

FY25 Budget at a Glance



Page 1 – Introduction and Key Highlights | Page 2 – Participatory Budgeting and Key Investment Highlight
Page 3 – Revenues and Expenditures | Page 4 – Capital Improvement Plan

Message from City Manager: Marchell Adams-David



Dear Raleigh residents. I am pleased to present to you the Adopted Budget for the Fiscal Year 2025 (FY25) – the central policy tool that reflects the priorities and values that shape the City's future. The theme of this year's proposed budget is "Investing in Raleigh's Future;" a future that is bright and promises endless possibilities; a future that champions creative solutions to the most complex issues; and a future that accepts each challenge as an opportunity to develop innovative approaches that enhance operations, minimize disruption, and elevate the customer experience. The investments proposed in the FY25 budget are strategically designed to maintain the City's competitive edge amongst our peer communities.

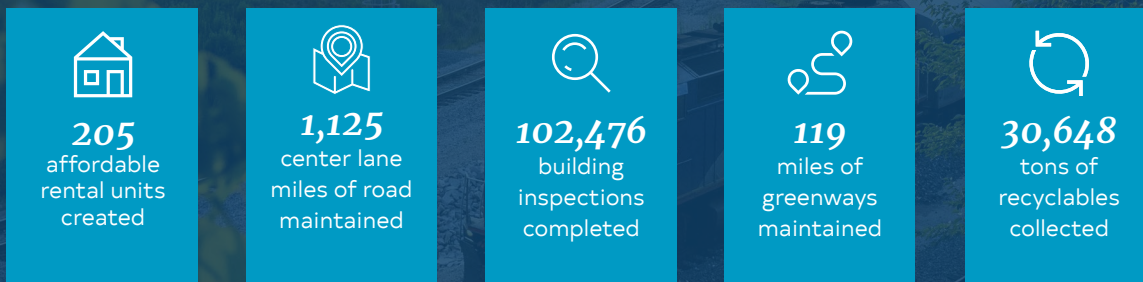
This budget strives to maintain that high level of organizational excellence through targeted investments and equitable outcomes. Affordable housing, transit and transportation, public safety, and growth topped the list of resident concerns. You will see these priorities represented in recommendations outlined throughout the adopted budget, including the City's recommendations from its first participatory budget pilot.

Key Highlights and Statistics

- \$732.2 million General Fund Budget (13.1% higher than FY24)
- New proposed tax rate of 35.50 cents per \$100 of assessed value; an increase of 3.80 cents from the revenue-neutral rate of 31.70 cents
- Dedicates a penny of the tax rate for the implementation of the classification and compensation study and an additional penny for deferred capital maintenance
- Guarantees a cost-of-living adjustment for all City of Raleigh employees

The theme for the Fiscal Year 2025 Adopted Budget is **Investing in Raleigh's Future** through consistent and conscientious investments in our people and our infrastructure.

Key Performance Measures



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Budget Engagement and Participatory Budgeting Pilot



Engagement around the upcoming budget process started in October 2023, three months earlier than prior years, so that initial feedback from residents could be incorporated into the citywide department budget development process and impact spending decisions. Over 100 residents attended in-person and virtual listening sessions. In addition, the City held its first-ever Budget and Brews event where over 40 residents showed up to share pizza, beers, and their thoughts around the City's budget process. Resident feedback during listening sessions included the need for more affordable housing and ways to address homelessness. Resident concerns also related to transportation and infrastructure, particularly around road

safety and maintenance, better bus frequency, and more sidewalk connectivity. Residents expressed a desire to see a measured approach toward growth and development, and expressed a desire for an effective and compassionate approach to public safety.

Along with robust engagement efforts, this year the City conducted its first-ever pilot participatory budgeting process that included setting aside \$1 million in capital budget - \$200,000 for each of the City's five districts - for residents to vote on. Staff included these community-based projects in its pilot participatory budgeting effort, which up to 3,000 residents voted on. The winning project in each district was "micro gaps for sidewalks to and from parks and greenways," which has been funded as part of the FY25 capital budget.

Additional detail on the City's engagement efforts and the participatory budgeting pilot can be found in the [FY25 Community Budget Priorities Engagement Report](#).

Key Investment Highlight

The City Council, City Staff, community partners, and the public have continued to develop new policy priorities to address existing and emerging needs in our community. With this budget, the City will continue to support strategic initiatives that have begun in recent years and implement new pilot initiatives.



Alternative Response Pilot – In FY25, the City will provide ongoing operational support to the ACORNS (Addressing Crises through Outreach, Referrals, Networking and Service) unit in the Raleigh Police Department and will initiate a pilot of some Alternative Response elements including:

- **Co-Response Program** – Social workers paired with law enforcement officers to provide resources and referrals to those in need.
- **Crisis Call Diversion** - The Emergency Communications Department, which answers 911 calls, will contract three licensed clinicians to take mental-health-related calls.
- **Peer Support Team** – Housing and Neighborhoods will add three full-time peer support positions, including a team lead and two specialists.

Financial Data

FY25 GENERAL FUND REVENUES			
Revenues	FY24 Adopted	FY25 Proposed	% Change
Property Taxes	353,411,000	419,187,409	18.6%
Sales Tax	148,000,000	157,760,000	6.6%
Intergovernmental	50,970,711	53,328,442	4.6%
User Fees	24,430,665	29,228,072	19.6%
Licenses	15,034,000	14,944,000	(0.6%)
Fees & Misc.	14,432,262	18,140,333	25.7%
Transfers from Other Funds	23,686,841	25,355,942	7.0%
Fund Balance and Special Reserves	17,241,500	14,710,700	(14.7%)
Total	\$647,206,979	\$732,654,898	13.2%

REVENUE HIGHLIGHTS

- A proposed tax rate of 35.50 cents per \$100 generates property tax funding at \$419 million. This represents a tax increase of \$3.8 cents above revenue neutral. This additional funding will be utilized for employee market adjustments, compensation study implementation, deferred capital maintenance, and other critical operational enhancements.
- Sales Tax is expected to generate \$158 million in revenue which is a 6.6% increase from the FY24 budgeted sales tax estimate.
- Continued growth in fee revenues due to increased development and a return to near normal programming in Parks and Recreation.

FY25 GENERAL FUND EXPENDITURES			
Expenditures	FY23 Adopted	FY24 Proposed	% Change
Personnel	239,089,196	256,012,575	7.1%
Employee Benefits	114,070,750	124,909,066	9.5%
Operating Expenditures	120,352,047	133,593,871	11.0%
Total Operating Expenditures	473,511,993	514,515,512	8.7%
Transfer to Other Funds	37,165,954	59,533,869	60.2%
Transfer to Debt Service	101,483,360	100,124,193	(1.3%)
Transfer to Capital Funds	35,045,672	58,481,324	66.9%
Total	\$647,206,979	\$732,654,898	13.2%

EXPENSE HIGHLIGHTS

- Key personnel investments to include over 10% in market adjustments for the City's public safety personnel and 6% and 9% for select positions in the maintenance and operations job family. Other staff not in these categories will receive a 2% market adjustment.
- \$3.4 million for Dix Park to include 13 FTE (full time employee) for maintenance and the operation of Gipson Play Plaza.
- \$66,800 for an encampment response plan and substance misuse prevention programs and training to bring awareness and harm reduction to community members.
- \$700,000 for an additional sidewalk crew to increase the City's capacity to implement pedestrian infrastructure maintenance and upgrades.

Enterprise Funds Fee Changes

RALEIGH WATER
4% rate increase on base charges – a \$0.80 increase in the average residential customers' monthly utility bill

STORMWATER
2.5% rate increase, equivalent to \$0.18 per month per Single Family Equivalent Unit

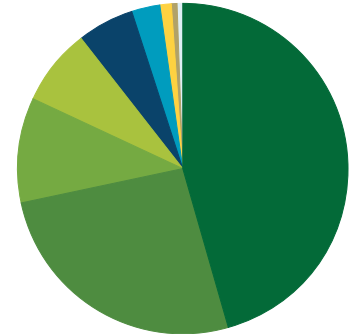
SOLID WASTE SERVICES
a \$2.10 fee increase per month for garbage collection equivalent to \$22.40 per month in FY25

Capital Improvement Plan

In FY25, the City of Raleigh proposes \$497.9 million in investments supporting a variety of projects for housing, transportation, water and stormwater projects, technology, parks and recreation, public safety, and lastly, public improvements. Over five years, the City proposes nearly \$2.15 billion to maintain and modernize existing infrastructure and develop new facilities.


Summary of the FY25 Capital Budget

- Raleigh Water: 45.7%
- Stormwater Management: 2.8%
- Transportation: 26.2%
- Convention and Performing Arts Complex: 1.2%
- Parks, Recreation and Cultural Resources: 10.1%
- Solid Waste Services: 0.6%
- General Public Improvements: 7.6%
- Technology: 0.3%
- Housing: 5.5%



Capital Budget Highlights

Starting in FY25, the capital budget also includes a one cent equivalent of the property tax rate (\$11.4 million) for capital projects that are best suited for PayGo (cash) financing.

-  **PARKS, RECREATION AND CULTURAL RESOURCES** - \$38.4 million in 2022 Parks Bond improvements to include parks, greenways, aquatics, and recreation facility uplifts
-  **HOUSING** - Continued commitment of a dedicated penny (\$11.4 million) of property tax to support the production and preservation of affordable housing
-  **TRANSPORTATION** - Approximately \$7 million for bridge repairs, ADA accessible pedestrian signals, the Neighborhood Traffic Management and Vision Zero Spot Safety programs
-  **RALEIGH WATER** - \$227.8 million for more than 65 projects in the city to include plant and pump station maintenance, interceptors, and other asset rehabilitation
-  **STORMWATER** - \$5.2 million in water quality, street stormwater, stream restoration, neighborhood stormwater improvements, and lake preservation projects
-  **CONVENTION CENTER** - \$1.8 million to fund the expansion of the Convention Center
-  **BUS RAPID TRANSIT (BRT)** - \$80 million in BRT plan projects to include Southern Corridor implementation, ADA facility construction, and bus shelter improvements
-  **INFORMATION TECHNOLOGY** - Over \$1 million commitment to enhance the City's technology infrastructure, including improvements to AV equipment and an assessment of the City's Enterprise Resource Planning (ERP)/Human Capital Management (HCM) needs
-  **GREEN INFRASTRUCTURE** - \$234,000 for solar projects to expand green infrastructure on city buildings and \$75,000 for electric vehicle supply equipment
-  **GENERAL PUBLIC IMPROVEMENTS** - Over \$18 million for public safety facilities land acquisition, and design and planning for a future heavy equipment shop, Southeast remote operations center, and a fire logistics warehouse