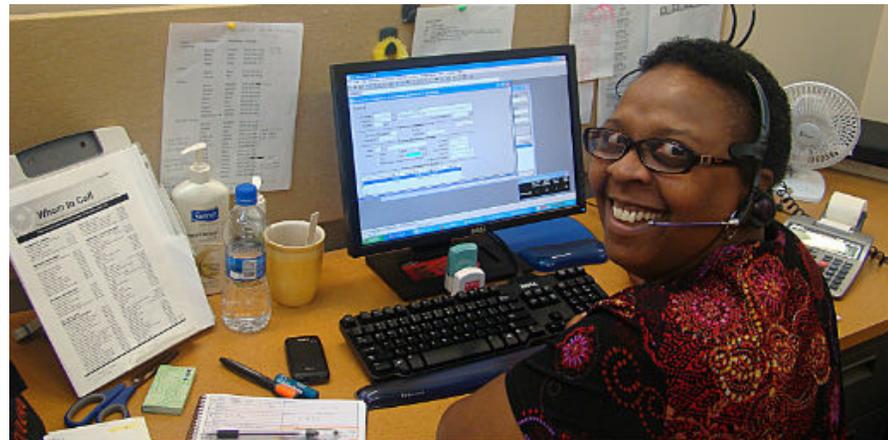
Investment in Human Capital

Competitive Benefits

- Continued rising health and dental costs for active and retired employees
- Highlighted active employee plan changes
 - Increasing premiums for Family coverage between \$17-\$24 per month
 - Increasing premiums for Employee + Spouse between \$11-\$16 per month
 - No change in premiums for Employee only, Employee + Child and Employee + Children
 - Caps member annual pharmacy out of pocket expense
 - Offer Telemedicine services at reduced co-pay
- Onsite Clinic Study
- Plan Year change – Move to calendar year plan in January 2017

Continually Improving Services

- Customer service enhancements through consolidation of public utilities, solid waste and stormwater call centers
- Performance measurement system implementation



On the Horizon

- Economic Development
- Affordable Housing
- Transportation
- Parks



Dorothea Dix property

Business-like funds, including Public Utilities, Stormwater, Solid Waste,
Parking, Transit, Convention and Performing Arts

ENTERPRISE HIGHLIGHTS

Public Utilities

- \$122M in capital improvements recommended for FY16
 - Increases investment in asset management program
- Utility rate and fee increase impacts typical customer by \$3.24 per month (5 CCF per month)
 - Watershed Protection Fee proposal referred to Budget Work Session

Stormwater Management

- Increase resources to provide in-house capital improvement program inspection services
- No Stormwater Utility Fee increase
- Reprioritizing capital projects for stormwater
 - \$5 million available annually for pay-go
 - About 40 major CIP projects in progress



Solid Waste Services

- Increase Solid Waste fee by 75 cents/month
 - Raises total cost recovery from 67% to 72% (Generates \$1.1M revenue) – goal of 80%
 - Total monthly bill of \$14.05
 - Complete vehicle equipment upgrades for route optimization and data collection
 - Add two code enforcement personnel
 - Funds salary adjustment
- Waste Reduction Task Force



Parking Operations

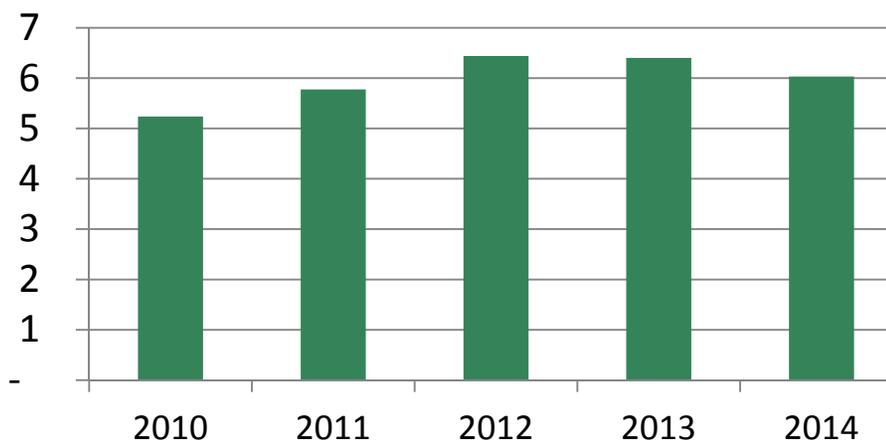
- Impacted by future development, interest rates and maintenance costs
- Nights and Weekend Parking/Rate Adjustments
 - Special event parking charges (\$7) for events (e.g., July 4th)
 - December 31, 2015 - \$5 flat rate for Nights and Weekends
 - \$950,000 in first 6 months
 - Additional funds will be used for increased maintenance, new equipment and enhanced cleaning services
- Parking Study

Transit Service

- Continue to provide increased regional express services to provide additional alternatives during the Fortify project
- Participation in Wake County Transit Investment Strategy



Annual Passenger Trips (Millions)



Raleigh Convention Center and Performing Arts Complex

- Attendance projections up over FY15
 - 2 additional Broadway shows scheduled
- Continuing renovation at Performing Arts Center (\$4.1 million)
- Hotel Study



Performing Arts Center

Infrastructure improvements and Future opportunities

CAPITAL INVESTMENT HIGHLIGHTS

Improve and Expand Infrastructure

- Continue Transportation bond implementation (\$75M)
- Begin \$92M Parks Bond
 - John Chavis Memorial Park
 - New Lineberry Neighborhood park
 - Crabtree Creek Trail to Umstead Park Connector
- Capital maintenance of City Plaza on Fayetteville Street



Sandy Forks Road design

Future Capital Considerations

- Transportation
- Downtown Parking
- Dorothea Dix Park
- Affordable Housing
- Downtown Municipal Facilities
- Public Safety Training Facility
- Economic Development Investments



Moore Square Master Plan

Arts, Human Services, Community Enhancement
& Other Outside Agencies

AGENCY GRANTS

Arts Appropriations

\$2.7 Million

- \$5 arts per capita allocation: \$2.16M
 - 2% increase (\$42K) over FY15
- Arts agency agreements/leases: \$573K

Human Service Grants

\$974,000

- FY16 Human Relations Commission allocation - \$510K
 - 2% increase (\$10K) over FY15 allocation per Council policy
- Additional Allocation - \$464K
 - Funding proposed at FY2015 levels for recurring agencies

Community Enhancement Grants

\$175,000

- Funded through federal Community Development Block Grants
- Proposes funding for Communities in Schools, The Green Chair Project, Lucy Daniels Center, The Hope Center at Pullen

Other Outside Agency Appropriations

\$1.14 Million

- Funding is proposed in FY 2016 for recurring agencies
 - Six recurring agencies within 25% maximum funding policy are proposed at FY 2015 levels
 - Three recurring agencies seeking funds in excess of 25% maximum funding policy are funded based on “Option 1 - Step-Down Strategy”
 - Council approved 25% Maximum Funding Policy in January 2015
- Includes an Agency Reserve of \$220k

Step Down Plan for 25% Policy

- Maximum funding percentage is reduced by equal percentage increments over three years, achieving the 25% limit by FY18.

Agency Name	FY15 Funding	FY16 % Max	FY16 FY16	FY17 % Max	FY18 % Max
Hillsborough Street CSC*	131,000	28.1%	125,513	26.6%	25%
Southeast Raleigh Assembly	207,000	72.3%	155,981	48.6%	25%
African American Cultural Festival	75,000	44.4%	61,547	34.7%	25%

Note: Maximum dollar funding limits in FY17 and FY18 would be based on expense actuals.

**Maximum funding percentage improved from 31.9% to 29.7% after applying Stanhope pilot funding.*

Development and Growth Pressures, Requests Considered by
Council in FY15, Economic Development

ALTERNATIVE DECISION PACKAGE

Alternative Decision Package

- Totals \$5.1 million
- Decision package items are not included in the Proposed Budget
- Reflects options impacted by loss of business privilege license tax revenue

Development and Growth Pressures

\$2 million

- Attorney position
- Inspectors in the areas of Development Services, Planning, Parks and Public Works
- Private Use of Public Space program
- Long-range planning staff
- Expanded planning services
- Parks and building maintenance
- Project Engineers for Capital Projects

Requests Considered by Council in FY15

\$600,000

- Bike Share program
 - CAMPO grant for 80% of program capital costs
 - City funding covers 1 position and 1/3 of operating cost subsidy
- Leaf collection
 - Stormwater Maintenance and Repair Crews
 - Leaf Collection Equipment



Economic Development

\$2.5 million

- Targeted economic development infrastructure
 - Streetscape improvements (e.g. curb, gutter, sidewalks, crosswalks, lighting, etc.)
 - Project selection based on city investment to encourage increased economic activity
- Provide city investment to encourage increased property value

Public Hearing, Council Budget Work Sessions, Timeline

NEXT STEPS

Timeline of Next Steps

- Public Hearing June 2 at 7 pm in Council Chambers
- Council Budget Work Sessions at 4 pm Mondays in June in Council Chambers
 - First Budget Work Session on June 1
 - First set of Budget Notes delivered May 29
- Adopt FY16 Budget by July 1



Thank you.



May 19, 2015

FY16 Operating and Capital Proposed Budget