BUDGET WORK SESSION

The City Council of the City of Raleigh met in Budget Work Session on Monday, June 6, 2016, at 4:00 p.m. in the City Council Chamber of the Raleigh Municipal Building, Avery C. Upchurch Government Complex, 222 West Hargett Street, Raleigh, North Carolina, with the following present.

Mayor Nancy McFarlane, Presiding
Mayor Pro Tem Kay C. Crowder
Councilor Mary-Ann Baldwin
Councilor Corey D. Branch
Councilor David N. Cox
Councilor Bonner Gaylord
Councilor Russ Stephenson
Councilor Dickie Thompson

Mayor McFarlane called the meeting to order at 4:07 p.m.

City Manager Ruffin Hall reminded the Council members that the work session is their part of the budget development process. He thanked City staff for working hard to put together the information and noted many staff members were present and available to answer questions. He suggested reviewing each of the nine budget notes individually; he will make general comments and the rest is self-explanatory. The budget notes are in response to Council questions throughout the year. They are not staff recommendations; they are merely offered as options and ideas, with pros and cons, for Council consideration.

Mayor McFarlane stated the City Council was not voting on any of these today; they are for information only. Since Ms. Baldwin must leave early, Percent for Art Funding would be discussed first.

PROPOSED FY17 BUDGET – INFORMATION RECEIVED

Budget Note #8 – Percent for Art Funding

City Manager Hall stated since 2009, the City of Raleigh has had a Half Percent for Art Program (HPA), which allocates one-half percent of the construction costs of eligible projects to public art. The program is administered by the Raleigh Arts Commission and City staff. Councilor Baldwin had requested information about a potential increase to one percent. Budget Note #8 describes how the increase could be applied to the City's five-year Capital Improvement Program (CIP) and includes the cost implications of the increase. In February 2016, City Council approved the Raleigh Arts Plan, which includes many arts and cultural programming goals. One specific recommendation in the Plan is to increase the one-half percent allocation to one percent. Should the Council choose to increase the public art allocation from one-half percent to one percent, staff proposes applying the full one percent to new projects included in the Proposed Five-Year CIP and not try to retrofit current projects. All previously approved projects would be continued using the existing one-half percent allocation. This allows for a more gradual funding

transition and requires no formal Council action to change the Proposed Budget. The Proposed FY 2017 – FY 2021 CIP includes three new eligible projects, including the consolidated civic campus, police training center, and Fire Station #1 and Fire administrative space. At one-half percent, staff estimates providing $850,000 for public art. The recommended approach would double the public art allocation for these projects to $1.7M. Because the three projects are not yet in design, staff does not propose adjusting the estimated budgets in the Proposed CIP at this time. However, future Proposed CIPs may recommend budget adjustments.

Staff also provided a 2014 Parks Bond alternative, *i.e.*, to apply the full one percent to planned projects in the 2014 Parks bond package. Ten projects are art-eligible. Staff has not finalized all construction estimates, but estimated roughly $175,000 for public art at one-half percent. A full percent would double the amount to roughly $350,000. Details for the 10 projects were included in the budget note. The City Manager said if the Council wishes to apply the increase to the Parks bond projects, staff recommends reallocating $175,000 from other projects within the $91.775M bond package. This would require scope reductions to other approved projects. The change would also leave less flexibility to respond to higher construction bid prices and inflationary factors.

Mr. Thompson verified with the City Manager that the eligible projects are public projects. City Manager Hall said that in addition to being City projects, most of them are building projects. Interim Budget and Management Services (BMS) Director Ben Canada added they are facilities with public access. The money is applied to building projects, but not building maintenance.

Budget Note #1 – Early Voting

City Manager Hall stated in October 2015, a Council member requested a budget note to provide information on the cost of early voting for municipal elections. The Wake County Board of Elections office located at 337 South Salisbury Street is always provided as an early voting site, while additional early voting locations are funded at the discretion of municipalities. Historically, the City of Raleigh has not chosen to fund additional early voting sites for municipal elections. The cost associated with adding early voting locations depends on several factors, including numbers of days offered, hours offered, staffing, and location. The budget note contained the estimated fixed cost total ($2,130.18) and hourly cost total ($115.74 for site staff wages including staffing agency fees) for each additional early voting site, as well as the statutory requirements and guidelines for early voting dates and times.

Mayor McFarlane commented that with this being a presidential election year, the City will not know until closer to the election date how many early voting sites Wake County will open. Interim Budget and Management Services (BMS) Director Ben Canada responded staff does not know yet, but will keep checking the Board of Elections Web site. He estimates there will be at least half a dozen around the County, perhaps six to eight. Councilor Crowder said while the City wants citizens to have as much access to polling stations as possible, at $9,000 per site the Council will need to limit how many it is willing to fund. The Mayor suggested as Council reaches the point where Wake County decides on the number of early voting sites, Council will determine how many it may want or need.

Mr. Branch asked if this pertains to our election or any election, and Ms. Baldwin responded just the November election. Mr. Stephenson asked about the deadline for asking Wake County for additional early voting sites. Interim BMS Director Canada told him staff will follow up with the Board of Elections and ask when it plans t0 set its schedule for the November election. Mr. Stephenson remarked that the money for extra early voting sites would come from Council Contingency or some other source if it is not included in the budget. City Manager Hall replied there are two separate sets of decision points. One is whether the Council wants to reserve funds in this budget for this activity. The other relates to using those funds relative to the conversation with the Board of Elections.

Ms. Baldwin asked what the options are for Council to reserve funds in the budget for extra early voting sites, and if Council Contingency is the only option. Mayor McFarlane replied Council would have to look at monies for everything it is going to fund, including all outside agencies. The Mayor and Ms. Crowder commented there is not a lot of funding there. The City Manager suggested the Council consider all the other budget notes and decide how much money to set aside. Mr. Stephenson proposed asking Board of Elections staff if they an inkling as to whether they will have the same sites as for the previous presidential election.

Recreation Superintendent Ken Hisler stated he is working with the Board of Elections now regarding all the sites they use in the City of Raleigh, at least the community centers; he cannot speak on the fire stations. The budget note speaks to early voting for municipal elections. The Council can request additional sites in the City for early voting for municipal elections. The budget note speaks to what that cost would be for the City to staff those voting sites. The Board of Elections is looking at early voting sites for the presidential election, although he does not know the exact sites. During the last election, which was not a presidential election, the Board of Elections used Lake Lynn and Chavis Community Center, which are typically always used for early voting sites. He predicts that Optimist Park and at least one other site would be used for early voting for the presidential election. He is already working on early voting site assessments with Laura Nelson of the Board of Elections, who works on early voting sites. Superintendent Hisler said there are 14 sites for the Congressional election tomorrow.

Mr. Branch asked if it would be safe to say that for a general election, the cost for each early voting site would be less than $9,000. Superintendent Hisler said it is his understanding that the City of Raleigh does not pay the Board of Elections because that is not a City of Raleigh election site. The City only pays for what it requests.

Ms. Baldwin asked when the City might receive an answer from the Board of Elections, and Superintendent Hisler responded it is his understanding the Board will make its decisions in July. The Board of Elections usually wants the largest spaces for voting and they try to let him know as soon as possible so he can adjust the programs that would normally be taking place at that site. Ms. Baldwin asked if Pullen Park has been mentioned. Superintendent Hisler responded the Pullen Community Center was used for the last election and it was popular. The Board actually went past its usual operating hours and stayed open until 11:00 p.m. He heard the Board has used the Talley Student Center. The Pullen Arts Center was used in years past, but given the limitations in terms of access to that building, another building must be considered. Mr. Thompson asked how long the Board uses the election sites. Superintendent Hisler

explained elections staff usually sets up a three- to four-day period in advance of the election and drops off a POD that they use to set up the site. They try to come in the day before and set up everything inside. They try to break down as best as possible before they leave that night so City staff can get back to business the next day. In the past, they have offered to pay overtime expenses for carpet cleaning, etc. if necessary.

Budget Note #2 – Targeted Infrastructure

City Manager Hall stated that during the FY16 budget process, City Council considered funding a new targeted infrastructure program to boost City development efforts. Council chose not to fund the program in FY16, but asked that staff further explore policies and alternatives to consider, which are contained in this budget note. Since the evolution of the economic development area, staff brought forth to Council the Economic Development Toolkit, which includes the Building Upfit Grant, the Façade Grant, and other programs which better refine some of those particular ideas. Staff needed to respond to Council's question from last year's budget sessions regarding targeted infrastructure programs, and have somewhat done that through other items in the toolkit. Staff can continue refining the concept document about how to target economic development infrastructure investment. The toolkit is also working on several other items simultaneously. There is no funding recommended in the City Manager's Proposed Budget for this particular program, in part because it is still being refined. One option the Council could consider is to take these criteria and concepts and leave them for a while to see if something evolves that the City would want to use the criteria for. Most of the infrastructure investments that this contemplates would be significant dollars. While the criteria and policy work are good, staff does not have a funding strategy for it yet and needs to bring this back to the Council.

Budget Note #3 – Utility Bill Assistance

City Manager Hall stated this item comes from the second budget work session before he presented the Proposed Budget. This program in the Proposed General Fund budget allocates $200,000 to aid economically distressed utility customers. The program would commence during the second quarter of FY17. During the March 15 budget work session, Councilors Baldwin and Thompson requested a budget note outlining participant eligibility criteria. They also asked staff to further evaluate customer contribution options for the proposed utility bill assistance program. The budget note includes the eligibility criteria and a general description of how it would work with the Wake County Human Services program for other energy programs (LIEAP – Low Income Energy Assistance Program). Council had also asked for information regarding round-up programs (rounding up to the next dollar) and what kind of money that would generate as well as a voluntary donation program. Those programs are also described in the budget note. Staff can do additional work on those two funding sources. There is $200,000 budgeted for FY17. The City Manager suggested seeing how that works this year, *i.e.*, see if it is in high demand, see if additional revenue is needed, and see if adjustments to the program are needed.

Ms. Crowder said this sounds like an excellent program that the City should embark on, but she did not see anything relating to short-term citizens' needs like a family medical emergency that

requires them to outsource their money and leaves them in a gap situation. Public Utilities (PU) Director Robert Massengill explained that as staff developed the bill assistance program, they knew it would not be everything to everybody and that there would be chronic and acute needs. Over the last year, they modified the Public Utilities loan payment program so those with a one-time hardship can spread out payments over a long period of time.

Mr. Thompson asked if the City requires deposits from new customers for public utility service. PU Director Massengill responded affirmatively. All new customers who have no credit history or a negative credit history with the department must pay a deposit of $50.00 when they initiate their service. If they maintain a positive payment history with the department for 12 months, they get their deposit back.

Mr. Branch asked how the community will be notified or made aware of these programs. PU Director Massengill replied it will be on the City's Web site, bill inserts, and the call takers at the call center.

City Manager Hall said staff will proceed with implementation and will notify Council of the public launch. Mr. Branch suggested working with the City's Communications Director about the best way to put the information on the City's Web site. The City Manager assured him it will be promoted broadly as part of the communication strategy.

Budget Note #4 – Youth Fare Transit Proposal

City Manager Hall stated that at the March 21 work session, Ms. Crowder requested a budget note regarding the impacts and opportunities associated with expanding free youth fares on all GoRaleigh transit services to include those between the ages of 13 and 18. GoRaleigh currently provides free fares for children 12 years and younger, as well as a reduced fare for youths between 13 and 18 years of age. Converting the 13- to 18-year-old reduced fare option to a free fare would result in a loss of revenue totaling $150,000 the first year. Depending on the results of the likely November transit referendum, with additional bus service that loss of revenue number could grow. There are many benefits associated with young people riding GoRaleigh buses and having as many connections with the Wake County Public School System as possible. Three alternatives were offered in Budget Note #4 to offset the revenue loss: (1) increase the General Fund subsidy to the Transit Fund by an additional $150,000; (2) reduce services hours for lower performing routes; and (3) direct staff to reduce operating expenditures in the Transit Fund to cover the loss of revenue for FY17 and build the change into future budgets.

Mayor McFarlane asked if there is any opportunity about participation from the County if the November transit referendum passes. City Manager Hall said the City could certainly ask. He thinks one of the comments after the referendum would be that the 1/2 cent tax for revenue to support transit will generate a significant increase in revenue. All counties and municipalities that contribute to transit will be putting that into the "transit bucket."

Ms. Crowder said while she realizes it is a $150,000 loss in revenue that could increase in the future, there are so many multiple benefits to educating young people about transportation

alternatives to cars and other vehicles, and educating them as to why bus transit would work for them in the future.

Mr. Branch said he was a member of the Raleigh Transit Authority (RTA) when the members debated 18-and-under and 12-and-under. They chose to recommend 12-and-under because they couldn't figure out the financial element. The RTA does not control funding; Council does, and he thinks 18-and-under would best serve the community. It would help to partner with Wake County and the Wake County Public School System. It would also benefit school children and might save the school system money in the long run.

Ms. Baldwin commented if the Council implements 18-and-under now, the City loses the opportunity for funding from the Wake County transit tax. She suggested it might be best to wait one year before implementing this so everything can be pulled from the "transit bucket" money instead of City money. One the City spends that $150,000 the City owns it and it will not come back to the City from the 1/2 cent sales tax increase.

MS. BALDWIN DEPARTED THE MEETING AT 4:34 P.M.

Budget Note #5 – Other Outside Agency Funding – Advance Community Health

City Manager Hall explained Budget Note #5 provides the funding history for Advance Community Health (ACH) and includes their application for so Council would know their intent for what they would do with the money. ACH has received several different contributions from the City over the years, which are included in the budget note ($118,500 since FY07). In March 2016, the Council award the agency $50,000 to support its capital campaign to building a new medical facility in Southeast Raleigh, bringing the total amount of funding allocated to ACH from the City of Raleigh over the last 10 years to $168,500.

Mayor McFarlane pointed out the amount ACH is requesting on page 19 is listed as "Operating Expenses – Other." She asked if there are any other details, and the City Manager replied there are not. Mr. Branch stated he has had a conversation with ACH and there is some leeway for the City to work with ACH to reduce that number.

Budget Note #6 – Other Outside Agency Funding – Triangle Family Services

In response to Ms. Crowder's request, Budget Note #6 provides funding history and FY17 proposed budget information for Triangle Family Services. Since FY03, the agency has received a total of $195,000 in human service grant funding. This year the agency requested $50,000 through two separate processes. There are four categories for Other Outside Agency Funding: arts, human relations, community development, and other. Triangle Family Services received $35,000 in human service grant funding, which is part of the Proposed Budget. They also requested $50,000 through the "other" category. It is to support the agency's Consumer Credit Services Division, which provides in-depth financial stability services and education programs to financially fragile individuals and/or families. Further detail was contained in the budget note.

Ms. Crowder asked if the $50,000 is a one-time request, because it appears on the application that it is a recurring expense. The City Manager replied it is a recurring expense that he believes goes to support salaries.

A representative from Triangle Family Services who was in the audience explained that the request can be for one time and then they can make additional requests to outside funders for additional dollars for credit counseling and CRA credit from banks. It will be a salary for a staff person. The current request submitted to the City is recurring.

Budget Note #7 – Falls of Neuse Area Plan

Before discussing Budget Note #7, City Manager Hall acknowledged one process adjustment. In the past, Council requested budget notes during Council meetings. The first six budget notes fall into that category. Following the last Council meeting, he received additional requests for budget notes, and they were added to this packet. He suggested that at some point, Council members might have a discussion as to whether they are comfortable with that. Staff has been trying to make an effort to expedite getting information to the first budget work session. Going forward, Council may want to keep its tradition of asking for budget notes during a group session so everyone has a similar understanding. The goal is to keep things moving.

City Manager Hall stated that even though staff did not specifically prioritize the Falls of Neuse Area Plan as part of the recommended budget, they do believe there is value to a plan for that area. Staff suggests the plan be prepared by a third-party consultant at an estimated cost of $100,000 and Budget Note #7 included a draft scope of work prepared by staff. Staff provided several funding options for the project in the budget note: (1) reallocate funding from a CIP project; (2) appropriate Transportation Capital Fund balance; and (3) Council Contingency. The City Manager said that in the past, Council has identified small area plans as part of the budget process. While that may not be a systemic way to do things, it gives staff an indication of prioritization from the Council. Last year, Council added Avent Ferry and the year before that, Cameron Village, so there is precedent for adding a small area plan through the budget notes process.

Mr. Cox noted there are six tasks defined for this in the proposed scope of work:

Task 1	Kick-Off Meeting	$ 10,000
Task 2	Market Analysis	$ 30,000
Task 3	Transportation Analysis	$ 30,000
Task 4	Land Use Analysis	$ 5,000
Task 5	Community Workshop	$ 10,000
Task 6	Draft and Final Report	$ 15,000
		$100,000

He wondered if $100,000 is too much money. He asked if there was any way to reduce the amounts for tasks 2 and 3, perhaps by doing the work in-house, and if a consultant was needed for all six tasks. Planning Director Ken Bowers explained that to a large extent, the budget for any project is based on the amount of depth and detail into which you wish to go. This is a rough

estimate of what staff thought is the level of detail that is contemplated. If staff decides transportation issues are not the focus, it would be easy to reduce that task (Task 3). Market analysis (Task 2) could not credibly be done in-house because typically you need someone to do it who regularly performs those analyses. Staff could look at reducing the cost somewhat, but it has to be at a budget level commensurate with someone actually interested in bidding on the job. Staff might be able to reduce the overall budget for the project 25% at best.

Budget Note #9 – Falls Whitewater Park

City Manager Hall said this item was brought forth as a question from a Council member. There has been a lot of discussion of this project over the years. Attached to the budget note was the July 2014 memorandum describing the full background of the project. Staff is working on the environmental assessment right now and are continuing to work with interested stakeholders on their efforts for fundraising. The estimated cost of Falls Whitewater Park is $3.6M as updated two years ago based on an engineering analysis. There is still a lot of work to be done before reaching the point of a viable project. The main question is whether this project is a priority for the Council. He reminded the Council there is a $91.775M bond approved in 2014. As a part of that effort, there were quite a few projects and investments that were identified as part of public participation that did not make the list. Most funding options for this park involve some kind of trade-off or use of reserves in the Parks capital program and all have consequences.

Looking at the rendering of the park on the last page of the budget note, Mr. Cox said he knows the park's location is at the base of Falls Dam. There are several components to the plan, such as an additional parking lot and future bathroom and changing facilities. Living in this area, he knows full well that parking is often at a premium in this location. The existing parking lot is frequently overcrowded. He asked how the removal of the bathroom facility and parking facility from this plan would affect or impact the cost of the park. Second, he pointed out there are plans in the works for several boat launches along the Neuse River, including Horseshoe Farm Park and River Bend Park. Mr. Cox suggested thinking of this park in the larger context of opening up the Neuse River for recreational activities in the future, such as boating. Even at this location there is a small boat launch that could be improved. He envisions a future where the City has additional parks and park improvements along the river that would open up the river to additional recreation opportunities above and beyond simply walking or biking the greenway trail. He asked for support from the City Council to direct staff look at removing those elements such as the parking lot and bathroom facilities, re-costing the project, and looking for ways to fund the whitewater component as well as these other components, perhaps as two separate projects, in 2018.

Mayor McFarlane stated when Council discussed the Parks referenced a few years ago, staff had a list of $300M in needs for the parks system even before Dix Park. She asked if the number was still viable. She knows there are a lot of aging facilities and the City added four new and renovated parks this year, which resulted in increased operating expenses. Parks, Recreation, and Cultural Resources (PRCR) Director Diane Sauer confirmed that staff had said list at that time, which was presented as part of the 2014 bond and known as Option B, and nothing has been moved off the list. Ms. Crowder asked if that list included updating some of the community centers, and PRCR Director Sauer told her it did.

Mr. Branch pointed out the whitewater park could only be used about 70 days out of the year. Mr. Cox said he believes that would be true, but he wants to look at it in the larger context of opening up recreational opportunities along the Neuse River. Even if the whitewater park is not built right away, he would like to explore doing the other components of the park, such as the parking lot and bathroom facilities, as part of the City's greenway system. PRCR Director Sauer stated there are currently five canoe launches on the river. Additional launches are included in the Horseshoe Farm Park Master Plan and the River Bend Park Master Plan, which creates the potential for seven or eight access points to the river. In July, the Parks, Recreation and Greenway Advisory Board (PRGAB) will bring its annual work plan to the Council for review and approval. Part of the greenway design guidelines, as well as part of recent conversations about the Crabtree West project, was the issue of parking. One of the PRGAB's work plan items is to look at parking overall as it relates to the Capital Area Greenway, not for particular projects. City Manager Hall emphasized staff will need feedback from the Council as to whether it wants staff to perform additional analysis or work on the whitewater project.

The City Manager stated that concludes today's discussion of the nine budget notes. He said there is additional information in the packets in the format of Council questions and staff answers. The information was requested by Council members since the May 17 budget work session. Mayor McFarlane thanked him for that information. She apologized to the three new Council members that they had not been told about the process for budget notes, which is that budget notes are requested by a Council member at the full Council table and decided by the full Council as to whether it will be a budget note. She asked if there were any requests for future budget notes at this time; there were none.

City Manager Hall reminded the Council that the next step in the budget process is the budget public hearing tomorrow night at 7:00 p.m. A large crowd is expected and staff has a plan for managing the overflow. He also reminded the Council that the next budget work session is scheduled for June 13 at 4:00 p.m.

ADJOURNMENT

There being no further business, Mayor McFarlane announced the meeting adjourned at 4:54 p.m.

Leslie H. Eldredge
Deputy City Clerk