

CITY OF RALEIGH



PROPOSED BUDGET 2011 – 2012

J. Russell Allen, City Manager

May 17, 2011

AGENDA

- Overview
- FY12 Budget Highlights
- Revenues
- FY12 Enhanced Efficiencies & Reductions
- Public Utilities Department
- Customer Cost Chart
- Potential Exposures
- Summary

HIGH LEVEL MESSAGES

- Economy in recovery, but rate of recovery projected to be slow
- Still growing in population
- 3rd year of reductions
 - Eliminated positions
 - Reduced employee pay increases and benefits
 - Cut operational expenses
 - Altered maintenance schedule
 - Delayed equipment purchases
 - Minimized pay-go capital

HIGH LEVEL MESSAGES

- Despite all this, limited service level impacts
 - Have not raised General Fund revenues via taxes or fees
 - Continued to open new roads, parks, greenways, amphitheater, transit maintenance facility, etc.
- Risks/Exposures are still high
- Investing in Public Utilities and need to stabilize the finances

BUDGET HIGHLIGHTS

PROPOSED FY12 BUDGET HIGHLIGHTS

- Closes original \$12 M gap between General Fund revenues and expenditures
- Minimizes impact on customer service delivery
- Continues use of some one-time or short term strategies (No allocation of capital reserves)
- Excludes reductions to sworn Public Safety staff
- Avoids employee lay-offs, but continues City-staff reductions

PROPOSED FY12 BUDGET HIGHLIGHTS

- Remains competitive for cost of City services
- Maintains credit strength and financial integrity
- Reduces recurring operational costs
- Maintains existing property tax base, but slow recovery limits new revenue growth
- Increases Sales Tax revenue base from Census with a slight boost in gross Sales Tax collections
- Opens new City facilities to the public

FY12 BUDGET PRESSURES

- State retirement increase
- Parking fund
- New facilities
- Health care
- Fuel

FY12 NEW FACILITY OPENINGS

- 16.9 miles of Greenway trails
- Pullen Amusement Center
- Buffalo Road Aquatic Center
- Wilder's Grove Remote Operations Center
(Solid Waste Services)
- Northeast Remote Operations Center
- CAT Operations Center
- Annie Louise Wilkerson Nature Preserve

REVENUES

FY12 GENERAL FUND REVENUES

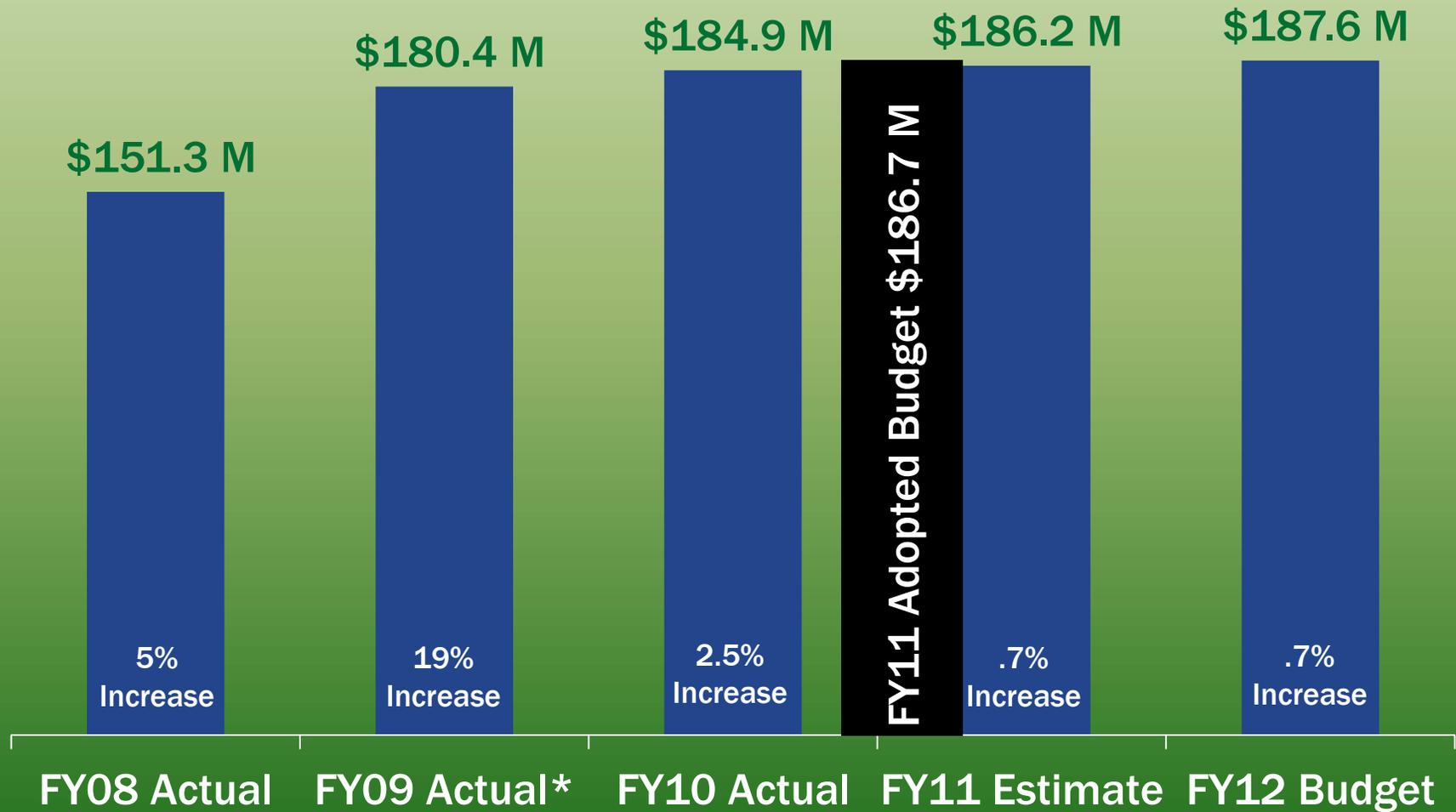
NO INCREASE in Property Tax Rate

NO INCREASE in Solid Waste Fees

NO INCREASE in Stormwater Fees

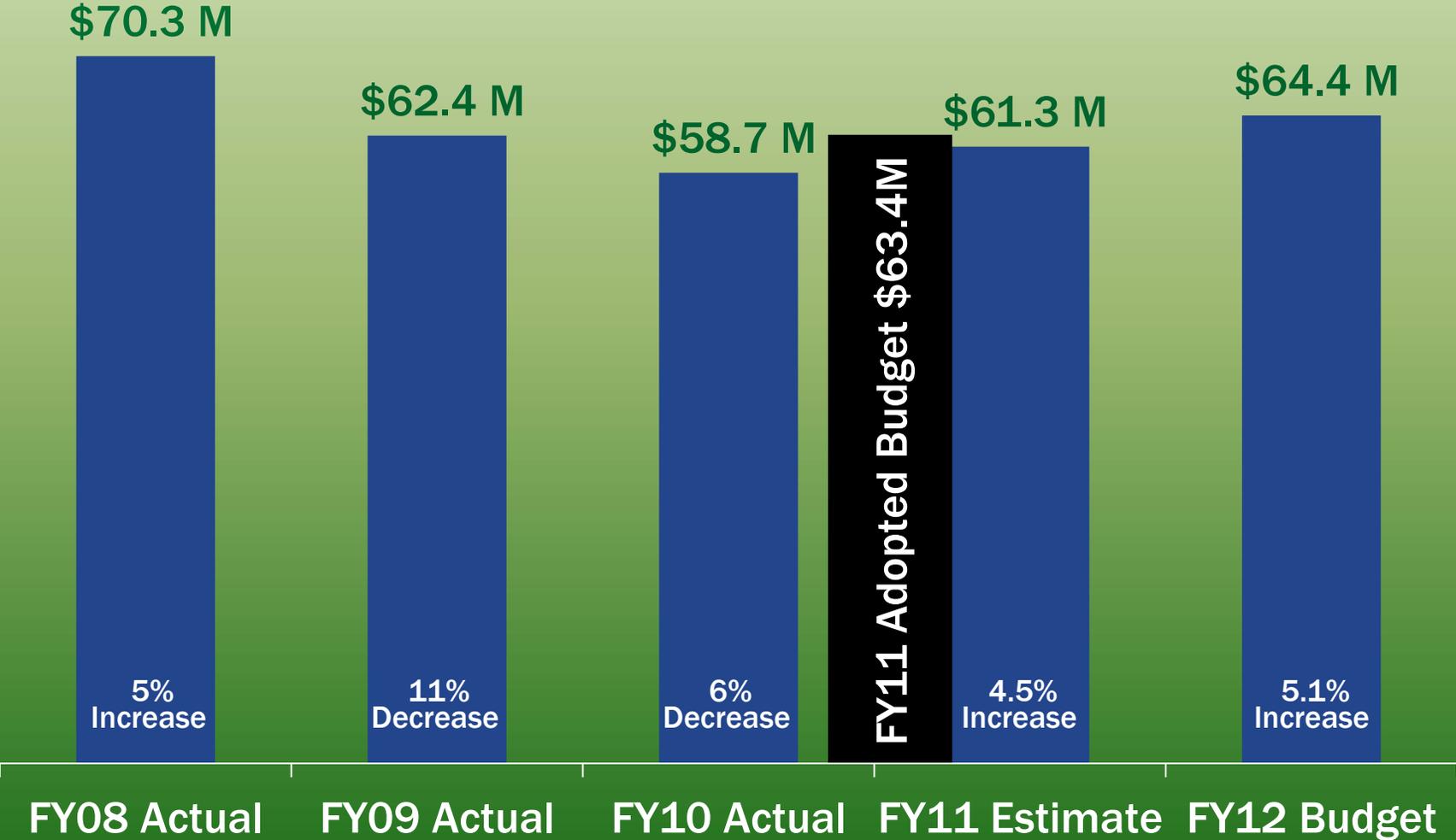
NO INCREASE in Privilege License Fees

PROPERTY TAX REVENUE

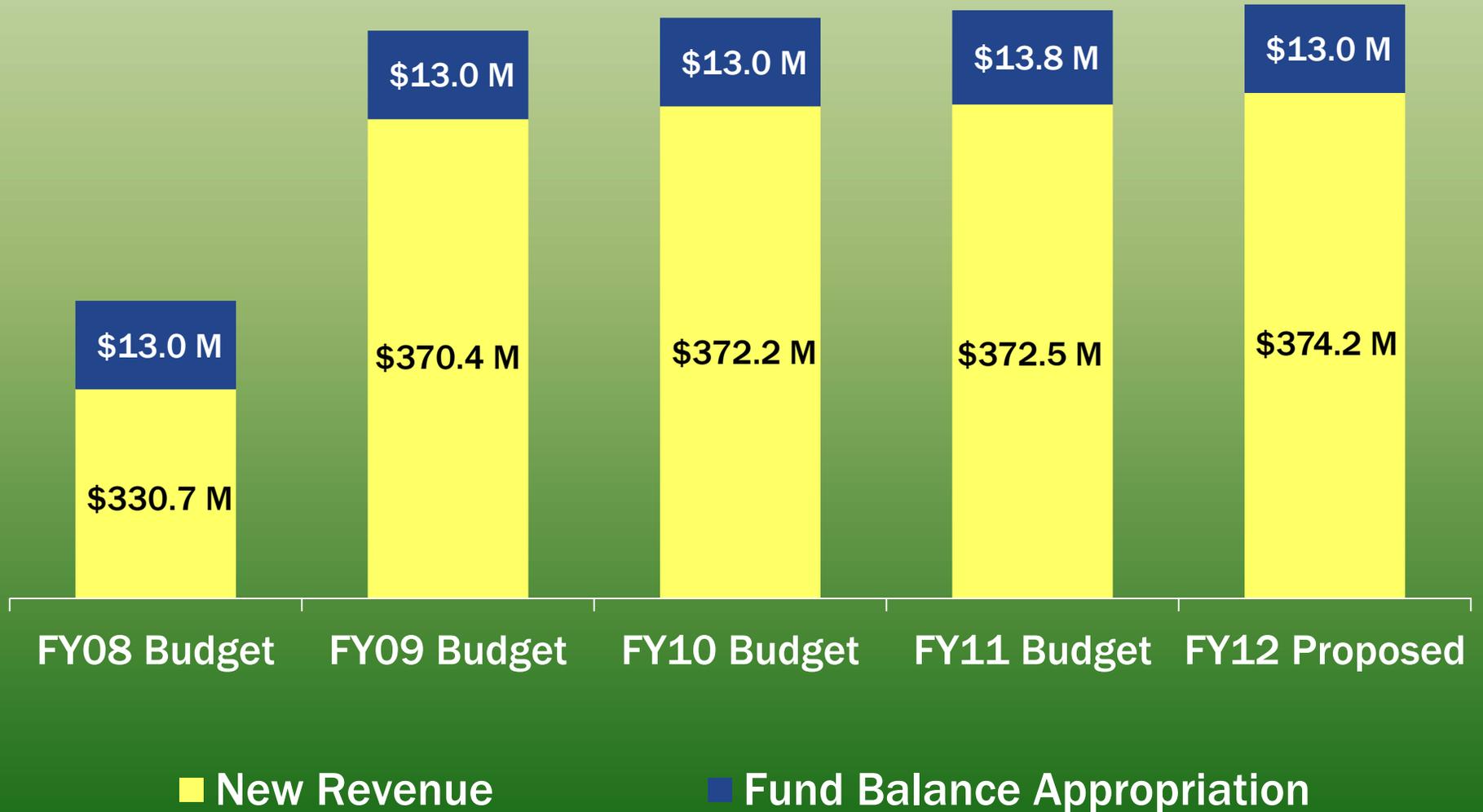


*Revaluation Year

SALES TAX REVENUE



ALL GENERAL FUND REVENUE



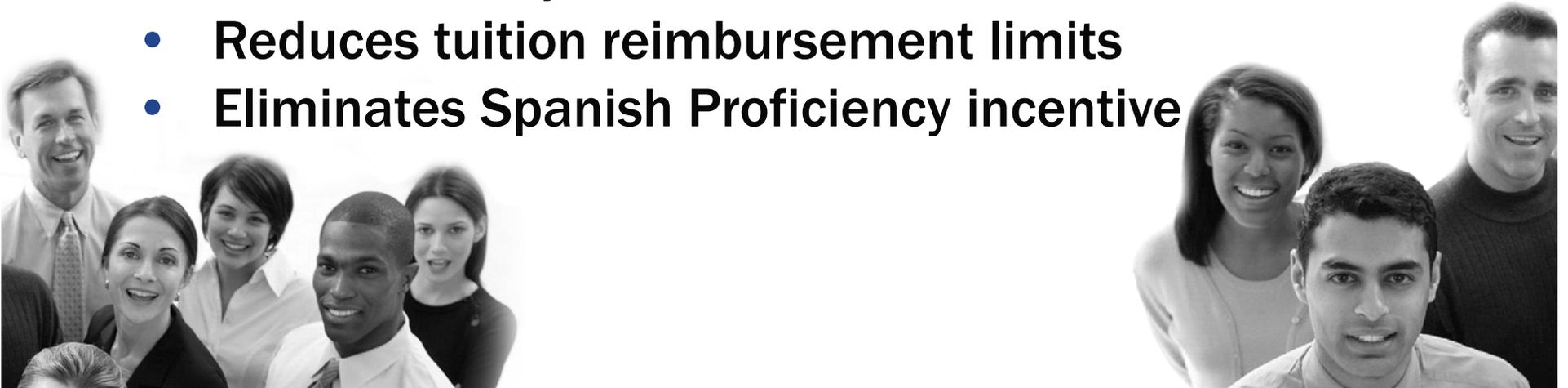
EXPENDITURE REVIEW

ENHANCED CITY-WIDE EFFICIENCIES

- **Begins second phase of automated recycling collection**
- **Opens two new operational facilities for Transit and Solid Waste Services**
- **Reorganizes staff to provide more effective service and eliminate positions**
- **Implements energy reduction initiatives**

CITY PERSONNEL

- Eliminates 33 vacant General Fund positions
- Eliminates 2 vacant Enterprise positions
- Suspends 1.5% range adjustment
- Suspends merit pay
- Reduces 457 supplemental retirement match
- Defers 1/3 reclassifications
- Eliminates Award for Service program for new hires as of July 1, 2011
- Reduces tuition reimbursement limits
- Eliminates Spanish Proficiency incentive



HEALTH CARE – THE ISSUE



HEALTH CARE

Restructures health plan to include a two-tier option and to introduce a monthly individual employee premium:

- **Blue Cross Blue Shield - PPO B**
 - Monthly premium of \$40 for individual employee – free if complete annual Health Risk Assessment (HRA) and non-tobacco user
 - Lower monthly premiums for dependent coverage
 - Increased deductibles / co-insurance / copays
- **Blue Cross Blue Shield - PPO A**
 - Existing plan's deductibles / co-insurance / copays
 - Monthly premium of \$83 for individual coverage and
 - Higher premiums for dependent coverage
 - \$40 monthly premium discount if complete annual HRA and non-tobacco user



HEALTH CARE

- Replaces “Employee-Child” dependent election with “Employee-Children”
- Explore a copay-free clinic for employees
- Competitive with other governmental employers



SERVICES & PROGRAMS

Arts Agencies:

- Grant funding reduced by \$0.50 per capita from \$4.50 to \$4.00 (8% decrease from FY11)
- Contractual obligations fully funded

Human Services Agencies:

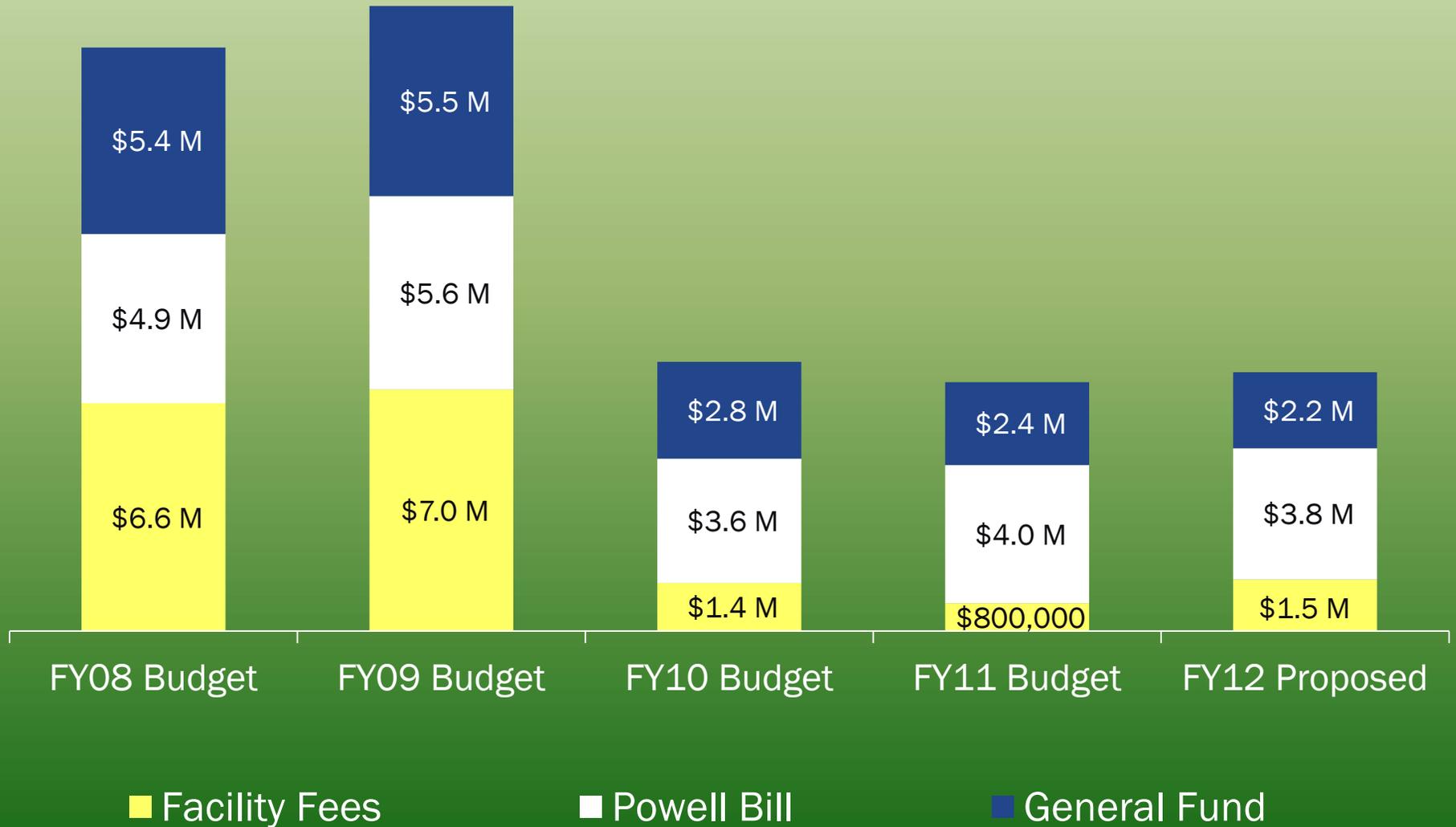
- Reduced 10%

Other Agencies:

- Reduced 10%
- Contractual obligations fully funded



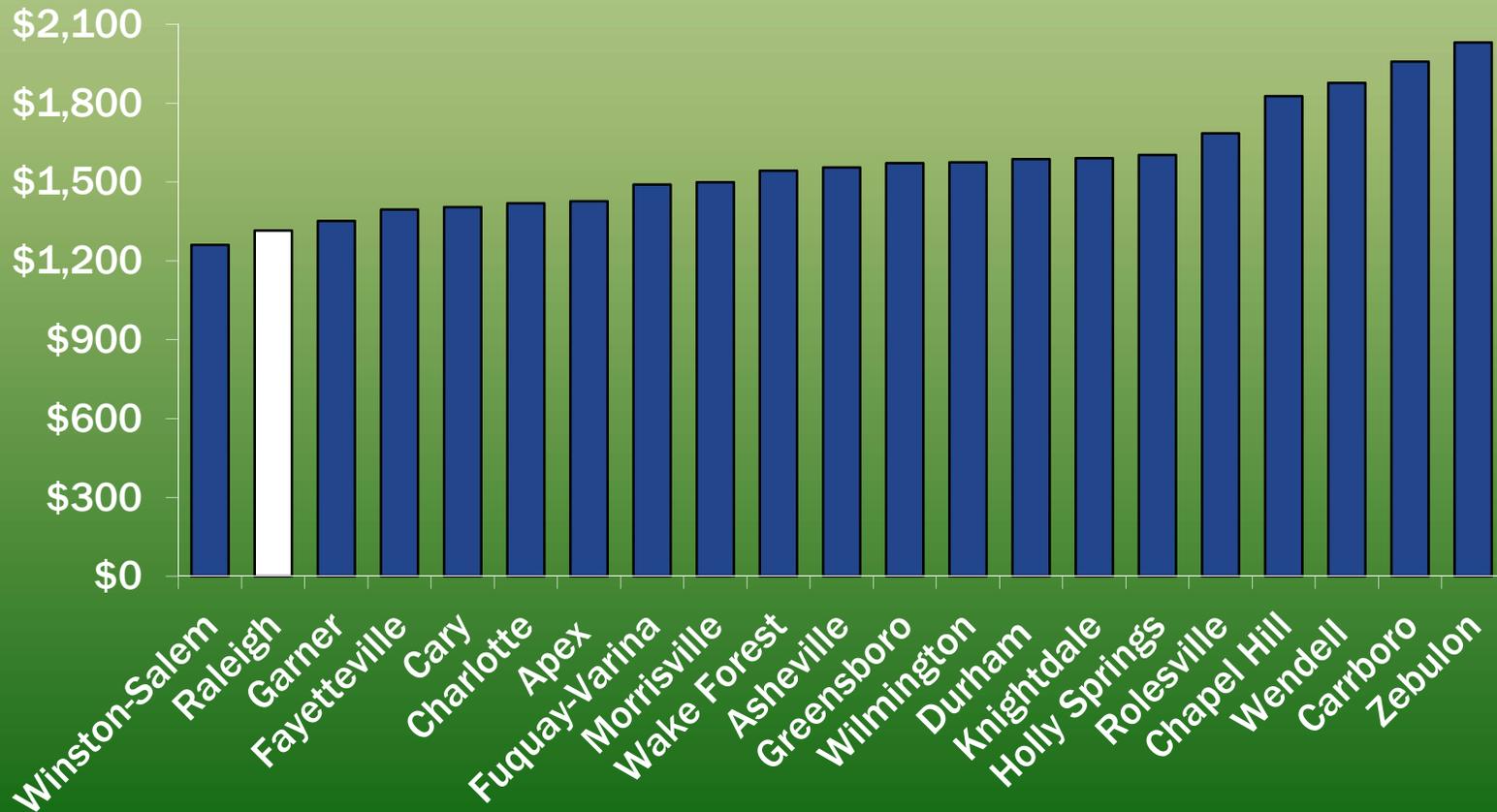
'PAY-GO' GENERAL CAPITAL PROJECTS



PUBLIC UTILITIES

- **Defers all future growth related to capital improvement projects 2-5 years**
- **\$6M increase in debt service payments**
- **First full year of monthly billing and tiered rates**
- **Average customer's monthly bill will increase \$3.83 (sewer rate increase only)**

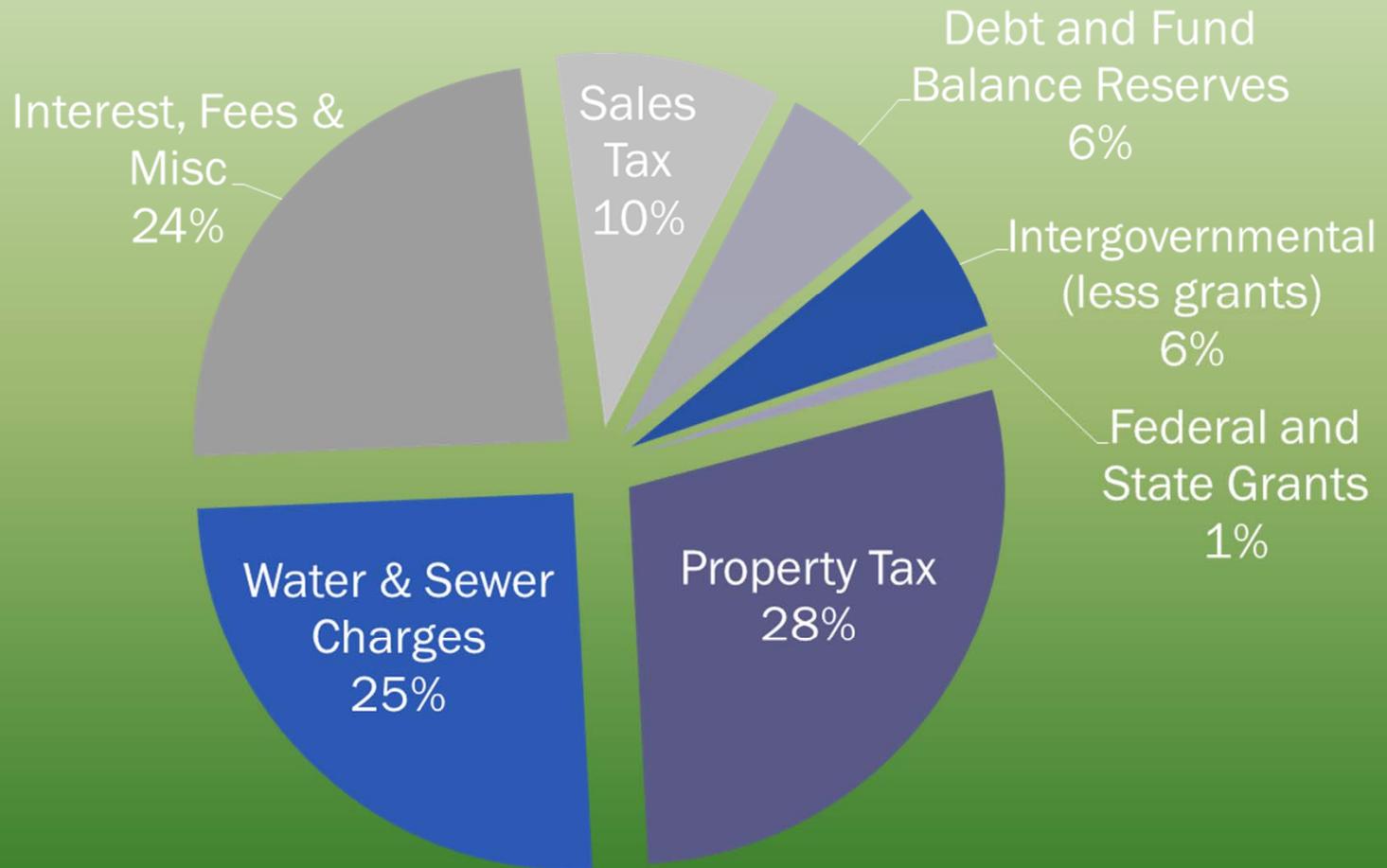
AVERAGE ANNUAL CUSTOMER COSTS for MUNICIPAL SERVICES FY10-11



POTENTIAL EXPOSURES

- Unknown timing, extent & pace of economic recovery (sales tax)
- Impact of employee reductions on service delivery
- Impact of tiered water rates on utility revenues
- Reduced Capital Improvement Program/
Capital Maintenance
- Ability to maintain FY 12 year-end 14% fund balance requirements
- North Carolina legislative actions

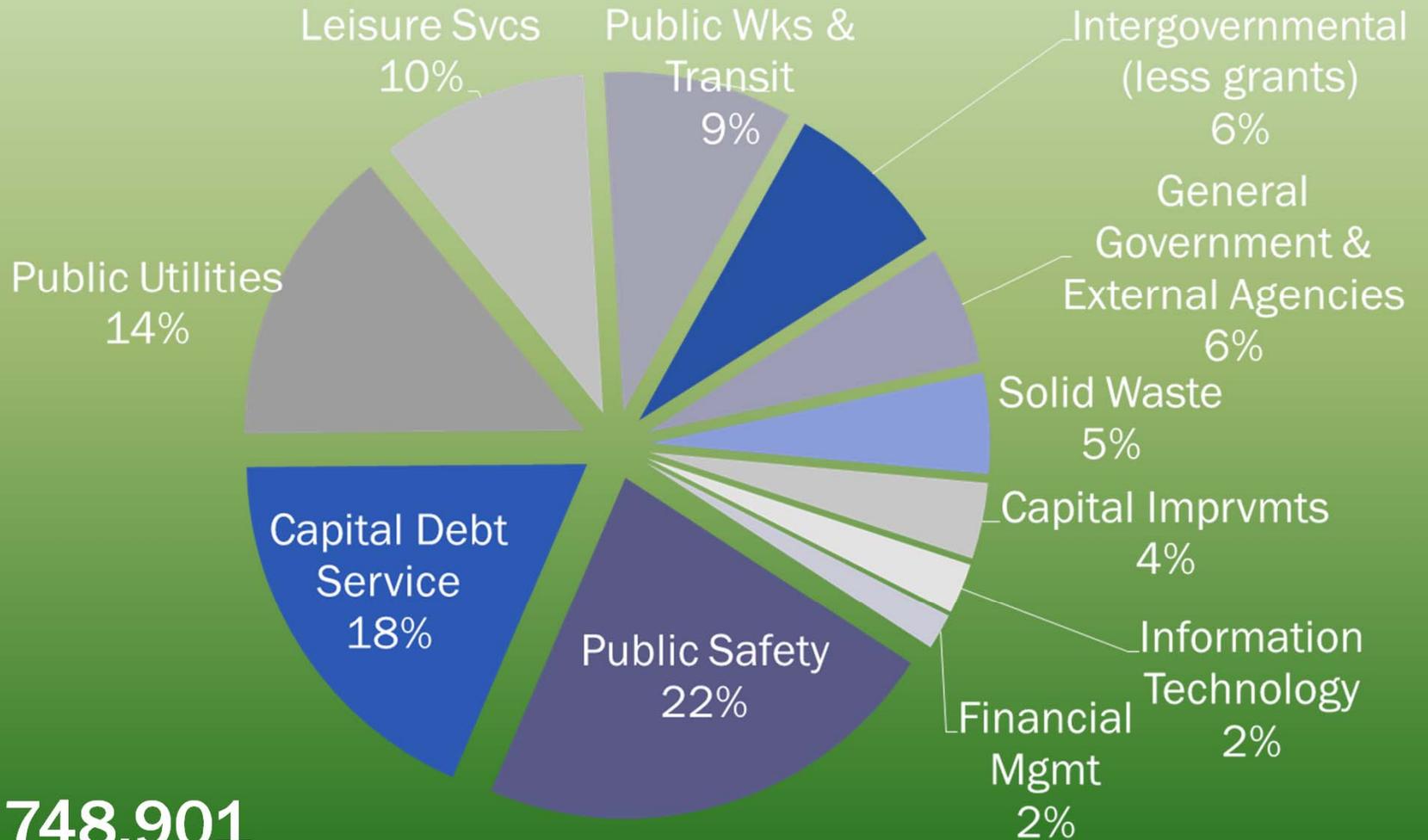
TOTAL BUDGET REVENUE SUMMARY



\$ 661,748,901

(Net of Interfund Transfers)

TOTAL BUDGET EXPENDITURE SUMMARY



\$ 661,748,901

(Net of Interfund Transfers)

NEXT STEPS

- Public Hearing on June 7th
- Council Work Sessions in June
- Adopt FY12 Budget by July 1st