

BUDGET WORK SESSION MINUTES

The City Council of the City of Raleigh met in a Budget Work Session at 1:00 p.m. on Wednesday, April 5, 2017 in the City Council Chamber, Room 201 of the Raleigh Municipal Building, Avery C. Upchurch Government Complex, 222 W. Hargett Street, Raleigh, North Carolina, with the following present.

Mayor Pro Tem Kay Crowder, Presiding
Councilor Mary-Ann Baldwin
Councilor Corey D. Branch
Councilor David Cox
Councilor Bonner Gaylord (arrived late)
Councilor Russ Stephenson

Mayor Pro Tem Crowder called the meeting to order at 1:05 p.m. All Council members were present except for Mayor Nancy McFarlane and Councilor Dickie Thompson, who were absent and excused. Councilor Gaylord arrived late.

These are summary minutes unless otherwise indicated.

Interim Budget and Management Services Director (IBMSD) Ben Canada introduced the presenters and provided a brief overview of the agenda.

AGENCY GRANT RECOMMENDATIONS – APPROVED

Grants Program Administrative Manager (GPAM) Kirsten Larson introduced the PowerPoint presentation for recommendations for the human services, arts and community enhancement, and other outside agency grants. Slides during this part of the presentation included the following information that was explained further.

Chris Moutos, the Raleigh Human Relations Commission Vice-Chair, shared the Commission's human service grant recommendations for Fiscal Year (FY) 2018. He referenced Attachment 1 on page 20 of the agenda back-up.

Councilor Baldwin expressed her frustration and confusion with the process. Mr. Moutos provided a brief overview of the thought process behind the awards.

COUNCILOR GAYLORD ARRIVED TO THE MEETING AT 1:10 P.M.

Councilor Baldwin further expressed frustration regarding the agencies that are not adequately funded through the human services fund. She stated that when outside agencies do not receive funding from the City, they will in turn ask the City Council directly, which becomes political. Mayor Pro Tem Crowder pointed out that there is not adequate funding in the human services area. She added that the current system attempts to help as many organizations as possible, which reduces the amount of funding for those with critical needs.

Mayor Pro Tem Crowder questioned if the Human Relations Committee needed an executive director. City Manager (CM) Ruffin Hall responded that the idea has surfaced in the past and can be considered during the budget process. He added that management and staff support for the Human Relations Commission is an issue that is separate from the insufficiency in funding that Councilor Baldwin is referring to. CM Hall stated that staff support can be added should the budget allow but will not solve the issue of inadequate funding for agencies.

There being no other questions, Councilor Baldwin moved approval of the Human Relations Commission Grants Committee FY 2017 recommendations. The motion was seconded by Councilor Branch and carried by a vote of 6-0. Mayor McFarlane and Councilor Thompson were absent and excused. Mayor Pro Tem Crowder stated that the Council should have a broader conversation about human services funding issues at a later date.

Gene Davis, Raleigh Arts Commission Chair, shared the Commission's arts grant recommendations for FY 2018. He referenced page 21 of the agenda back-up. He thanked the Council for all that they do for the City. Mr. Davis then provided a brief overview of the process and listed several criteria used for evaluations, including finances, marketing, community engagement, and governance.

Councilor Baldwin moved approval for the 2017-2018 Arts Grant Funding recommendations. The motion was seconded by Councilor Gaylord and carried by a vote of 6-0. Mayor McFarlane and Councilor Thompson were absent and excused. Councilor Gaylord thanked the Arts Commission for their work and expertise.

Community Development Planner II George Adler shared the recommendations for the Community Enhancement Grant Program. He referenced page 29 of the agenda back-up. Planner Adler reminded the Council that the program funds public services that support neighborhood improvements or innovative services for low to moderate income persons and neighborhoods. Out of the 10 applications received, seven met the threshold. Planner Adler noted that each reviewer reviews applications independently with a detailed score card. Everyone will then come together with their scores and reach a consensus.

Councilor Baldwin asked about the threshold criteria. Planner Adler responded that criteria includes:

- Completion and on-time submittal of an application;
- Confirmed 501(c)3 status;
- Attendance to at least one work shop;
- Confirmation that the project will serve income eligible persons;
- Funding requested is less than 50 percent of the project budget; and
- Funding requested does not exceed 25 percent of the agencies' entire annual budget.

He noted that an organization can only receive a grant two years in a row, which encourages applications from those that have not previously applied. This rule also discourages organizations from repeatedly asking for funding year after year. The three major areas

considered during review of an application include the project itself, fiscal responsibility, and organizational capacity. Points are awarded to organizations who have not previously received a grant.

Councilor Baldwin and Councilor Stephenson pointed out that agencies who do not receive funding under the Community Enhancement Grant Program are unsuccessfully relying on the “Other Outside Agency (OOA)” grant funding.

Councilor Branch confirmed with Planner Adler that the City adequately communicates with agencies if they are not eligible for funding. Planner Adler added that he will explain to agencies why they are not eligible and attempts to make the conversation a learning experience.

Councilor Gaylord moved for approval of the Community Enhancement Grant Program recommendations. The motion was seconded by Councilor Baldwin and carried by a vote of 6-0. Mayor McFarlane and Councilor Thompson were absent and excused.

GPAM Larson continued with the rest of the PowerPoint presentation. Slides during this part of the presentation included the following information that was explained further.

FY 2018 Outside Agency: Recurring Requests

	FY 2018 Agency Request	FY 2018 Budget Assumptions
Chamber of Commerce	\$170,000	\$170,000
Downtown Raleigh Alliance	\$161,382	\$108,450
Hillsborough Street CSC	\$125,000	\$125,000
DHIC	\$113,000	\$108,000
Passage Home	\$100,000	\$90,000
Food Bank of CENC (Year 2 of 5)	\$75,000	\$75,000
Catholic Charities	\$68,000	\$51,000
Transitions LifeCare (Year 3 of 4)	\$62,500	\$62,500
Advance Community Health (Year 2 of 5)	\$50,000	\$50,000
African American Cultural Festival	\$48,000	\$49,312
Southeast Raleigh Assembly	\$100,000	\$44,209
Total Recurring Requests	\$1,072,882	\$933,471

FY 2018 Outside Agency: New Requests

	FY 2018 Request
The YMCA of the Triangle	\$2,000,000
Carolina Small Business Development Fund	\$100,000
InterAct	\$100,000
Communities in Schools of Wake Co	\$60,000

Triangle Family Services	\$50,000
Davner Theatricals (Burning Coal)	\$26,000
Bridge II Sport	\$25,000
The Wireless Research Center of NC	\$24,600
Blue Ridge Corridor Alliance	\$12,000
Total New Agency Requests	\$2,397,087

Agencies Applying to OOA and Arts/Human Services Grant Category

- Eligible for OOA Funding.
 - Advance Community Health* (\$50K – Building Renovations).
 - Burning Coal Theatre (\$26K – Roof Replacement).
 - InterAct (\$100K – Security System).
 - Transitions LifeCare* (\$62K – Building Renovations).
- Ineligible for OOA Funding.
 - Triangle Family Services (\$50K – Programming)
- *Multi-year funding committed in previous fiscal years.

OOA Agency Requests

- Information included in agenda packet:
 - Summary spreadsheet of requests.
 - Includes 25% policy calculation, financial review results and tie to Strategic Plan.
 - Detail summary of each OOA grant application.
 - Table with requests from all categories.

GPAM Larson noted that page 35 of the agenda packet includes an entire list of all agencies that applied for the OOA funding. Page 68 of the agenda packet includes agencies that applied in all categories. Councilor Gaylord commented that the layout of the information for OOA funding is helpful but he would like to see all requests mapped out in a similar way. Mayor Pro Tem Crowder agreed.

Mayor Pro Tem Crowder referenced Councilor Baldwin’s earlier concern, questioning if agencies would be better served if the City could fund in larger capacities rather than giving out several small amounts. She questioned how to better serve the City with the scarce resources available. Councilor Baldwin added that the City has struggled for the entirety of her 10 years on the Council. She stated that the Council needs to find a way to fix the organizational dysfunction in the way items are grouped.

Councilor Stephenson pointed out the difficulties of having resources in two different places and asked if staff benefits from maintaining a system where applicants are encouraged to look at two places for funding. Councilor Gaylord asked staff to look at how other municipalities tackle this challenge. Acknowledging that OOA requests are variable and hard to cap, he stated that expectations should align with reality. Councilor Baldwin responded that the City does not need to look at other municipalities since the City’s system works. She pointed out that the issue is

the amount of funding, but could possibly be helped by following the Arts Commission model of hiring an executive director, who could help with management and bring in outside expertise.

CM Hall pointed out that staff understands the frustration and has attempted to make improvements. As a historical point he stated that the creation of the OOA category was in response to an issue identified three years ago, which was that the Council would receive funding requests constantly throughout the year. To make the process more predictable, fair, and standardized, the OOA category was created. CM Hall then pointed out that the Council could decide on new criteria for OOA funding and new appropriate levels for funding. He noted that he would be happy to complete a review of how other municipalities handle similar situations, but pointed out that they generally struggle with the same issues. As a subsequent project, staff could complete a benchmarking study and bring back ideas in the fall. Councilor Cox added that the study should also include other municipalities' level of funding.

Councilor Baldwin reiterated her opinion that the City does not need to benchmark with other municipalities. Councilor Gaylord noted that he is willing to hear ideas by any method that staff deems relevant in order for the Council to not have the same issues next year. CM Hall requested clarification on what the Council is trying to achieve and change. Councilor Gaylord responded that the City should have a more fair vetting process and framework. Mayor Pro Tem Crowder pointed out that human services needs will become greater as the City grows and how the City allocates funds will become increasingly important. She stated that she is not opposed to benchmarking with other municipalities.

Councilor Stephenson restated Councilor Gaylord's goal, which is to increase fairness. He suggested that having multiple agencies make requests in multiple categories is not efficient.

Mayor Pro Tem Crowder asked staff to complete a review of the process of the Arts Commission and other municipalities. This should include how they manage the process, funding levels, and vetting. She asked for this information to be presented in the fall, prior to beginning work on next year's budget.

Councilor Baldwin further requested for staff to research OOA funding and the potential for a separate category for economic development. She asked for staff to holistically look at the organization of all funding groups. CM Hall responded that staff will bring back the requested information in the fall.

COMPENSATION SYSTEM STUDY UPDATE – INFORMATION RECEIVED

Human Resources Director (HRD) Stephen Jones presented an update on the City's compensation study with the assistance of a PowerPoint presentation and a video. Slides during this part of the presentation included the following information that he explained further.

Budget Impact: Two Cost Shifts

- FY 2018:
 - Full-year impact of April 2017 adjustments (\$6.1 Million for General Fund).
 - Implementing proposed structures in FY2018.
- FY 2019 and beyond:
 - Long-term costs to maintain our commitment to employees.
- Cost shifts affect salary and salary-driven benefits.

Current Structure

- All positions in one structure.
- Pay ranges rarely adjusted.
- Salary costs increase by three percent merit amount.
- Merit applied equally to all positions.
 - “Split” based on pay above or below midpoint.

Recent Merit Increases	
FY 2017	3.25% overall (3.5%/3% split)
FY 2016	3% overall (3.5%/2.5% split)
FY 2015	3% overall (4%/2% split)
FY 2014	3%

Graph: Budget Impact – 10-Year Forecast of Salary and Salary-Driven Benefits Under Compensation System Proposal

FY 2018 Potential Citywide Impact

Implementation Steps	FY 2018 Initial Estimate	Description
Bring Employees to New Range Minimums	\$2 Million	Roughly 750 employees would need to be adjusted to new range minimums
Implement Step System	\$5 Million to \$6 Million	Assign roughly 3,200 employees to steps based on years in current position
Follow-up April 2017 Adjustments	\$800,000	“True up” adjustment for roughly 200 employees
One-time Lump Sum	\$1 Million	Step structure employees receive at least 3%-3.5% additional earnings in FY18
Broad Band Merit	\$2 Million	3%-3.5% merit for roughly 800 broad band employees
TOTAL	\$11M to \$12M	

FY 2018 General Fund Impact

Implementation Steps	FY 2018 Initial Estimate	Description
Bring Employees to New Range Minimums	\$1 Million to \$1.2 Million	Adjust employees to new range minimums
Implement Step System	\$3.9 Million to \$4.7 Million	Assign employees to steps based on years in current position
Follow-up April 2017 Adjustments	\$750,000	“True up” adjustment
One-time Lump Sum	\$750,000	Step structure employees receive at least 3%-3.5% additional earnings in FY18
Broad Band Merit	\$1.1 Million	3%-3.5% merit for broad band employees
TOTAL	\$7.5M to 8.5M	

General Fund Breakout

Position Group	FY 2018 Initial Estimate
Public Safety	\$5 Million to \$5.5 Million
All Other Departments	\$2.5 Million to \$3 Million
TOTAL	\$7.5 Million to \$8.5 Million

*Implementing Police and Fire Step Structure largest cost driver.

Graph: Budget Impact – Long-Term Cost Drivers

- Five percent/three percent annual step advancement;
- Fund merit pay; and
- Market range adjustments.

Phasing Options

- Full implementation in one year requires either:
 - Additional resources; or
 - Significant reductions in operating expenditures.
- Multi-year phasing presents challenges.
 - Equity: Must determine where to start new employees.

- Communication: Difficult to keep employees informed of multiple changes.
- Cost: Longer implementation may require more one-time lump sums to hold employees harmless.

Budget Impact: Summary

- Implementing pay structures for Police and Fire is a significant cost driver.
- Costs include implementation in FY 2018, as well as long-term commitment to stay aligned with market.

Next Step: Formal recommendation presented with Proposed Budget on May 16, 2017.

Councilor Branch thanked HRD Jones for his presentation. He stated that full implementation in one year is the best message to employees and that they should be rewarded for their work. Councilor Gaylord agreed, stating that employees deserve a better structure and a more robust system for managing. Councilor Gaylord added that the City has some catching up to do and asked staff to bring back information to Council on the impact of a more phased implementation as opposed to a convoluted approach. He stated that he would like the City to have control of the costs and prepare itself for long term challenges.

Councilor Cox agreed with Councilor Branch to move forward as soon as possible with the implementation. He expressed interest in hearing feedback from City employees about the process. Mayor Pro Tem Crowder commented that the Human Resources department has been working with staff and holding meetings. Councilor Cox stated that he hasn't personally heard any of the feedback, and IBMSD Canada agreed to bring a summary of upcoming employee meetings back to the Council.

Councilor Stephenson commented that this process has been long overdue yet carefully considered and thought out. He agreed with earlier statements for a quicker implementation that will result in fewer complexities down the line. Councilor Baldwin agreed.

Mayor Pro Tem Crowder stated that the compensation study is an emotional and complex issue that has taken a lot of time and effort to work through. She believes that although it is expensive, the City employees need it. She thanked staff for all of their hard work.

2017 TRANSPORTATION BOND PACKAGES – INFORMATION RECEIVED

Senior Planner Jason Myers presented an update on the City's 2017 Transportation Bond Packages with the assistance of a PowerPoint presentation. Several additional handouts were dispersed to the Council at the table. Slides during this part of the presentation included the following information that he explained further.

Draft Bond Packages – Mix

- Similar to 2013 bond.
 - No maintenance, parking, or studies/planning.
 - Add public/private partnerships.

- Finish projects already funded.
- Three scenarios, each with slightly different priorities/allocations.

Chart: Transportation Capital Planning Categories

- Street Widening;
- Major Catalytic Projects;
- Street Maintenance & Improvements;
- Neighborhood Connections & Enhancements;
- Transit Supportive Capital Investments;
- Parking Enterprise Capital Investments;
- Studies & Planning Projects; and
- Public-Private Partnerships.

Pie Chart: 2013 Bond Allocation

- \$48.8 Million for Street Widening;
- \$21.95 Million for Major Catalytic;
- \$2.25 Million for Neighborhoods; and
- \$2 Million for Transit Supportive.

Planner Myers noted that the allocation for the 2013 bond package is much simpler. He added that in the \$75 Million bond, there were only four categories:

- 65% Street Widening Projects;
- 29% Major Catalytic Projects;
- 3% Neighborhood Connections and Enhancements; and
- 3% Transit Capital Investments.

Allocation Scenarios

Mix	2013	1	2	3
Street Widening	65%	60%	70%	60%
Major Catalytic	29%	30%	25%	25%
Neighborhood Connections	3%	5%	2%	10%
Transit Supportive	3%	3%	1%	3%
Public-Private Partnerships	0%	2%	2%	2%
Totals	100%	100%	100%	100%

Funding Needed for Existing Projects

Project	Prior Allocation	Estimated Cost to Completion
Old Wake Forest Road North	\$3.4 Million	\$9 Million
Tryon Road Part C	\$4.5 Million	\$7 Million
Rock Quarry Road Part A	\$3.0 Million	\$16 Million
Poole Road Widening	\$1.0 Million	\$10 Million
Blue Ridge Road Widening	\$1.3 Million	\$11 Million
Six Forks Road Corridor Plan Implementation*	\$1.9 Million	\$30 Million
Yonkers Road**	\$1.5 Million	\$7 Million
Total	\$16.5 Million	\$90 Million

*Includes Street Widening and Major Catalytic Elements.

**Not a 2013 Bond Project.

Potential Bond Packages

- A. \$120 Million.
- B. \$150 Million.
- C. \$200 Million.
- D. \$250 Million.

Operating Impact Estimates

- Project delivery:
 - Additional positions needed for project engineering, survey, construction inspectors.
 - Assumes current engineering consultant practices.
- Operations/Maintenance:
 - Costs to maintain the system.
 - Approximately \$9,000 per year per lane mile.

\$120 Million Bond Package

- Bar Graph: \$120 Million Bond Package.
 - Zero cent estimated tax rate increase.
 - Project delivery is approximately \$165,000 per year.
 - Operations/maintenance is approximately \$340,000 per year.
- Existing projects:
 - Does not allow for full completion of existing projects while meeting mix targets.
 - Six forks Road or Yonkers Road.
- New capacity projects:
 - Approximately \$12.5 Million.
 - Projects Cost \$10 Million to \$20 Million each to complete.
- Constrained in other areas.
- Three-year bond.

\$150 Million Bond Package

- Bar Graph: \$150 Million Bond Package.
 - 0.38 cent estimated tax rate increase.
 - Project delivery is approximately \$330,000 per year.
 - Operations/maintenance is approximately \$350,000 per year.
- Tax increase would potentially start in FY 2019, not FY 2018.
- Approximately six positions.
- Approximately \$330,000 per year.
 - One additional Professional Engineer;
 - One Survey Crew; and
 - Three Inspectors.
- Operations driven by new lane miles of existing projects.
- Completes all existing projects.
- New capacity projects.
 - Approximately \$10 Million to \$20 Million each to complete.
- Constrained in other areas.

\$200 Million Bond Package

- Bar Graph: \$200 Million Bond Package.
 - One cent estimated tax rate increase.
 - Project delivery needs are approximately \$440,000 per year.
 - Operations/maintenance is approximately \$550,000 per year.
- Tax increase would potentially start in FY 2019, not FY 2018.
- Approximately \$440 per year.
- Approximately six positions.
- Could have similar project delivery magnitude to a \$150 Million bond if extended slightly.
- Operations driven by new lane miles of existing projects, in addition to approximately five new completed capacity projects.
- Completes all existing projects.
- New capacity projects:
 - Approximately \$40 Million to \$60 Million.
 - Completes three to six projects.
- Less constrained in other areas.

\$250 Million Bond Package

- Bar Graph: \$250 Million Bond Package.
 - 1.62 cent estimated tax rate increase.
 - Project delivery needs include up to \$1 Million per year.
 - Operations/maintenance is approximately \$760,000 per year.
- Tax increase would potentially start in FY 2019, not FY 2018.
- Approximately eleven positions.
- Depends heavily on goals for delivery schedule.

- Operations driven by new lane miles of existing projects, in addition to approximately 10 new completed capacity projects.
- Completes existing projects.
- New capacity projects:
 - Approximately \$70 Million to \$100 Million.
 - Completes four to 10 projects, depending on size/complexity.
- Adequately addresses other areas.
 - Significantly advances our goals and plans.
 - Probably longer than a three-year bond.

Project Review

- Handouts:
 - Hypothetical bond scenarios;
 - Prioritization notes;
 - Ranks street improvement projects;
 - Ranked new location projects;
 - Map of projects; and
 - Top projects by Council district.

Next Steps

- Staff will Prepare Detailed Bond Package(s);
- City Council Decision on Intent and Amount: April-May;
- City Council Preliminary Findings Resolution: June 6, 2017;
- City Council Appoints Bond Committee: June-July 2017;
- Public Hearing for Bond: August 1, 2017;
- Referendum: October 10, 2017;
- Funds Available in Following Fiscal Year (July 1, 2018); and
- Any Tax Implications in Following Fiscal Year (July 1, 2018).

Mayor Pro Tem Crowder stated that the Council would need time to digest all of the information on the handouts that was provided at the table. Planner Myers commented that the handouts should assist in narrowing down the proposals.

Mayor Pro Tem Crowder asked for further detail on the Major Catalytic Projects. Planner Myers responded that the Urban Design Center and the City Planning department have been working on defining specific projects.

Councilor Cox pointed out that the Six Forks Road Extension is listed as a District B project but is not located in District B.

Councilor Gaylord stated that he is in favor of C1 and C3 under the \$200 Million scenarios because it funds all of the City's street widening projects and Major Catalytic Projects. He additionally likes C3 due to neighborhood connections and enhancements. Councilor Baldwin agreed.

Mayor Pro Tem Crowder stated that she would like a better definition of what will be paid for in the Wake County Transit Plan in order to ensure that the City is complementing the plan and gaining the most value. Transportation Planning Manager (TPM) Eric Lamb responded that staff provided bonus scoring for projects that were parallel or tied to the Wake County Transit Plan. He added that the City should designate funding for sidewalks if they will feed into a project under the Wake County Transit Plan.

Councilor Baldwin confirmed that there would be money allocated for bus shelters and benches. TPM Lamb stated that funding is included in the Wake County Transit Plan and would not need to be included in this particular pool of funding.

Councilor Cox observed that there was no proposal listed for improvements on Wake Forest Road. He added that during rezonings, citizens are very concerned about infrastructure sufficiency. He requested that this project be added to the list. Mayor Pro Tem Crowder confirmed with TPM Lamb that a Council Member could add a project to the list during the meeting. Councilor Cox noted that although this project did not fall under his district, the road needs improvement, especially due to continued growth in the area. Councilor Baldwin suggested for staff to bring back the estimated cost of the project.

Planner Myers stated that staff could use the \$200 Million bond as a starting point and begin looking at a list of higher priority projects in each district. Councilor Stephenson stated that if the City is at the stage of mixing and matching various elements, there are some items that clearly rank highly in the \$200 Million scenario and there are other capacity projects that rank equally high. He asked what those projects could be.

Transportation Director (TD) Mike Rogers stated that staff is trying to receive direction from Council in order to determine where to zero in. He asked for a better idea of what a mix of projects would include. Councilor Cox asked staff to zero in on all three scenarios. Councilor Baldwin responded that staff should not be required to research further information about a scenario that no one in Council will end up supporting. She asked to hear a consensus from the Council. Councilor Cox pointed out that he was open to all three scenarios and again suggested looking into details for each. He stated that it was difficult to make a decision without specific information. Mayor Pro Tem Crowder suggested eliminating the \$120 Million bond package.

CM Hall emphasized that the Council should consider the implementation and management of projects. The operating impact is not only the cost of adding staff but the ability to deliver projects in a reasonable amount of time. He cautioned the Council on stretching expectations and reminded them that another referendum could always take place later on.

Councilor Branch pointed out that two projects, projects 113 and 105, were incorrectly listed as taking place in District C on the "Top Street Improvement and New Location Projects by Council District" handout. Staff indicated that they would confirm the accuracy.

Planner Myers pointed out that the \$150 Million bond scenario will only allow for one or two projects after completion of current projects. He noted that if the Council desires to complete

more than one or two projects, then the scenario could be easily eliminated. Councilor Gaylord agreed.

Mayor Pro Tem Crowder stated that the consensus seems to be to use the \$200 Million bond option as a starting point. Councilor Stephenson agreed.

Mayor Pro Tem Crowder confirmed the direction provided by Council and indicated that projects could always be added or taken away. TD Rogers understood the direction from Council and reminded them that with transit projects and new structures there are also deliveries of projects from the Wake County Transit Plan. He stated that staff will continue to meet with Wake County.

IBMSD Canada noted that any tax implications from these packages would not take place until FY 2019.

GENERAL FUND MAJOR REVENUE UPDATE – INFORMATION RECEIVED

Chief Financial Officer (CFO) Allison Bradsher presented an update on the City's General Fund Major Revenue with the assistance of a PowerPoint presentation. Slides during this part of the presentation included the following information that she explained further.

Pie Chart: General Fund Revenue Sources

- Property Tax: 52%
- Sales Tax: 20%.
- Other Revenues: 15%.
- Franchise Tax: 7%.
- User Fees: 3%.
- Licenses: 3%.

*Property, sales, franchise taxes and use fees comprise 80 percent of the revenues.

Graph: Property Tax Revenues

- FY 2018 projected: 2.3% growth.

Graph: Sales Tax Revenues

- FY 2018 projected: 4.6% growth.

Graph: Utility Franchise Tax Revenues

- FY 2018 projected: 1 % growth.

Key Takeaways

- Steady State:
 - Property and sales tax remain in line with expectations.
 - Continue to monitor current economic conditions.
- Focus areas:

- User fee study realignment and results.
- Utility franchise tax fluctuations due to climate changes.
- Monitoring of potential legislative matters.

CM Hall thanked CFO Bradsher for her presentation and congratulated her on her new position. He reminded the Council that there is a lot of conversation about House Bill 436, which is a piece of legislation relating to impact fees. He assured the Council that he and City Attorney Tom McCormick were working on a solution to address the annual impact of \$19 to \$22 Million, which will mostly impact the capital budget.

IBMSD Canada reminded the Council that the City Manager's proposed budget recommendation would be presented on May 16, 2017, which will include a formal recommendation for compensation study changes. Following this presentation, budget work sessions will take place every Monday at 4:00 p.m. until the public hearing on June 6, 2017.

ADJOURNMENT

There being no further business before the City Council, Mayor Pro Tem Crowder announced the meeting adjourned at 2:58 p.m.

Cassidy R. Pritchard
Assistant Deputy Clerk

