

## **Dear Mayor & City Council Members,**

In accordance with the provisions of the Raleigh City Charter and the North Carolina Fiscal Control Act, I am pleased to submit my Proposed Budget for the 2025 Fiscal Year and the Proposed Five-Year Capital Improvement Program (CIP) for FY2025-FY2029. These documents reaffirm our commitment to fiscal stewardship and responsible management while promoting deeper community connections.

The annual budget is the central policy tool that reflects the priorities and values that shape the City’s future. It helps to establish funding priorities and puts into action strategic initiatives and objectives included in the adopted Strategic Plan. This unique tool supports the delivery of high-quality services that pursue the City’s Vision and Mission. I am grateful for the incredible commitment of City staff, the trust demonstrated by our community, and the support and partnership of Members of the City Council. The proposed financial plan takes into consideration economic pressures including inflation, supply chain issues and interest rates that impact our ability to deliver cost-effective services and create exceptional experiences for residents and visitors.

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. 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.

In fact, in February, the annual Milken Report named the City of Raleigh the second-best performing city in the nation. This budget strives to maintain that high level of organizational excellence through targeted investments and equitable outcomes. The proposed FY25 financial documents offer a measured approach that acknowledges the unique challenges and contributions of this budget in the following sections:

- Introduction and Context
- Economic and Financial Context
- General Fund Enhancement Recommendations
- Summary of Special and Enterprise Fund Recommendations and Considerations
- Summary of Capital Budget Recommendations
- Next Steps

### **Introduction and Context**

I continue to be fully committed to recommending a budget that reflects the priorities of the City Council and our community. Budget and Management Services surveyed the community on budget priorities and held more than a dozen virtual and in-person listening sessions across the City.

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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 this message and the budget recommendation, including the City’s recommendations from its first participatory budget pilot.

In January, City departments turned in operating budgets which included requests for new spending. Final recommendations for operating and capital budgets were evaluated based on priority, alignment with the City’s strategic and departmental business plans, financial feasibility, and how the requests addressed the emerging needs of the community, among other criteria. Supplemental requests were also evaluated based upon their ability to improve outcomes for historically underserved groups or areas of the community.

In conjunction with the internal work described above, staff worked with City Council to formally initiate the budget process at its retreat in January. The City Council devoted time to understanding revenue projections, expenses, and to reviewing and refining a roadmap of budget priorities. Work sessions followed that highlighted the procedural and fiscal considerations undertaken in the development of the proposed balanced budget.

The recommended budget reflects increased spending across five areas. More explanation of the related funding recommendations can be found in the General Fund Enhancement Section. The five areas include:

- **Workforce Investments:** City Council support has demonstrated the priority of our employees. This includes continuing to provide an exceptional work environment for all employees with targeted enhancements to benefits, celebrating the work of our employees through merit increases, and increasing our market competitiveness in key areas, pending the City’s comprehensive Classification and Compensation Study results.
- **Policy-driven Initiatives:** City Council and Community identified priorities have driven efforts to expand existing programs and pilot new services to serve vulnerable populations.
- **Financial Roadmap:** Public engagement last Fall, coupled with conversations with the City Council over the course of the last year, have helped to identify and establish a roadmap of priorities that will guide planning and budget development over the next several years, with targeted investment recommendations proposed for this fiscal year. Cost of business, inflation, supply chain issues and other economic factors are driving up costs to deliver high-quality service. Additionally, some enterprise funds need additional general fund support to replace lost revenues.
- **Cost of Business:** Inflation pressures have increased the costs of all City activities, and growth means that we must serve more residents and customers. This year also marks the sunset of federal American Rescue Plan Act funding.
- **Service Enhancements:** Strategic investments will allow for enhanced and expanded services in areas of key organizational and community priority.

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While the need for new investments remains high as outlined above, the economic pressures on our revenues reflect national trends, and our growth in expenditures continues to outpace revenue growth. More detailed information regarding the City’s revenue outlook will be shared later in this message. In summary, property taxes continue to be the City’s most significant revenue source while more limited growth in the following revenues put pressure on the City’s overall revenue outlook:

- Sales taxes – after several years of rapid growth, projected sales tax growth has flattened
- Permit fees – high interest rates are slowing certain development activities, impacting projected permit revenues.
- Parks user fees – revenue from park user fees is projected to have modest increases.

The FY25 budget will reflect changes to the City’s property tax base resulting from Wake County’s county-wide re-evaluation of real estate values. The FY25 budget does not recommend a revenue-neutral rate. The tax rate proposed for this budget is \$0.355, or 35.5 cents per \$100 of property value. This is an 11-percent increase over the revenue-neutral rate. A median home valued at \$391,705 would pay \$1,391 in City property taxes, an increase of \$275 over the revenue neutral rate.

The City’s enterprise funds are experiencing market pressures much like those faced by the City’s general fund. Enterprise fund operations are designed to recover all costs without any reliance on subsidies from the general fund. To mitigate the impact of current market pressures, these funds are proposing moderate rate increases as well. Raleigh Water has a tiered increase with an average residential increase of \$1.58/month. Stormwater will raise fees by \$0.29/month to support staffing and capital projects that protect creeks and streams from runoff. Solid Waste Services has proposed an increase of \$1.70/month to meet operational cost increases and continue its transition to a self-supporting enterprise fund. More detail is included in the Enterprise Funds section below.

The total proposed budget for FY25 is \$1.43 billion with \$732.2 million dedicated to the City’s General Fund and the remainder reserved for capital expenditures. This represents a total increase of all City taxes and fees for an average homeowner of \$39 per month.

### **Economic and Revenue Outlook**

As of April 2024, the US economy is strong and stable with fears of a recession later in the year easing. However, the Federal Reserve has expressed concern about inflation remaining persistently above its target rate of two percent and its potential impact on interest rates and broader economic activity. The labor market continues to remain resilient with the national unemployment rate below four percent. Despite some challenging national conditions, Raleigh’s economy continues to perform well as demonstrated by the following:

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- There continues to be important and beneficial economic development investments in the City of Raleigh, such as Audemars Piguet, Indivior, and significant interest in the development of apartments, hotels, office, and retail spaces in Downtown Raleigh.
- Housing demand continues to rebound, but with mortgage rates hovering around seven percent, many prospective homebuyers continue to face challenges locating housing options they can afford. According to a recent U.S. News and World Report, the City has the second hottest housing market in the nation.
- Strategic investments in major facilities that promote tourism and economic activity in the community include: the expansion of the Raleigh Convention Center expansion, the relocation and redesign of Red Hat Amphitheater in Downtown Raleigh, and planned improvements to PNC Arena. These projects combine to solidify the City’s reputation as a premiere sports, entertainment, and tourism destination in the Southeast.

Each of the points noted above contributes to modest revenue growth. This fiscal year Wake County revalued real estate across the County to ensure all residential and commercial properties are valued and taxed equitably. A revenue neutral property tax rate is calculated to generate the same amount of revenue for the City after allowing for normal growth. Fueled by increased property values, the City’s revenue neutral property tax rate is 31.7 cents which is 11.6 cents less than the FY24 rate of 43.3 cents. The FY25 Proposed Budget includes a tax increase of 3.80 cents, for a total proposed property tax rate of 35.5¢ per \$100 valuation.

The slight increase in the City’s property tax rate beyond the revenue neutral rate responsibly responds to feedback heard from residents as part of the City’s engagement around the FY25 budget process. The additional resources will fund key initiatives throughout the City. The increase in property tax plus the natural growth from revaluation will generate an additional \$65.3 million in revenue for the City which is 18.5 percent more than property tax revenues budgeted in the current fiscal year. More than any other factor, the FY25 proposed property tax rate increase will fund adjustments in compensation for the City’s greatest asset – its employees. It will also dedicate funding for the City’s capital infrastructure; invest in the City’s parks and cultural facilities and transportation assets; and fund critical IT infrastructure around the City.

While property taxes remain the City’s largest source of General Fund Revenues, sales taxes continue to be the second due to increased consumer spending and inflation. Post-pandemic revenues remain strong due to high levels of inflation and increased consumer spending.

However, sales tax revenue growth in the City and State of North Carolina is trending down or flattening. Therefore, despite reaching double digit growth in prior fiscal years, the FY25 budget assumes a modest 6.6 percent increase or \$9.76 million growth in sales taxes – bringing the growth rate in line with pre-pandemic years.

The City continues to experience growth in Parks and Recreation user fees and Development Services fees to near pre-pandemic levels. As such, user fees are budgeted to increase by \$815,059

(12.3 percent) from FY24, and development fees are projected to increase by \$4.4 million (22.2 percent) as a direct result of construction and development activity in Raleigh.

Despite consistent growth in revenues, expenses continue to outpace revenue growth at a much quicker rate. The proposed budget reflects staff’s commitment to finding fair and equitable financial solutions to address the community’s demand for quality services.

### **General Fund Enhancements**

While we have made intentional and strategic funding decisions in the proposed budget, we were not able to accommodate all operational and service departmental requests with this budget recommendation. However, the recommendations included provide significant benefit to our employees and our community. Below is a summary of recommendations of key general fund enhancements by the four areas outlined above.

### **Workforce Investments**

Just as property taxes supply the biggest source of revenue for the City of Raleigh, our 4,500 full- and part-time employees represent our largest investment into the community. Many of the economic factors mentioned above contribute to an ever-changing workforce. To meet changing demands and to remain an employer of choice, the City of Raleigh is proposing a series of pay and benefit increases, which will be supplemented in future budgets after the completion of the current Classification and Compensation Study.

For many classifications within the City, the job market is more competitive, and Raleigh continues to increase compensation for these critical positions. Our public safety employees – sworn officers, uniformed firefighters, and 911 call takers – will receive targeted market increases, five-percent merit increases and increases to starting salaries in the proposed budget.

Market adjustments are also proposed for two classifications that are critical to service delivery across many operational departments such as Solid Waste Services. These include maintenance specialists, which will receive six-percent market adjustments, and crew supervisors, which will receive nine-percent adjustments. All remaining full-time employees will receive a two-percent market increase prior to annual merit increases.

The City will also continue its commitment to a robust total compensation and rewards program through its competitive benefits offerings. The City will absorb insurance increases without requesting additional employee contributions and will extend several new employee leave opportunities to include birthday leave, bereavement leave, wellness leave, and flexible personal leave.

### **Policy Priority Investments**

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

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City will continue to support strategic initiatives that have begun in recent years and implement new pilot initiatives.

In FY25, the City will provide ongoing operational support to the ACORNS unit in the Raleigh Police Department, replacing former one-time Federal support through the American Rescue Plan Act funding. Additionally, after significant peer research and community outreach, the City will initiate a pilot of some Alternative Response elements including: -

- Co-Response Program – \$800,000 to support the ACORNS unit in the Raleigh Police Department: the program pairs social workers 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.

Affordable housing and housing choice continue to be the City Council’s consensus priority policy objective. Resources are consistently appropriated through the Housing and Neighborhood Department’s Penny for Housing to support various housing programs. The General Fund allocation for affordable housing will grow from \$7.9 million to \$11.4 million in FY25. The new funding capacity that is afforded through the increase in the penny will be allocated to several service enhancements and new programs including:

- Support to the Continuum of Care, a network of organizations that actively move people through the housing continuum – from unsheltered, through emergency sheltering, to permanent housing in line with federal guidelines.
- The Flexible Homeless Prevention Funding Program which aims to keep people in their homes or assists individuals with temporary or permanent housing opportunities.
- Targeted outreach and assistance to individuals relying on encampments for shelter.

### **Financial Roadmap Investments**

Many of the items that were identified in the City’s financial roadmap exercise will require ongoing study and dedicated resources over many years, but this recommended budget includes significant investments to recognize these long-term strategic needs.

The City’s purchase of Dix Park - more than 300 acres adjacent to downtown - has provided a signature destination not just for City residents, but for visitors from across the region. The Dreamville Music Festival continues to attract artists of national and international acclaim to the City with this year’s festival drawing more than 100,000 visitors to the City over the course of the two-day event. Dix Park plays host to several local events like the Inter-Tribal Pow-Wow, the Independence Day Fireworks, and multiple community 5K fundraisers, which all continue to grow in size. In this fiscal year, we anticipate the opening of Gipson Play Plaza, a milestone in the development of the property. The State of North Carolina retains ownership of several buildings

on the Dix Park footprint – some of which will transfer to the City for maintenance. Increases in staffing and operational dollars for Engineering Services and Parks, Recreation and Cultural Resources reflect ongoing operational costs associated with the added responsibility to properly care for and maintain these facilities. Capital Improvement Dollars invested in the park through FY24 are substantial, and this year’s Capital Improvement Plan earmarks another \$8.66 million.

The Raleigh Fire Department (RFD) has contracted to create a Fire Master Plan, which will guide future investments in stations, apparatus, and personnel to ensure that RFD is able to provide its high level of service with continued growth through both infill development and annexations. This budget will allow for strategic investments in protective equipment and a ladder truck that will allow acquisition to begin in anticipation of Master Plan recommendations.

As was previously mentioned, the City is in the midst of a classification and compensation study of all full and part-time positions. This budget sets aside the equivalent of a penny on the tax rate (\$11.4 million) to implement a first phase of the study’s recommendations. This commitment represents just under half of the increase in personnel costs this year. These set-aside dollars will allow the City to meet immediate needs revealed by the study and positions the City to begin implementing recommended changes next fiscal year.

### **Cost of Business**

Growth requires that we deliver services to more residents and customers, while inflation drives up cost of the service itself. While these pressures affect all departments, the three examples below reflect the greatest impact of rising costs and also the sunset of federal American Rescue Plan Act funding.

Transit remains an area of community concern as effective and efficient mobility options are critical to our success. At the beginning of the pandemic, GoRaleigh’s General Fund budget was cut, and fares were suspended to meet the needs of our community and respond to the unpredictability of service demands. These revenue losses were absorbed by transit-specific relief provided through three measures: Coronavirus Aid, Relief and Economic Security and CARES Act passed in March 2020, the Coronavirus Response and Relief Supplemental Appropriations Act passed in December 2020 and the American Rescue Plan Act passed in March 2021. GoRaleigh did not receive its regular cost increases in the interim years, and the system has not charged fares since 2020. As a result, GoRaleigh will receive \$8.2 million from the General Fund for operating expenses, which include personnel and contractual increases to operate the City’s bus fleet. This budget also anticipates a return of fares on July 1, 2024. Finally, in conjunction with the Wake Transit Plan, the City will contribute \$1.4 million to expand service on five routes.

The City’s Department of Transportation provides citywide leaf collection, for which costs to dispose of the leaves collected have increased by \$900,000. To cover staffing needs in previous years, positions were transferred from street maintenance, and \$135,000 is allocated to purchase equipment to make mulching in medians more efficient. Transportation also pays the electricity

bill for streetlights, stop lights, and other lighting throughout the City. This proposed budget reflects a \$805,00 (or 12 percent) increase to the department’s budget.

### **Service Enhancements**

Raleigh’s high caliber services, excellent quality of life, and relatively low cost of living compared with peer cities has positioned the City to continue to attract jobs, investment, and new residents. This section outlines new investments in our current services and highlights specific service areas that will expand to accommodate growth. The fiscal year 2025 budget reflects increases in existing expenses, the addition of new technology and programs, and new FTEs. Each addition was reviewed against criteria that include financial feasibility, community needs and improving equity. Not all additions are highlighted here, but many of these items emerged as clear priorities during our budget engagement sessions or were high priorities in departments’ supplemental requests for new spending. Service enhancements are categorized by areas of alignment with the Key Focus Areas in the City’s Strategic Plan:

### **Organizational Excellence**

After a post-pandemic increase, vacancy rates at the City have stabilized. The City continues to invest in salary and benefits to recruit prospective candidates, retain high-performing employees and address the slight uptick in vacancies since the pandemic. Following an external review conducted in FY24, the budget recommends three new full-time positions, the conversion of two part-time positions to full-time, and additional operating funds to support recruitment strategies, employee relations, workplace safety and process improvements in Human Relations.

Technology infrastructure continues to grow in complexity and necessity for the City. The budget recommends over \$500,000 to further enhance our cyber security efforts. The City Attorney’s Office will increase productivity and gain operational efficiencies from a new case management software that includes a litigation-specific module.

Investments in the City Manager’s Office and a new position in Information Technology, and recommended funding for the Offices of Community Engagement, Internal Audit and Strategy and Innovation will right-size investments for the implementation of the City’s Customer Relationship Management system, support the Engage Raleigh Expo, increase Audit learning and development opportunities, and support the Smart Raleigh Fund.

In Vehicle Fleet Services, two positions were recommended - one for Solid Waste Services vehicles and one for general maintenance. Additional funding of \$120,000 covers motor pool cost increases, and \$75,000 is earmarked for a pilot project for electric vehicle charging software.

### **Growth and Natural Resources**

A new full-time position in the Urban Projects Group of Planning and Development will support the design process for City projects. Technology and operational investments in Planning and Development will improve customer service and address increased operating costs.



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In FY25, the City Attorney’s Office is adding one position for a land use attorney. The Communications Department is making two part-time positions in public records permanent to meet the growing demand in public records requests.

Additional contributions that align with Growth and Natural Resources can be found in Capital and Enterprise Investments in the budget document.

### **Safe, Vibrant Neighborhoods**

Knowing that a safe and vibrant community is an asset for the City of Raleigh, this budget recognizes that replacement equipment, while typically a capital need, is required for real and perceived safety throughout the City. As such, \$1,320,000 is earmarked to replace Self-Contained Breathing Apparatus (SCBA) units and communications equipment for the Fire Department. An additional Deputy Fire Marshal Position is also budgeted to help address the increasing demand for fire inspections, special events, permits, and fire plan review.

The Raleigh Police Department will receive additional funding for two education programs - one that evaluates substance misuse trends and one that addresses the various elements of mental health. These two programs support a Strategic Plan Initiative in Safe, Vibrant and Healthy Communities to prevent and address substance use. In addition, we recommend four new positions in the Raleigh Police Department. Two positions are in the vehicle fleet service unit to address a backlog of vehicles that need police equipment installed. Two more positions backfill positions that were classified for the new Civilian Traffic Investigation Unit created during FY24.

Other investments will cover increases in communications system costs as part of an interlocal agreement with Wake County; increase technology support to 911 services and provide additional public safety barricades for public events.

### **Arts and Cultural Resources**

The largest additions to the Parks, Recreation and Cultural Resources (PRCR) budget support operations at Dix Park. A total of 12 FTEs will staff Gipson Play Plaza with eight positions funded out from the recent Parks Bond. Additionally, four more FTEs have been recommended to care for buildings in the park currently owned by the State that will become the City’s responsibility to maintain this year. We recommend adding 3.125 positions in PRCR to increase safety, cleanliness, events, programming, and foot traffic at downtown parks. The properties include Moore Square, Latta University Historic Park, Nash Square, and other downtown public spaces managed by PRCR.

Three new positions recommended for PRCR will be supported by property tax capacity that was previously adopted by City Council to support operating needs of the 2022 Park Bond. These include a public art curator to manage the many public art projects that were included in the bond and two positions for Historic and Cultural Resources to provide additional staffing to several facilities including additional programming at John P. “Top” Greene Community Center. The community center’s work is part of a larger City initiative to identify, protect, and preserve historic and cultural assets within the Southeast Raleigh community.

Three project managers for the capital improvement program are recommended through the Penny for Parks funding to enhance efforts for timely delivery of park maintenance projects. In Engineering Services, investments related to Dix Park account for the majority of expanded funding. In addition to the four positions that will support maintenance and care of the buildings on campus, \$485,934 is dedicated toward maintenance expense.

### **Transportation and Transit**

In supporting efforts that promote walkability, biking, and pedestrian friendly options, additional funding and resources are recommended for the Transportation Department to enhance bike and pedestrian mobility. This includes six positions to enhance maintenance of the City’s 1,400-plus miles of sidewalks.

Funding is recommended for Engineering Services in order to complete a pilot initiative which will utilize private, contracted resources to accelerate capital project delivery, given the number and complexity of capital projects. Two new positions will also enhance use of project management technology to improve project management efficiency and effectiveness.

### **Economic Development and Innovation**

In the Department of Equity and Inclusion, one new staff member will join the team that promotes Minority and Women-owned Business Enterprises (MWBE). In addition to its work to increase MWBE participation in City projects, this division is hosting the 25th annual MWBE Expo in June, which connects small local businesses with larger contractors who need their services. The FY25 budget also commits \$100,000 to continue implementation of the Disparity Study in an effort to create a more impactful MWBE program.

### **Enterprise Funds**

Clean and safe drinking water is a public good that is critical to creating a safe, vibrant, and healthy community. In order to maintain a system that reliably treats and safely delivers water resources to our community, this year’s budget includes \$227.7 million in capital investment for Raleigh Water. This funding will support capital projects in several key areas including water and wastewater treatment plant expansions and maintenance, water main expansions, pump stations, tank upgrades, and various watershed initiatives.

In support of Raleigh Water operations, the proposed budget includes a three percent, or \$1.58 increase, in the average residential customer’s monthly utility bill, bringing the monthly rate from \$51.87 to \$53.45 per month in FY25. Staff recognizes that rising bills can present a hardship for low-income residents. For several years, the City has administered the Utility Customer Assistance Program in partnership with Wake County, which provides financial assistance to low-income residents that may struggle to pay their utility bills. While we are sensitive to the challenges some residents may experience as a result of increased fees, we believe that this modest rate increase reflects the responsible action that will enable the utility to sufficiently maintain the system, offset

operating impacts associated with increased costs and staffing needs, and meet the demands of a growing city.

The City’s Stormwater Division implements programs, projects, and services to maintain stormwater infrastructure, protect water resources and aquatic life, prevent streambank erosion, mitigate development impact, and manage flooding. Additionally, the division provides technical support that encourages and fosters smart growth in Raleigh. The FY25 proposed budget includes the addition of nine positions to more effectively manage and deliver critical capital projects, support permit-required water quality monitoring, and provide timely and accurate maps of the City’s floodplains.

Effective stormwater management is a community and City Council priority that is vital to protecting creeks and streams from runoff. To enhance and improve our stormwater system, the proposed budget incorporates a \$0.29 increase per Single-Family Equivalent Unit (SFEU), raising the monthly rate from \$7.36 to \$7.65 in FY25. The proposed rate increase will help address outstanding CIP projects and meet staffing challenges.

The City’s Solid Waste Services Department (SWS) provides safe and efficient residential curbside garbage, recycling, yard waste, and other collection and disposal services around the City to create a sustainable future for the community. For the FY25 proposed budget, the Department is proposing a \$1.70 increase in fees, which will increase monthly service rates from \$22.40 to \$24.10. SWS does not operate as a full enterprise operation as it currently receives a subsidy from the City’s General Fund. The FY25 budget proposes a five-year step down in the annual General Fund subsidy that SWS receives as the department transitions to a full enterprise operation. This gradual reduction in subsidy also guarantees the creation of a SWS capital improvement plan to ensure that the department’s maintenance needs continue to be met and services continue to expand as the City grows. The increased fees for SWS will also support operational costs associated with fuel, vehicle repair, maintenance, landfill fees, and staffing.

### **Capital Improvement Program**

The FY25 capital budget includes existing funding and anticipated revenues to support both new and current projects in the City’s five-year Capital Improvement Program (CIP). The capital budget process included an inventory of current capital needs that address major programmatic, and facility needs across the City. Through this inventory, the most critical needs were prioritized and funded through one-time funding, bond funding, or on-going funding. Beginning in FY25, the capital budget also includes an amount equivalent to one cent on the property tax rate (\$11.4 million) for projects best suited for PayGo (cash) financing. This funding provides an ongoing revenue source for projects and enables the City to develop a strategic five-year CIP. In addition, this approach commits funding for external facing programs. Projects funded through the Penny for PayGo financing are outlined below.

Included in the FY25 are funds for building system improvements to maintain, upgrade, or replace tangible capital assets to ensure compliance and enhance the health and safety of employees (\$2.1

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million). The five-year CIP also includes funding for the replacement of police station generators (\$1.9 million) and for improved security measures at police headquarters (\$500,000).

The FY25 capital budget includes funding for an assessment of the City’s current Enterprise Resource Planning (ERP) and Human Capital Management (HCM) platform to help inform the City’s replacement of PeopleSoft (\$200,000). To focus on City-led, small-scale public realm improvement projects that will create welcoming public places, the capital budget includes \$250,000 in recurring funding for a Civic Places Program. In addition, \$75,000 is dedicated to the development of the City’s next strategic plan.

The CIP also includes \$1.05 million in recurring funding to support several other, highly visible projects. To support economic development, the budget includes \$500,000 for the Building Upfit Grant program, which encourages growth within our small business community by providing financial support to property owners seeking to activate vacant or underutilized commercial building space in the City. Additionally, \$50,000 is included to support the Facade Improvement Grant program – a companion to the Building Upfit Grant program, which provides matching funds to improve the exterior appearance of commercial buildings throughout the City, and \$150,000 in Impact Partner Grants to support underrepresented innovators through six larger grants and up to three microgrants. Finally, the FY25 capital budget includes \$350,000 for the City’s Public Project Community Support Fund (PPCSF), which was designed to help mitigate impacts to residents and businesses resulting from large-scale, City-initiated capital projects, such as bus rapid transit.

Lastly, the Penny for PayGo includes funding for four transportation projects in FY25. \$2.08 million is dedicated to vision zero enhancements that will add crosswalks and other safety improvements to comply with provisions of the Americans with Disabilities Act. These enhancements are required by law when streets are resurfaced. The budget also commits \$165,000 for accessible pedestrian signals, which provide audible instructions for pedestrians with vision impairment. Funding is committed to the Neighborhood Traffic Management Program (NTMP) for the installation of traffic calming measures along streets where there are habitual speed compliance issues or consistent crash patterns (\$3.28 million). FY25 NTMP funding aligns with the construction season and funds 20 projects in a diverse group of neighborhoods across all City Council districts. The budget also includes \$1.0 million for major bridge repairs for restoration projects that extend the useful life of bridges.

The FY25 capital budget also includes one-time funding for a variety of other critical needs. Over \$2.6 million is designated for studies and sidewalk repairs for the Transportation Department. To expand the City’s fiber network and enable the connection of various citywide facilities with City fiber, the FY25 capital budget includes over \$1.1 million in one-time funds. This funding also includes investments in software enhancements. Communications will receive \$250,000 to restructure the City’s website and the Office of Sustainability will receive \$294,000 to fund the City’s solar project and initiatives to address climate change. Finally, the proposed FY25 capital

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budget includes one-time funding to purchase electric vehicle (EV) supply equipment (\$75,000) and meridian barrier safety equipment (\$60,000) to provide additional safety measures to protect mass gatherings.

The City is committed to resident involvement in the creation of the annual budget and, pursuant to this commitment, this budget includes \$1.0 million in capital funds for the City’s first-ever participatory budgeting pilot. The City set aside \$200,000 for each Council district, to be spent on projects voted for by area residents. During the City’s participatory budgeting pilot initiative, residents identified connectively to parks and greenways as the top funding priority. As a result, the proposed budget leverages these capital funds to bolster the budget for sidewalk microgap projects.

### **Conclusion and Next Steps**

As you review the proposed investment in the FY25 proposed Budget, I hope you see Council and community priorities reflected throughout, balanced with our commitment to strong fiscal stewardship and superior service. Delivery of this document positions the City to adopt a spending plan before the conclusion of the current fiscal year, as required by law. A public hearing will be held on the budget on June 4 and the City Council will hold a work session each Monday in June beginning at 4 p.m. These weekly work sessions will continue until the City Council adopts the annual operating budget and five-year capital program.

In closing, I would be remiss if I did not publicly thank my team. I am surrounded by amazing public servants who not only value the work that we do day in and day out, they also value who we do the work for – our community. To the Management Team, thank you for being true teammates who understand and respect the fact that our organizational strength lies in each other. Your commitment to this organization and our community is unmatched. To Sadia Sattar and the Budget & Management Services Department, a huge thanks for allowing the data to tell a story, our story, of how our collective goals and priorities will shape our success for years to come. A special thanks to the City Council for your guidance and support throughout the budget development process. Lastly, thanks to the residents of Raleigh for staying engaged and articulating community goals that will help us to “Invest in Raleigh’s Future.”

