

INTRODUCTION

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City Of Raleigh *North Carolina*

June 23, 2009

Mayor Charles C. Meeker
Mayor Pro Tem James P. West
Councilor Mary-Ann Baldwin
Councilor Thomas G. Crowder
Councilor Philip R. Isley
Councilor Rodger Koopman
Councilor Nancy McFarlane
Councilor Russ Stephenson

Dear Mayor and Councilors:

Presented in this document is the Adopted FY 2010 Annual Budget for the City of Raleigh, as approved by City Council on June 16, 2009. The combined capital and operating budgets for the fiscal year beginning July 1, 2009, net of interfund transfers, totals \$697,702,049.

The budget message for the FY 2010 Proposed Operating Budget that immediately follows this letter was originally presented May 19, 2009, and does not reflect adjustments made by City Council prior to formal adoption of the budget. Detailed below is a summary of changes made to the proposed budget during Council deliberations.

The City Council decreased the General Fund contribution to General Debt Service by \$1,850,000 in order to fund the expenditure adjustments summarized below:

- Increase in the arts per capita funding to \$4.50 (from the proposed budget amount of \$4.00).
- Increase in the human service agency grant funding by \$50,000.
- Appropriation of an additional \$78,000 for a total appropriation of \$100,000 for the Interfaith Food Shuttle.
- Appropriation of an additional \$82,000 for a total appropriation of \$100,000 for the Tammy Lynn Center.
- Appropriation of additional \$10,000 for a total appropriation of \$100,000 for The Healing Place.
- Appropriation of \$45,000 for a total appropriation of \$50,000 for Legal Aid of North Carolina.
- Appropriation of an additional \$75,000 for a total appropriation of \$89,000 for Community Alternatives for Supportive Abodes (CASA).
- Appropriation of \$50,000 for Triangle Lost Generation Task Force.
- Appropriation of \$20,000 for J.T. Locke Resource Center.
- Restoration of Sunday afternoon service at Sertoma Arts Center at a cost to the City of \$5,000.
- No increase in employee health plan deductibles or co-insurance limits at a cost to the City of \$925,000.

Mayor and Council
Adopted Operating Budget
June 23, 2009

- Restoration of the Accessible Raleigh Transit (ART) Tier I program at a net cost of \$320,000. Several changes to the program, as proposed by the Mayor's Committee for Persons with Disabilities, were approved. Effective July 1, 2009, the price of a \$25 book of Accessible Raleigh Transit Tier I coupons will increase from \$12 to \$15. In addition, all individuals wishing to procure coupons from downtown locations must be physically present with proper photo ID at the time of purchase.

Other Council directives discussed and approved during budget deliberations are outlined below:

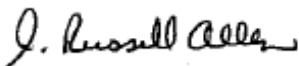
- Upper Neuse River Clean Water Initiative funded at \$1,500,000 with a \$200 increase in the water nutrient fee to \$1,222.
- The African-American Cultural Festival is funded at \$75,000 instead of the proposed amount of \$180,000. The remaining \$105,000 is to be placed in a reserve for an at-risk youth initiative.
- The Downtown Municipal Service District tax rate is .0786 cents per \$100 of value which increased the budget for the district to \$1,146,319.
- The City's third party administrator health insurance contract will be competitively bid in calendar year 2010.
- City staff will provide a water and sewer utility capacity fee report to Council in FY10.
- Worthdale Park trail and shelter will be built from savings on the water reuse system.
- Prepare a report on pay and benefits for Police, Fire and ECC employees for comparable cities.

Changes to the proposed budget via technical corrections were adopted by Council during budget work sessions. These changes are outlined below:

- Addition of \$106,250 for the Emergency Shelter Grant awarded to the Community Development Department.
- Inclusion of \$111,818 for the Hillsborough Street Municipal Service District. The tax rate of .10 cents per \$100 of value for the district was approved by resolution on July 15, 2008.
- Movement of the Police Department attorney position to the City Attorney's Office.
- Addition of \$96,000 for expansion of the Parks and Recreation Department's Before/After School program. Revenues of the same amount are included in the budget and offset the additional expense.

City Administration is prepared to implement the policies and programs contained within the City Council's 2009-10 budget work plan for the City of Raleigh.

Respectfully submitted,



J. Russell Allen
City Manager



City Of Raleigh

North Carolina

May 19, 2009

Mayor Charles C. Meeker
Mayor Pro Tem James P. West
Councilor Mary-Ann Baldwin
Councilor Thomas G. Crowder
Councilor Philip R. Isley
Councilor Rodger Koopman
Councilor Nancy McFarlane
Councilor Russ Stephenson

Dear Mayor and Councilors:

In accordance with §159-11 of the North Carolina General Statutes, the *Proposed Budget* for the City of Raleigh is hereby submitted for the fiscal year beginning July 1, 2009 and ending June 30, 2010.

Similar to the rest of the nation, the City of Raleigh is experiencing symptoms related to the global economic downturn. This reality necessitates budget reductions with significant decreases in recurring expenses and thereby affects service delivery. Despite this, Raleigh is weathering the fiscal storm and remains at the forefront when compared to other up-and-coming cities. For the third year, our city was top-ranked in terms of strong job growth (both past and projected), low business costs, and a highly educated workforce. Like other localities, Raleigh employment is forecasted to fall in 2009. Yet, unlike other cities, our municipality is projected to begin recovery in 2010 and 2011. Experts suggest that Raleigh's high-tech investment and low manufacturing base are primary rejuvenating factors for our local economy. Despite this good news, municipal revenues often significantly lag economic factors and the city budget must adjust and plan accordingly.

Our duty in government is to balance immediate fiscal realities while maintaining a vision that properly invests in the long-term promise of rejuvenation and growth. To accomplish these goals, the FY10 budget remains cost-competitive with other localities, but has not significantly reduced public safety funding or required employee lay-offs. Instead, the proposed budget includes measures to contain the city's rising health care costs and reduces the traditional level of employee compensation increases. This budget also reduces "Pay-Go" general capital funding by 57%, prompted by lower projected facility fee, Powell Bill, and sales tax revenues. Service level reductions were also necessary in order to balance the FY10 budget.

A total of 85 positions are recommended for elimination in the General Fund operating budget. Services experiencing the greatest reductions include Parks and Recreation, Inspections and Public Works. Parks and Recreation reductions translate to the elimination of 27 full-time vacant positions and reduced service hours and maintenance for community centers, parks, public pools, special events, and roadsides and greenways. The Inspections department has experienced a significant reduction in workload due to the slow economy and their budget reflects a corresponding reduction of 15 vacant positions. In addition, 7 inspectors have been temporarily redeployed to the Fire Department where their inspection activity will generate additional revenue and provide required fire safety inspections. The FY10 budget for Public Works eliminates funding for the Accessible Raleigh Transit Tier I program, delays implementation of

Year 3 of the Transit Plan to January 2010, and eliminates an asphalt and pothole patching crew and various other program positions for a total reduction of 11 positions.

I am pleased to report this budget maintains the high standards of fiscal planning, management, control and reserves expected from a AAA quality credit. This city has earned a AAA credit rating on its general obligation debt since 1973 and currently is rated Aaa by Moody's, AAA by Standard and Poor's, and AAA by Fitch, IBCA. The city's utility revenue debt is rated Aa1 by Moody's, AAA by Standard and Poor's, and AAA by Fitch. Raleigh is only one of a very few local governments whose revenue bonds are rated at such a high level. These quality ratings enhance financing opportunities and boost economic development. There is good reason to believe that we will maintain the highest ratings into the foreseeable future.

Proposed Budget for Fiscal Year 2010

The net operating and capital budget for FY 2010 is \$696,184,408 which includes a General Fund total operating budget of \$384,507,953. The following provides an overview of the major components of the proposed budget for FY 2010.

Revenues

The significant revenue components affecting this FY 2010 budget are noted below:

- An increase of 2% in property tax revenues, primarily due to the growth in the property tax base (no tax rate increase);
- The second portion of the retail water and sewer rate increase approved by Council in April 2009 is scheduled to become effective December 1, 2009. Upon implementation of the rate increase, the Public Utilities Enterprise Operation will transition all customers to monthly billing and residential customers in the Raleigh and Garner service areas to a tiered rate billing structure to promote water conservation. The rate adjustment is designed to supply a sufficient revenue stream to maintain the fiscal integrity of the Public Utilities Enterprise Operation in providing services and carrying out its reduced capital improvement program to sustain the infrastructure required for those services;
- A decrease from the FY 2009 budget of 3% in sales tax revenue, which has historically increased;
- An inspection fee revenue decrease of approximately 27%, and 59% decline in facility fees. Facility fee rate increases have provided some offset to changes in historical activity levels as construction and development have been impacted by availability of financing; and
- An increase of 10% for intergovernmental revenues. Franchise fees from utilities and telecommunications companies have increased in part due to updated allocations to the city as a result of audit work.

Expenditures

Given current economic realities, the FY 2010 Proposed Budget prioritizes funding for current operations, but also reflects numerous budget reduction strategies. In early January, the city's Budget Office developed and distributed stricter "Budget Guidelines" to all departments to ensure a standardized philosophy for general categories of expenditures (e.g., training, travel, office supplies, etc.). These guidelines generated more than \$2 million in budget reductions. In addition, we invited city employees to submit "Budget Blitz" ideas in efforts to identify other opportunities to maximize municipal efficiency.

The primary differences between the FY 2009 budget and the proposed FY 2010 budget are summarized in the following sections:

Major Cost Reductions to Existing Operations

- *Staffing*– This budget eliminates 85 vacant positions that would otherwise impact the city's General Fund budget. A complete list of these eliminations can be found in the *Position Changes* section of this proposed budget document.
- *Employee Compensation* – The proposed budget incorporates the following changes to employee compensation: 1) elimination of a 1.5% range adjustment, 2) reduction of the city's merit pay program, such that the maximum merit increase allowed within each quartile is decreased 1%; and 3) deferral of an annual review of 1/3 of the city's job classifications. Staff reductions and employment compensation modifications amount to a budget savings of approximately \$7.8 million.
- *Health Insurance* – Health insurance costs are projected to increase nearly 8% next year. To contain these costs, the proposed budget reflects the following changes to employee health insurance: 1) a 7% increase in employee dependent premiums, 2) an increase of in-network/out-of-network deductibles from \$250/\$500 to \$400/\$800; and 3) an increase of in-network/out-of-network co-insurance maximums from \$1,000/\$2,000 to \$1,500/\$3,000.
- *Other Post Employment Benefits (OPEB)* – The city will be funding approximately \$12.3 million to meet the city's Annual Required Contribution (ARC) and the Governmental Accounting Standards Board (GASB) OPEB requirement.
- *Fuel Costs* – In developing the FY 2010 proposed budget, city administration has transitioned to a fuel consumption model for budgeting fuel. Departments developed fuel consumption budgets by fuel type for their operations and the city's budget office developed standard per gallon fuel price assumptions. The per unit price was applied to department consumption targets to develop department fuel budgets. This methodology, coupled with projected decreases in fuel market pricing has enabled the city to realize a savings of approximately \$760,000.
- *City Vehicles* – The city has deferred the purchase of 47 replacement vehicles. Instead, current vehicles will be utilized an additional year and may have a higher maintenance cost as a result. While this deferral realizes a cost savings of approximately \$580,000 in FY 2010, eventually these vehicles will require replacement.
- *Travel, Training and Registrations* – Travel and training is restricted in FY 2010 to the following categories: 1) training mandated by the city, state or federal agencies, 2) training necessary for certification that is required for a position, 3) on the job safety training; and 4) participation in professional association training and travel events for which the employee holds an official position. This strategy has delivered approximately \$400,000 in cost-savings to the city.
- *Professional Services and Contractual Services* – Only those expenditures that could not be deferred to another year were included in the FY 2010 proposed budget. This standard provided a \$290,000 cost savings.

Major Reductions to Budget

- *Attorney's Office* – This budget eliminates two personnel: a Senior Staff Support Specialist and Paralegal.
- *Finance Department* – This budget eliminates a Senior Customer Service Representative.
- *Personnel Department* – This budget eliminates two positions: an Administrative Support Specialist and a Staff Analyst. This action will continue to place an extra burden on current staff to accomplish tasks associated with background audits and pre-employment screening. These positions were intended to research budget and operational issues and trends that could result in operational efficiencies and improvement.

- *Public Affairs/ Print Services* – This budget eliminates two positions: a Raleigh Television Network (RTN) Technical Production Assistant and a Print Services Administrative Assistant. The RTN position, new in FY 2009 and never filled, was requested due to the increased maintenance, repair and operational demands placed on current staff by the upgrade to digital format and the increased work load undertaken by RTN over the past four years. Removal of the Administrative Assistant position caused the division to disperse the workload among existing employees.
- *Community Services* – This budget eliminates five positions:
 - o Human Relations Manager and a Community Specialist Assistant. The duties fulfilled by these two positions will be distributed among remaining department employees.
 - o Community Services Assistant, Fair Housing Investigator, and Intake & Education Specialist within The Fair Housing program. These positions were created in FY09 with the intention to promote the city's fair housing ordinance consistent with federal Housing and Urban Development regulations.
- *Inspections* – This budget eliminates 15 positions:
 - o Building Plans Examiner Supervisor, four Senior Building Plans Examiners, a Senior Customer Service Representative, a Senior Permit Specialist, Inspections Specialist, Permit Auditor, and six Code Enforcement Inspector IIIs. Given the current economy, service levels will not be impacted.
- *Planning Department* – This budget eliminates five positions:
 - o Three Economic Development Division positions. The purpose of this division as created in FY09 was to consolidate services and coordination of economic development under one entity. The division was envisioned to have multiple roles, but was primarily charged with identifying and improving distressed areas or areas that warrant strategic intervention. The division would have worked through public and/or public partnerships and other incentives to support redevelopment.
 - o 'Urban Design Center' Graphic Designer and a 'City and Regional Planning' Planning Technician. The work achieved by these two positions will still be accomplished, but the workloads of remaining staff have increased to compensate.
- *Public Works Department* — This budget eliminates 11 positions:
 - o Asphalt crew – The elimination of this crew will delay response time to repair the utility cuts and increase the length of time for the utility cut opening.
 - o Pothole crew – The elimination of this crew will delay response time to patch potholes from 24 hours to 36-48 hours.
 - o Two Survey Technicians, an Engineering Inspector and a Transportation Analyst. Due to a decrease in workload and an increase in part-time employees, these eliminations will minimally impact service delivery.
- *Public Transit* – This budget eliminates an Accessible Raleigh Transit (ART) call taker.
- *Solid Waste Services* – As a result of newly purchased recycling trucks and single stream recycling, this budget eliminates four driver positions without negatively impacting service levels.
- *Emergency Communications* – This budget eliminates an Administrative Support Specialist which will cause additional administrative duties to be distributed among existing staff.

- *Police Department* – This budget eliminates two positions: a Payroll Administrator and Payroll Technician. Due to the implementation of the Raleigh Time and Attendance Program, the payroll workload had decreased dramatically over the past year. However, the Raleigh Police Department had planned to reclassify these positions to assist with other administrative duties and programs.
- *Convention Center* – This budget eliminates seven positions: two Accounting Technicians, an Administrative Assistant, a Service Specialist, a Personnel Technician, and two Security Guards.
- *Parks and Recreation* – This budget eliminates 27 position in the following categories:
 - o Supervisory and Program Staff (10 positions)– who are responsible for 1) planning, organizing and directing facilities and programs at community centers and parks and 2) receiving and distributing inventory. This means fewer employee training opportunities and hours of operation for participants.
 - o Maintenance and Support Staff (11 positions) – will reduce services delivered to parks, community centers and highway maintenance operations, to include painting, minor repairs, site furnishings, refuse removal and sign repairs, as well as Right of Way maintenance.
 - o Six positions converted to part-time without a service impact.

Major Additions to Budget

- *Solid Waste Services* – This budget adds a Safety Coordinator position to enhance employee safety and reduce the likelihood of injury and subsequent worker's compensation costs and claims.

Capital Improvement Program

Studies show that infrastructure development boosts an area's long-term economic wellness. In recent years we have made substantial bond funded investments in our infrastructure. The Capital Improvement Program (CIP) that spans Fiscal Years 2009-10 to 2018-19 represents a \$1.2 billion investment to address its capital needs. It reflects our response to the current national economic downturn in a significant reduction to FY10 project funding. Factors limiting revenues to support the proposed FY10 CIP include a reduction in Powell Bill funding, interest income, a significant reduction in both general fund pay-go capital and Public Utilities pay-go capital, and a projected decline in facility fee revenues.

In FY09, Council approved a tax increase that included a 1.68 cents dedication to the debt model and capital projects to support the Clarence E. Lightner Public Safety Center, continued planning and development of the Remote Operations Facilities concept, and the 2007 Parks Bond. These projects continue to be funded in this proposed FY10 CIP as long as sufficient revenue is dedicated in future years to General Fund Debt Service Model. Remaining 2005 Street Bond projects as well as future projects in FY2011 and beyond for Transportation are proposed to be funded through a bond referendum proposed for fall 2010.

Additional details for projects proposed for funding in transportation, water and sewer infrastructure, parks, stormwater, housing and general public improvements may be found by referring to the Proposed CIP document which accompanies the operating budget proposal.

Other Funds

The following funds are appropriated either through enterprises (fee collected) or through interfund transfers from other city departments.

Public Utilities

The FY 2010 budget represents conservative spending inline with the water/sewer revenue shortfall caused by the wet weather conditions, water conservation efforts and a reduction in customer growth. The implementation of an aggressive capital improvement plan with projects spread across all service areas, along with the completion of the new Dempsey E. Benton Water Treatment Plant and start-up of the Utility Field Operations Center site, is necessary to maintain the quality of service expected and to maintain a sound environmental stewardship approach to all department operations. A water and waste water rate increase will be implemented with monthly billing and tiered rates in December 2009 in order to maintain the quality of service and financial stability.

Convention Center Complex

The FY 2010 budget represents the first full year of operation of the new Convention Center. Due to declining revenues, the Convention Center and Performing Arts Center have scaled back some outdoor events, indoor performances, and capital projects in order to support their operations. The budget includes funds to continue aggressively marketing the Convention Center. A General Fund subsidy in the amount of \$1.2 million and an additional \$1 million from the Interlocal Fund are included to balance the Convention Center budget.

Parking

The FY 2010 budget reflects the continued operation and maintenance cost of the city's parking facilities and significant changes to on-street parking. Twenty new staff are included in the budget to fully transition enforcement of on-street parking to the city, offset by reductions in contract expenses. Additional funds are included for the development of a downtown business office. Also included in the budget is the expansion of the parking meter program to convert the entire area of primary and secondary retail streets in the core business district to user pay parking. This will promote the turnover of spaces for the benefit of customers and visitors as well as providing several payment options for convenience and consistency.

Transit

The FY 2010 budget represents the implementation of delayed transit services from last year as well as changes to subsidized transportation services. Year three of the Transit Plan will begin January 2010 and will result in reduced headways on Route 15 Wake Med, a new route in Southeast Raleigh, and a series of other small service changes. The ART Tier I program, which is not a federally mandated program, will be discontinued on July 1, 2009. The suspension of this program will not affect subsidized taxi service available under the federally mandated Tier II program. The Seamless Service Initiative will continue with additional funding for the regional Transit Call Center.

Stormwater

The FY 2010 Stormwater Utility budget includes two new full-time staff to maintain the current level of service and to provide additional customer service. A Project Engineer II will be added to complete work on major watershed models across the city. This position will coordinate the watershed model development and updating to assure the latest floodplain data is available. An Engineering Technician position will focus on utility billing issues and identifying the volume of customer complaints and lost revenues. Based on a review of the permit system, property owner changes, and annexations, this position will pay for itself by identifying additional revenues.

Vehicle Fleet Services

The FY 2010 budget represents the increased cost of maintaining and repairing more than 4,500 vehicles and pieces of motorized equipment. The budget includes funds to add 200 additional vehicles to the FuelMaster fuel management system. This system allows VFS to produce reliable data on fuel usage by eliminating operator errors in recording equipment mileage and instead using technology to electronically read the vehicle or equipment's information. VFS continues to lead the city as Raleigh seeks ways to save fuel, such as selecting fuel efficient vehicles, down sizing when possible, purchasing alternative fuel vehicles and keeping the city's equipment properly serviced.

The Future

Given economic realities, the FY 2010 budget reduces recurring expenses, which unavoidably impacts service delivery. Yet, the budget remains cost-competitive with other jurisdictions state-wide. Simultaneously, this proposal excludes major reductions to public safety funding and avoids employee lay-offs. While our city has reduced its General Fund Capital Improvement Program, Raleigh is successfully maintaining credit strength and financial integrity. Ultimately, this proposal navigates the difficult fiscal decisions necessary to support current operations while planning for infrastructure management and population growth. FY 2011 will also prove to be a difficult budget year. Yet, Raleigh will weather these challenging times as a result of our city's fundamentally strong economy, history of fiscal prudence and conservative FY10 budgeting efforts.

City administration and staff will continue to monitor those factors relevant to Raleigh's financial wellness, including: North Carolina legislative actions, property and sales tax receipts, FY 2010 fund balance requirements, and service delivery impacts as a result of city-wide employee reductions.

We look forward to assisting your review and discussion of budget proposals for FY 2010 and future fiscal years.

Respectfully submitted,



J. Russell Allen
City Manager

Introduction

Key Financial Documents

The budget document is the annual financial plan for city operations for the period covering one fiscal year. The City of Raleigh's fiscal year begins on July 1 and ends on June 30. This plan describes the sources of revenues and how the funds will be spent during the year. The annual operating budget, the Capital Improvement Program (CIP) and the Comprehensive Annual Financial Report (CAFR) are the key documents which describe the city's financial plans and financial status each year.

The annual budget shows the funding plan for how the city's dollars are to be spent in the coming year. The CAFR provides a review and assessment of the year-end fiscal condition of the city overall, including the status of fund balance in all fund types.

Organizational Structure

The operations of the city are grouped into different funds. Within each fund are one or more departments; with a department being an organizational unit which provides a major type of public service, such as the Police Department or Public Utilities Department.

City departments are frequently comprised of one or more divisions (i.e., the Utilities Construction Division of the Public Utilities Department). Divisions may be comprised of one or more programs, which are smaller functional units responsible for performing specific activities (i.e., the Maintenance Program within the Water Plant Division of the Public Utilities Department).

Account codes, also known as line items, provide the most detail within the budget. These are the most basic units in the budget and make it possible to determine, for example, how much is spent on chemicals for the operation of the water plant.

The city's budget preparation involves detailed budget planning and review at the program line item level.

Interfund Transfers

Interfund transfers, also known as interfund appropriations, involve the budgeting of money

from one fund to another in order to support the functions to be carried out by the receiving fund.

When reviewing the budget, it is more accurate to use a figure which excludes appropriations to other funds. This prevents counting the transfer amounts twice — once in the sending fund and once in the receiving fund.

Most of the fund summary tables in the front of this document reflect both total appropriations as well as appropriations net of (or excluding) transfers. The departmental summary pages in this budget document reflect total appropriations only.

General Statute Requirements

In accordance with the North Carolina General Statutes, the city is required to budget and account for its funds on the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become available. Expenditures are recognized in the accounting period in which the goods and services are received (except for unmatured interest on general long-term debt, which is recognized when due). The city's accounting records for general governmental operations are reported on the modified accrual basis. The city's enterprise, internal service and pension trust operations are reported on the accrual basis.

The General Statutes also provide for balanced project ordinances for the life of projects, including both capital and grant activities, which are expected to extend beyond the end of the fiscal year. The budgeted appropriations for capital projects do not lapse until the completion of the project, while appropriations for funds that adopt annual budgets lapse at the end of the fiscal year.

Budget Preparation & Process

The budget preparation process begins in October with a workshop on budget preparation and the distribution of the budget manual. The workshop outlines the requirements of the budget process and specific areas of emphasis for the upcoming budget.

In November and December, city departments prepare their operating budget requests for the next fiscal year. Departments are encouraged to

conduct a thorough review and evaluation of their organizational structure and current and proposed programs. Departmental operating budgets are submitted in late-December.

A pre-budget hearing is held in January to allow the public an opportunity to give input on the upcoming budget. During January and February, budget staff review and analyze the operating budget requests with each department.

Once the budget staff review is finalized, executive work budgets are prepared for the City Manager's review. From January to mid-April, the City Manager reviews the departmental requests. The City Manager then prepares a proposed capital improvement budget, and an annual operating budget for City Council consideration.

The North Carolina Local Government Budget and Fiscal Control Act requires each local government to operate under an annual balanced budget ordinance.

In May, the City Manager presents the proposed budget to the City Council. A public presentation is made before the City Council, staff, members of the press, and interested citizens. As required by the Budget and Fiscal Control Act, a copy of the Proposed Budget is filed with the City Clerk and made available for public inspection. Through June 30th, the City Council meets to review and discuss the Proposed Budget.

In accordance with the Budget and Fiscal Control Act, the City Council holds a public hearing on the Proposed Budget prior to the adoption of the budget ordinance, generally in the evening on the first Tuesday in June. On or prior to July 1, the City Council adopts the five-year Capital Improvement Plan, the final budget ordinance with balanced revenues and expenditures, and sets the tax rate for the next fiscal year.

Implementation

During the month of July, budget staff prepares and distributes the Adopted Budget document, which incorporates all of the changes approved by the City Council. During the month of July, the City Manager provides information to departments setting time schedules and priorities for the purchase of equipment and the implementation of new programs or initiatives.

CIP Overview

The annual budget adopted each year by the City Council is comprised of two elements, an operating and a capital budget. This document incorporates both the operating and capital budgets for the upcoming fiscal year.

A separate Capital Improvement Program (CIP) document is prepared each year, which contains the expenditures and revenues planned for the upcoming ten-year period. The first year of the ten years covered by the CIP is the basis for the capital budget component of the annual budget.

The CIP is a ten-year plan for matching the City's needs for new public facilities with a funding plan sufficient to meet those needs. Implementation of the CIP is dependent upon the actual appropriation of funds through the adopted budget ordinance since no funds are actually appropriated through the CIP.

Projects which are included in the CIP are generally defined as physical assets with a useful life of at least ten years and an initial cost of at least \$25,000. This excludes vehicles and heavy equipment, with the exception of additional equipment associated with construction of a new building. Examples of capital projects include such items as new roads, park land acquisition and development, and waste treatment plant improvements.

The ten-year Capital Improvement Program is updated each year with projects being altered, added and deleted. To begin the review process, departments are provided with instructions in October on how to prepare their CIP requests. These requests are submitted to the City Manager's Office in December. The requests are then reviewed and adjusted as appropriate. The City Manager's proposals are then included in the Recommended CIP which is presented to the City Council in May.

After all modifications are made by the City Council, the CIP is adopted by formal resolution and the Adopted CIP document is prepared and distributed. The first year of the CIP then becomes the basis for the capital budget component of the annual budget for the upcoming fiscal year.

Amending the Budget

Throughout any fiscal year, adjustments to the original budget ordinance may become necessary to carry out planned programs and for new Council initiatives. Two types of changes

can occur — budget amendments and budget transfers. Such changes are required at the line-item level of the budget underlying the budget ordinance.

A budget amendment is used to request an increase or decrease in a fund's revenue and expenditure appropriations. An amendment request form must be used which describes the purpose of the amendment, a justification for the increase or decrease, the revenue and expenditure accounts involved, and the amount of the change.

A budget transfer is used to request a change in line-item appropriations within a particular fund without changing the fund total. A request for transfer form must be used which explains the transfer, identifies the accounts involved, and specifies the amount of the transfer.

Each amendment and transfer request is reviewed and signed by the City's Finance Director or authorized representative.

Department heads may approve transfers up to \$10,000. Transfer requests between \$10,000 and \$50,000 are approved by the City Manager. A list of these administratively approved transfers is provided to the City Council at each scheduled City Council meeting and is recorded in the minutes.

All budget amendments and transfers over \$50,000 which are approved by the City Manager are then submitted to the City Council for approval. The City Council also approves any request for transfer that is between funds or affects budgeted revenues.

Capital project contract change orders generally require budget amendments or transfers of funds. Such requests are initiated on contract change order forms or on special capital project budgetary action forms and must go through an administrative approval process very similar to that stated above.

Budget Guide

The City's budget is comprised of many different funds. Some funds are enterprise funds, some are capital funds but the most notable fund in the City of Raleigh's budget is the General Fund. The General Fund includes operating funds for the majority of city departments including, for example, Police, Fire, Solid Waste Services, Parks and Recreation, Emergency Communications, and most of Public Works.

Details regarding department budgets are presented in the City's budget document. Department information includes accomplishments, budget highlights, and goals and objectives. Also included is the budget detail. An example of the budget detail is included with descriptions below to help readers gain a better understanding of how it is set up.

Budget Detail		All columns represent expenditures as adopted by Council.				
		ADOPTED BUDGET 2005-06	ADOPTED BUDGET 2006-07	ADOPTED BUDGET 2007-08	ADOPTED BUDGET 2008-09	CHANGE 2007-08 TO 2008-09
EMPLOYEES	Includes any changes to the number of employees in a particular fiscal year.	41	41	45	45	0
DIRECT EXPENDITURES BY DIVISION						
Administration		\$ 1,099,735			\$ 4,363,593	18.2%
Current Planning Services		1,107,218			-	
Econ & Development Planning		1,021,247			-	
TOTAL		\$ 3,228,200			\$ 4,363,593	18.2%
DIRECT EXPENDITURES BY TYPE						
Personal Services		\$ 2,274,580	\$ 2,317,908	\$ 2,545,258	\$ 2,680,873	5.3%
Employee Benefits		506,940			644,516	5.8%
Operating Expenditures		444,728			1,019,704	90.1%
Special Programs and Projects					18,500	
Capital Equipment - New		2,000			-	
TOTAL		\$ 3,228,248			\$ 4,363,593	

***Account Types Include the Following:**

- Personal Services** – includes all salary accounts such as part-time, full-time, etc.
- Employee Benefits** – includes all benefit accounts such as social security, health insurance, etc.
- Operating Expenditures** – includes accounts needed for departmental operating needs such as office supplies, operational and maintenance supplies, computer lease, pest control services, professional services, organizational and development training, etc.
- Special Programs and Projects** – includes accounts used in unique situations when the full cost of the program or project needs to be segregated. Examples include appropriations for boards and commissions, agency appropriations, etc.
- Capital Equipment (New)** – includes accounts used to purchase new capital equipment at a unit cost of \$5,000 or more.
- Capital Equipment (Replacement)** – includes accounts to replace capital equipment which has a unit cost of \$5,000 or more.
- Interfund Transfers** – includes accounts used for transferring funds from one fund to another.

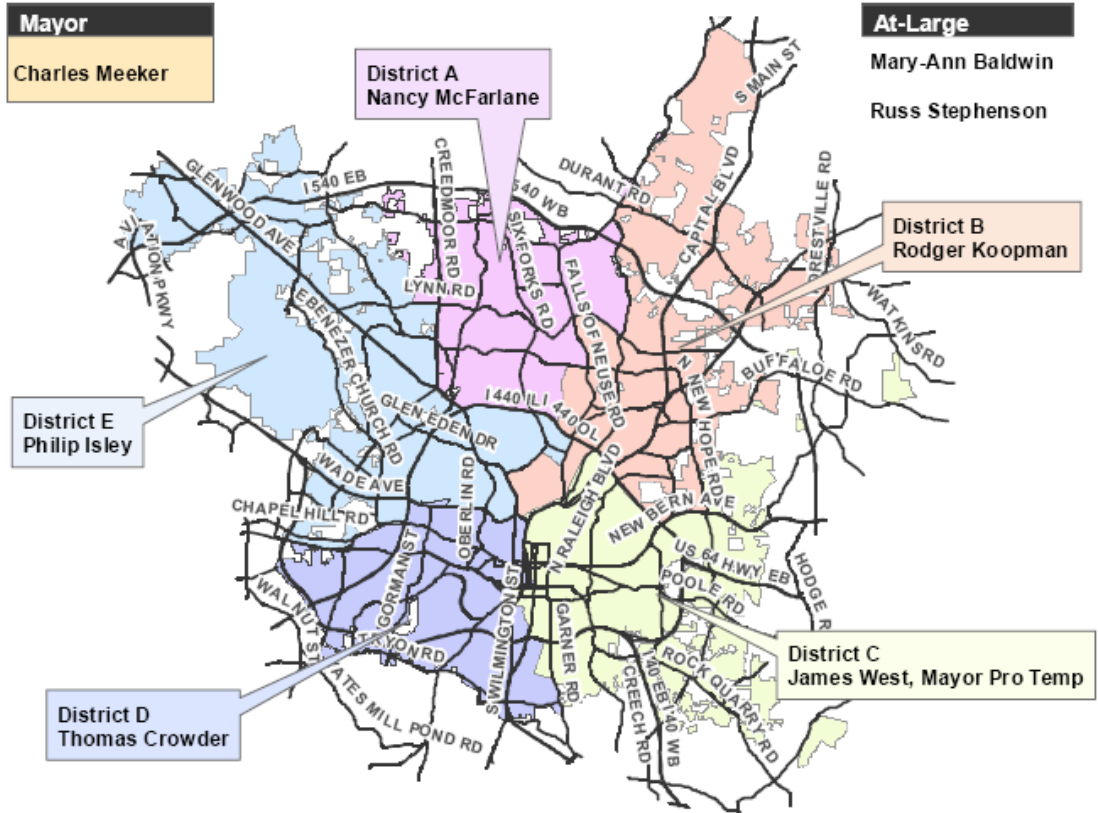
Raleigh City Council 2007-2009



Clockwise from bottom right:

Mayor Charles Meeker,
 Mary-Ann Baldwin,
 Nancy McFarlane,
 Mayor Pro-Tem
 James West,
 Russ Stephenson,
 Thomas Crowder,
 Philip Isley, and
 Rodger Koopman

Find Your City Councilor



City of Raleigh Mission Statement

“We are a 21st Century City of Innovation focusing on environmental, cultural, and economic sustainability.

We conserve and protect our environmental resources through best practices and cutting edge conservation and stewardship, land use, infrastructure, and building technologies.

We welcome growth and diversity through policies and programs that will protect, preserve and enhance Raleigh's existing neighborhoods, natural amenities, rich history, and cultural and human resources for future generations.

We lead to develop an improved neighborhood quality of life and standard of living for all our citizens.

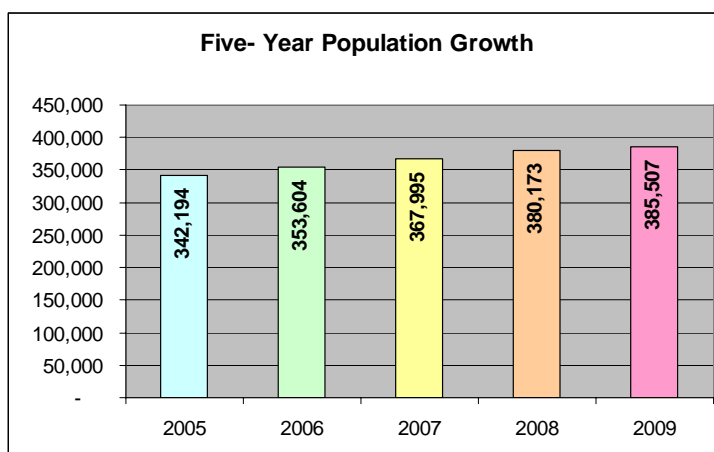
We work with our universities, colleges, citizens and regional partners to promote emerging technologies, create new job opportunities and cultivate local businesses and entrepreneurs.

We recruit and train a 21st Century staff with the knowledge and skill sets to carry out this mission, through transparent civic engagement and providing the very best customer service to our current citizens in the most efficient and cost-effective manner.”

Profile of City of Raleigh

Raleigh is situated in the heart of the state's Piedmont region, centered between the sandy Atlantic beaches and the Great Smoky Mountains. The city is both the county seat of Wake County and the capital of North Carolina; it covers an area of more than 141 square miles and has an estimated population of 385,507. Together with Chapel Hill and Durham, Raleigh forms the Research Triangle Park, which was founded in 1959 as a model for research, innovation, and economic development and is now the largest research park in the nation. The city is located in a metropolitan area consisting of Wake, Durham, Orange, Franklin, Chatham and Johnston counties. The population for this area is estimated to be 1.6 million.

The city was named for Sir Walter Raleigh, who was granted a charter by Queen Elizabeth I in 1584 for land that is now North Carolina. In November 1776, North Carolina representatives gathered in Halifax to write its first state constitution. Raleigh's site was originally chosen as the location of North Carolina's state capital in 1788, and it was officially established in 1792 as both the new county seat and the new state capital. It is among the few cities in the United States that was planned and built specifically to serve as a state capital and its original boundaries were formed by North, East, West and South streets. The North Carolina General Assembly first met in Raleigh in December 1794, and within one month, the legislators officially granted the city a charter, with a board of seven appointed commissioners (elected by the city after 1803) and an "Intendant of Police" (which would eventually become the office of Mayor) to govern it.



The city has utilized a council-manager form of government since 1947. The Mayor and two Council members are elected at-large, and the remaining five Council members are elected from five districts within the city. The Mayor and Council members serve two-year terms and all have an equal vote. The City Council sets policies, enacts ordinances and appoints the City Manager. The City Manager administers the daily operations and programs of the city through the department heads, other staff members and employees.

The city provides a full range of governmental services, including police and fire protection, street construction and maintenance, a comprehensive solid waste program, water and sanitary sewer services, and parks, recreation and cultural services. Extended planning on the city's infrastructure needs occurs on an ongoing basis.

The city is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council. The annual budget serves as the foundation of the city's financial planning and control. The City Council is required to hold public hearings on the proposed budget and to adopt a final annual budget no later than July 1. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads or the City Manager may make transfers of appropriations within a fund up to \$50,000. Transfers greater than \$50,000 and transfers of appropriations among funds require approval of the City Council.

City of Raleigh Statistics

Function	Fiscal Year				
	2004	2005	2006	2007	2008
Raleigh Property Tax Rate	0.385	0.395	0.395	0.435	0.435
Wake Co Property Tax Rate	0.604	0.604	0.604	0.634	0.678
Population	328,880	342,194	353,604	367,995	380,173
School Enrollment	112,158	117,986	120,381	124,474	133,228
Unemployment Rate	4	4.3	3.5	3.9	4.8
Public Safety					
Police stations	7	7	7	7	7
Fire stations	26	26	27	27	27
Highways and streets					
Streets (miles)	1,118	1,161	1,194	1,235	1,274
Streetlights	30,628	31,976	32,737	33,600	33,955
Signalized intersections	489	493	496	510	520
Leisure services					
Number of major parks	70	71	72	72	72
Parks acreage	8,010	8,010	8,672	8,818	8,893
Aquatic facilities	8	8	8	8	8
Community centers (staffed and unstaffed)	32	32	34	33	33
Water					
Water mains (miles)	1,380	1,415	2,050	2,050	2,106
Sewers					
Sanitary sewers (miles)	1,468	1,501	2,000	2,000	2,072

Note: No capital asset indicators are available for the general government function.

Source: CAFR for Fiscal Year ending June 30, 2008

City of Raleigh Organization Chart

