



PROPOSED BUDGET FY2021

We Are Raleigh

- 1. We must present a balanced budget to reflect the new community economic conditions;
- 2. Our priority is to maintain our greatest asset, our workforce;
- We should seek to avoid solely relying on deferring our capital maintenance to balance the budget;
 Continue to provide great service to our community.

FY2021 Budget Process

\$3-\$5 Million Presented an estimated **General Fund** budget gap

- Dec. 2019: Initial estimates and process began
- Feb. 2020: Shared preliminary projections with City Council

Economic Impacts of COVID-19

Unemployment

33M

unemployment claims filed in the last eight weeks nationally, with 889K in North Carolina Estimated decline in GDP of 20-30%

GDP

for Q2 2020, with varying estimates of when stabilization may occur **Consumer Confidence**



General market volatility and uncertainty

Post COVID-19 Budget Process

\$25-\$36 Million **Presented an** estimated **General Fund** budget gap

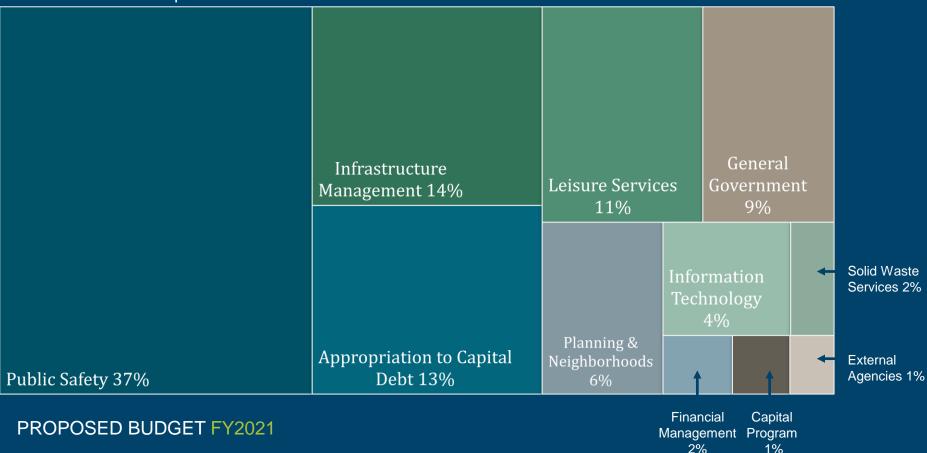
- Revised revenue modeling
- Review operational changes/ reductions
- Reductions in capital transfers
- No additions to FY21 budget
- Minimize impacts to residents

FY2021 Proposed Budget

Total Funds: \$1.01 Billion

			Public Utilities 12%	General Gov't & External	Leisure
Public Safety 19%	Capital Improvements 17%	Capital Debt Service 16%	Infrastructure Management 11%	Agencies 9% Planning & Neigh. 4%	Services 8% Solid Waste Services 4%

FY2021 Proposed General Fund Budget Total Funds: \$507.4 million



FY2021 General Fund Revenue Outlook

2.2% Decrease over FY2020 Adopted

- Property Tax- 54% of revenues
- Modest growth- 1.2%
 - Current rate of \$0.4382
 - Assumes revenue neutral rate of \$0.3552, decrease of \$0.08
 - Decrease collection rate

Sales Tax: FY06–FY21 Projected



40		FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4
20	Sale Tax Growth (YOY)	(15%)	(10%)	0%	23%
0					

FY12 FY13 FY06 _FY07 _FY14 FY15 **FY21** FY08 FY09 EY16 FY18 FY19 FY10 FY11 FY17 FY20 Est. Proj.

FY2021 General Fund Revenue Outlook

Sales Tax- 20% of revenues Decrease of \$6.0 million (5.6%)

Other Revenues

- PRCR- \$1.4 million (19% decrease)
- Development Services- \$2.7 million (16% decrease)

Use of fund balance- \$13 million

FY2020 Revenue Outlook

No proposed rate increase for Raleigh Water

• No changes to water and sewer volumetric rates

\$2.00 increase for Solid Waste Services Recycling

Increase associated with change in recycling contract and market

No proposed fee increase for Stormwater

Holding rate recommendation due to current economic situation

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FY2020 Revenue Outlook

Rental Fee Increase at Convention Center & Performing Arts Complex

No Transit or Parking Increase Proposed Delays the second year of phased parking rate increases

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Continued Investment in Our Workforce PROPOSED BUDGET FY2021

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Workforce Investments

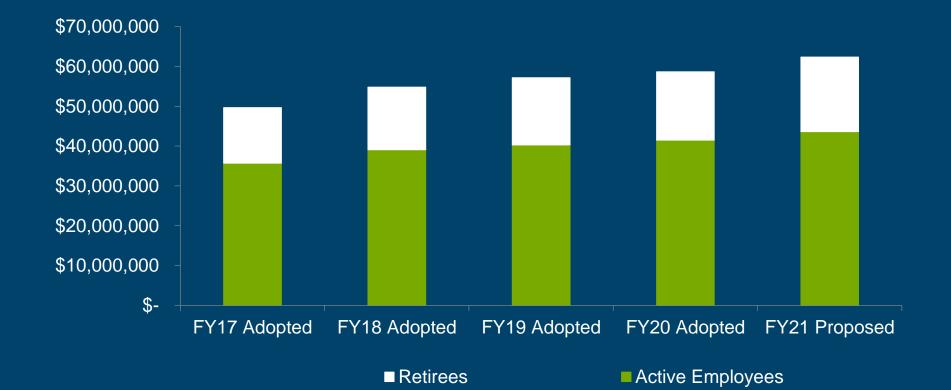
2% base pay adjustments for all employees in January 2021

- Contingent on revenues & expenditures performing as anticipating
- Decision will be made by December 1st

Increase Living Wage rate to \$34,130

Implement open range for General Step

City Health Insurance Contribution



Employee Benefits

Medical - monthly premium increases by plan type:

- Plan A: \$2 \$32 depending on plan selection
- Plan B: \$0 \$21 depending on plan selection

Noncompliant rates standardized to \$50, a \$5 increase to Plan B

Dental - no premium increases

Effective January 1, 2021

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Employee Benefits

\$2.8M increase in City's contribution for employee retirement system

- 8.95% to 10.15% for general employees
- 9.70% to 10.90% for law enforcement employees
- No change to employee contribution 6%

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Changes in our Operations

City-wide Operational Changes



- No new positions across all funds
- Implemented a hiring freeze
 - Achieve salary savings \$3.6 million
- 25% reduction in travel & training
- Cancellation of 4th of July Fireworks
- Departmental reductions \$2.8 million

City-wide Operational Changes

Departmental Reductions- \$2.8 million

General Services . **\$1.1 million**

Professional services, additional travel & training, furniture and office equipment, temporary/intern positions, and supplies

Transportation\$359,798Contracts impacting signals & markings, transportation planning, highway mowing and street maintenance

Engineering Services **\$325,733**

- Scaling back alterations on facilities/ focusing on maintaining
- Eliminating funding for space related projects (moves, redesigns, etc.)
- Reduction in overall ongoing maintenance- painting, window washing, equipment/technology upgrades

City-wide Operational Changes

Departmental Reductions- \$2.8 million

Parks, Recreation & Cultural Resources **\$678,915**

- Reduce operational support for parks and equipment purchasing
- Pullen Park Maintenance- reduction in funding for maintenance and improvement work
- Reduction in part-time staffing
- Redirect tackle football to flag football
- Reducing Moore Square Operating Hours

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Changes in our Infrastructure

Housing

\$8.2 million programmed for affordable housing development

- Maintains General Fund contribution of \$6.2 million
- \$5.3M available for future commitments

Funding available from:

- Property tax allocation
- Property sales
- HOME Grants



Transportation

Transportation Bond funding gaps

- Reallocating savings from Old Wake Forest Road (grant funded)
- Deferring Leesville Part B
- Deferring Peace Street Streetscape

Transportation

Supplement General Fund contribution with two-thirds bonds

- Sidewalk petition improvements (\$0.7 million)
- Sidewalk repairs (\$0.3 million)
- Bikeway implementation/Bike share expansion (\$0.25 million)
- ADA curb ramp improvements (\$0.9 million)
- Street resurfacing (\$2.75 million)

Includes \$3.0 million in General Fund allocation

Savings of \$7.2M

General Public Improvements

- Extend design and delay construction of Civic Campus
- Reprioritizes Fire requests/needs
 - Station 1 and Admin Office and shifts to FY25
 - Emergency vehicle operations course
 - Fire Station 3 replacement
 - Land purchase for station 23
- Reprioritization of \$2.1 million in existing maintenance to continue major facility maintenance needs
- Continued funding for Economic Development initiatives

Parks, Recreation & Cultural Resources

Continued implementation of the 2014 Bond Additional funding to complete for:

- Chavis Park
- Pullen Art Center





On-going studies to gear future investment:Greenway Master Plan

CIP Impact on General Fund

Element	FY21 Planned	FY21 Proposed	Savings
Housing	\$6.2M	\$6.2M	-
PRCR	\$3.3M	\$0.9M	\$2.4M
Transportation	\$10.2M	\$3.0M	\$7.2M
General Public Improvements	\$4.0M	\$1.4M	\$2.6M
Technology	\$1.5M	-	\$1.5M
Total	\$25.2M	\$11.5M	\$13.7M

• Reduce General Fund transfer to debt service by \$3.0 million

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Outside Agencies & Municipal Service Districts

Outside Agency Grants

Policies

- 25% maximum policy (January 2015)
- Agencies awarded in only two grant categories (July 2018)
- Financial review of audits completed for all agencies requesting \$25,000 or more

Outside Agency Grants

Funding Source and FY21 Allocation

Category	Funding Source	Proposed FY21 Budget
Arts Per Capita*	General Fund	\$2,346,490
Community Enhancement	CDBG	\$200,000
Human Services**	General Fund	\$554,780
Other Outside Agency	General Fund	-

*An additional \$575,970 in other arts agency appropriations is proposed **An additional \$467,000 in General Fund support for 6 agencies is proposed

Municipal Service Districts

	Assessed Value	Tax Rate	Projected Revenue
Downtown Municipal Service District*	\$3,360,000,000	\$0.0440	\$1,480,870
Hillsborough Street Municipal Service District	\$695,000,000	\$0.0965	\$665,920

***\$1,185,870** for service provider and \$295,000 for City for downtown cleaning

- Tax rate is revenue neutral based on reevaluation
- Recommend 5 year contract with Downtown Raleigh Alliance and Hillsborough Street Community Service Corporation to provide services

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Other Items

Other Items

Creation of the Office of Equity & Inclusion- 9 positions

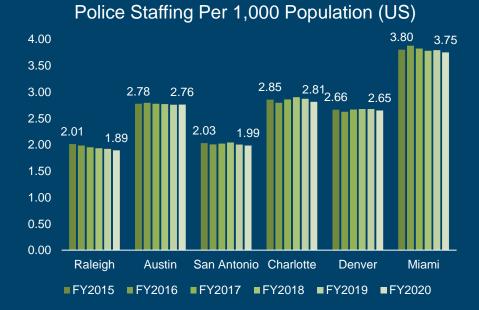
- Direct report to the City Manager's Office
- Moves Human Relations Staff- 4 positions
- Transfers the MWBE Program- 3 positions
- Reallocates two additional Community Engagement staff

Other Items

Public Safety Requests- Pre-COVID 19

- Staffing Study
- Benchmarking
- Identified need for additional resources
- Totals \$5.2 million (.69 cents)
- Not included in proposed budget
- Future budget consideration

Catalyst for Study



Police Staffing Per 1,000 Population (NC)

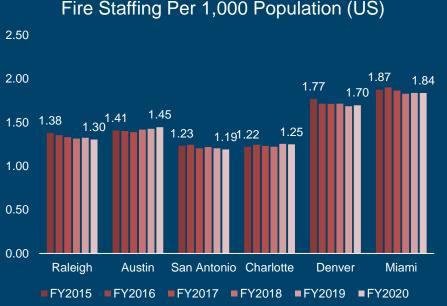
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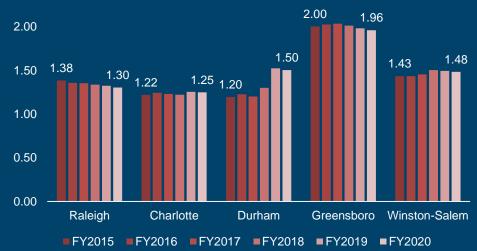


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Catalyst for Study



Fire Staffing Per 1,000 Population (NC)



Police Identified Needs

- 23 sworn and 5 non-sworn personnel
- Additional Specialized Units for Police
 - Transit, Parks & Greenways and Mental Health & Homelessness
- Training Academy Support
- Family Violence Intervention Unit Support
- Animal Control Officer



Fire Identified Needs

- 20 additional staff
- Staff resources for Fire Marshal
- Training staff
- Additional Ladder Company



Other Items



Future Consideration

- Continue to reimagine our service delivery model
- Develop plan for changes to petition sidewalk program
- Develop plan for changes to yard waste delivery



Next Steps

- Budget work sessions begin June 1 (Mondays at 4 pm)
- Budget public hearing June 2 at 7 pm

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Thank You

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