



# Citizens' Annual Financial Report

For the Fiscal Year Ended June 30, 2012

CITY OF RALEIGH, NORTH CAROLINA

Cover photo by Doug VandeZande



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# Letter From the City Manager



## *To the Residents of the City of Raleigh:*

Times of economic hardship increase many peoples' need for government services. Conversely, economic downturns decrease resources that governments have to provide services.

That has been the quandary the City of Raleigh has faced during this worst economic recession in 80 years. Throughout the downturn Raleigh's population has continued to increase, with 48,473 more people choosing to make their home in Raleigh since 2007.

For the previous three years, sales tax revenues, interest income and development-related fees have been down and there has been minimal property tax growth. Still, the budget did not call for increases in the property tax rate or solid waste, stormwater and privilege license fees.

Thus, this was the third consecutive budgetary cycle requiring significant reductions. This meant another year of struggles to protect our priorities:

- Maintain the City's customer cost competitiveness;
- Minimize service impacts to our citizens;
- Avoid employee layoffs;
- Staff new parks and field operations facilities; and,
- Ensure the long-term financial sustainability of our general governmental operations and enterprises at standards consistent with a AAA quality credit entity.

This Citizens' Financial Report offers Raleigh residents a brief overview of their City's government and how it has managed to maintain the highest levels of customer service while maintaining overall municipal costs that are among the very lowest in North Carolina and the very highest AAA general obligation and utility bonds possible.

These accomplishments have demanded that our staff continually do more with fewer resources. It has required innovation and creativity. It has daily increased the awareness of every City employee regarding our responsibilities to all Raleigh residents, especially those most in need.

Much gratitude for making it through these times of unprecedented fiscal stress belongs to the residents of Raleigh who have offered their time and talents as volunteers and have steadfastly championed the Capital City as the very best place to call home.

As we hopefully step progressively toward better times, I encourage you to continue to be involved in your city; volunteer, serve and make your voice heard. These will not be the last challenges we confront as a community. Together we have the strength and resources to continue building a better Raleigh, regardless what comes our way.

Now, I invite you to read this Citizens' Financial Report that was written especially for you, the residents of Raleigh.

Sincerely,

J. Russell Allen  
City Manager

## Raleigh City Council 2011-2012

### **First row:**

**Russ Stephenson** - Mayor Pro Tem, At Large  
**Nancy McFarlane** - Mayor  
**Eugene Weeks** - District C

### **Second row:**

**Randall Stagner** - District A  
**Mary-Ann Baldwin** - At Large

### **Third Row:**

**Thomas Crowder** - District D  
**Bonner Gaylord** - District E  
**John Odom** - District B



## City Administrative, Legal and Financial Staff

**J. Russell Allen**  
City Manager  
**Julian B. Prosser, Jr.**  
Assistant City Manager  
**Daniel A. Howe**  
Assistant City Manager  
**Thomas A. McCormick, Jr.**  
City Attorney  
**Gail G. Smith**  
City Clerk  
**Perry E. James, III**  
Chief Financial Officer



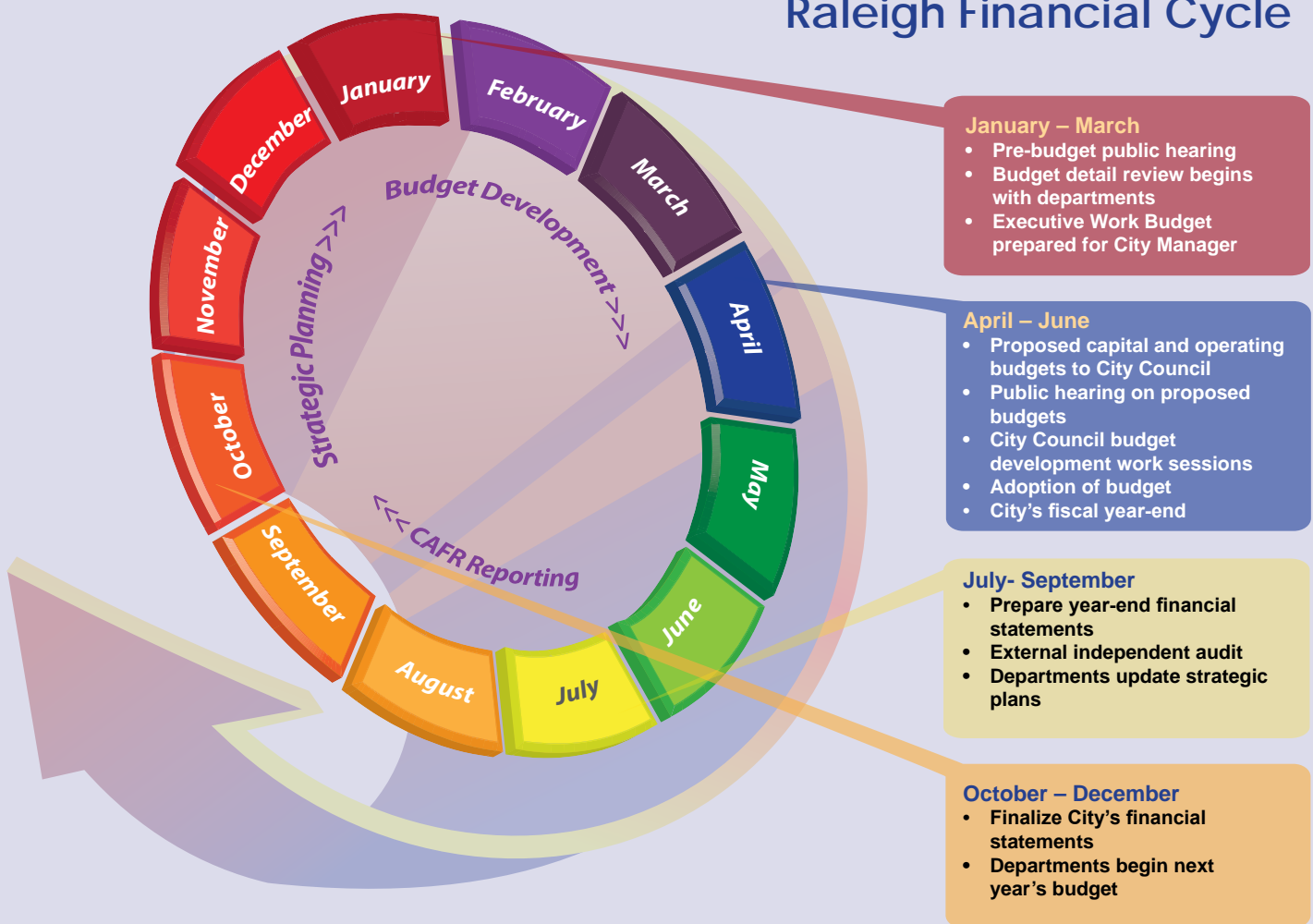
# Overview

As shown below, the City of Raleigh's financial cycle includes budget and accounting components that are incorporated on a fiscal year basis running from July 1 to June 30. This cycle begins with identification of departmental needs and projection of revenue resources, leading to the development of a balanced budget proposal that goes to the City Council for approval. City systems account for all financial activity throughout the fiscal year with annual financial statements being prepared and independently audited at June 30.

The 2012 **Citizens' Financial Report** provides the citizens of Raleigh and other interested parties with an overview of the City's financial results and condition for the year ended June 30, 2012. The financial information, including tables and graphs, is taken or derived from the audited financial statements in the City's 2012 **Comprehensive Annual Financial Report (CAFR)**, the formal annual reporting done by the City. The **Citizens' Financial Report** is not required to present the same level of detail as the CAFR and, therefore, does not fully conform to generally accepted accounting principles (GAAP). However, in a more summary version, highlights the overall financial condition and trends of the City.

The City's 2012 **CAFR** is audited by the firm Cherry Bekaert and Holland, L.L.P., and has received an unqualified or "clean" audit opinion. This report may be viewed on the City of Raleigh's website at [www.raleighnc.gov](http://www.raleighnc.gov).

## Raleigh Financial Cycle



For further information contact the Office of the Chief Financial Officer, City of Raleigh, P.O. Box 590, Raleigh, NC, 27602.

# A Perspective on Evaluating Raleigh's Financial Position

## How do you know Raleigh's finances are in good shape?

Much has been written about the financial challenges that face governments in today's economy. It is very appropriate to ask the question "How do we know our City's finances are in good shape?" There are some easy ways for us to understand the financial health of the City of Raleigh.



### **Your own household financial condition**

- As a good starting point, first consider how do you measure your own household financial condition? What are those key items that you watch to make sure that you keep on a good financial track? Most agree that the following items are some things that households keep an eye on:

**You maintain good credit scores** - The higher the score the better when we apply for our house or car loans. Good credit scores directly impacts whether loans get approved and at what interest rates.

**You balance your budget** - Spending within our means and budgeting realistically so that we know what money we have available.

**You save money for the unexpected** - Whether it's to have enough money on hand for unknown expenses that pop up each paycheck or for saving for future large needs that fall outside a monthly budget, we know we need cash and savings.

**Your assets grow** - Most people experience a growth in their assets over a lifetime, such as a larger house for your growing family, a new car when the need arises and growing retirement savings for the future. We know if assets don't grow, that's usually a sign of weaker finances, which can cause difficulties in the future.

**Your household debt is moderate** - The recent economic downturn was a reminder for all that there are limits to borrowing. Most people don't pay cash for major investments like a home, but instead responsibly use debt to spread the cost of larger purchases over time.

**You don't put off to the future those things that should be funded today** - Good financial health can't ignore purchases which have to be funded all along or we end up with a big bill which we can not afford and it gets deferred to future generations to pay for. Retirement, healthcare and senior care needs are things that we know we're better off putting money aside now so that we have funds for them when we need them later.

**You plan for your financial future** - A household with finances in good shape knows it is not just today's issue. It is important to plan for tomorrow.



## The City of Raleigh – Everyone's Household

The City deals with the same financial fundamentals that apply to individual households. In protecting citizens from crime and fire hazards, regulating quality of housing and other construction, providing parks and recreational facilities, picking up garbage, making water and sewer available, paving roads, managing the transit system, and providing convention and performing arts events, the City of Raleigh is the level of government that touches your daily personal lives the most.

The City's General Fund accounts for the general operations of the City, including public safety, solid waste collection and parks. Using the same criteria as is used in our household finances, we highlight the following conditions which reflect the financial management practices the City exercises in managing a strong financial position.

**The City has AAA/Aaa Credit Ratings** - The City's general credit ratings from the three national credit rating firms - Moody's, Standard & Poors and Fitch -- are all AAA/Aaa. This represents the highest credit ratings available and allows the City to access debt at the lowest interest rates.

**The City's budget is balanced** - North Carolina law requires local governments to approve a balanced budget each year. The budget and the internal enforcement controls are used to ensure the City spends only what it brings in, staying within its financial means.

**The City maintains adequate liquidity and fund balance reserves** - The Raleigh City Council has approved a policy that the City maintain appropriate reserves which amount to 14% of the General Fund's next year budget. Additionally, separate reserves are maintained for the City's annual debt service costs.

**The City's assets are growing** - Over the last 10 years, the City's total assets have grown by 88%, much of it being investments in the community such as parks, street improvements, greenway and utility infrastructure.

**The City's debt is moderate** - The City's general debt is well under the State of North Carolina's statutory limits and the principal and interest on City debt repaid by property taxes, represents only 11% of the General Fund's budget.

**The City is responsibly funding the future costs related to City pensions, health claims and risk management costs** - In an area of cost that many governments have stopped short of adequately funding, the City of Raleigh funds all of its pension, healthcare and risk management obligations on an actuarial basis, which provides reserves that will pay for these benefits when they come due.

**The City is planning for the financial future of the City** - Through budget analyses, a 10-year capital improvement plan, long-range studies and multiple business modeling efforts, the City is planning for what financial needs may be associated with the future.

In summary, it is our pleasure to report to you that the City's finances are in good shape and it all begins with understanding that the basics are largely the same for all of us, whether as an individual household or as your City government.

# FY12 Budget Highlights

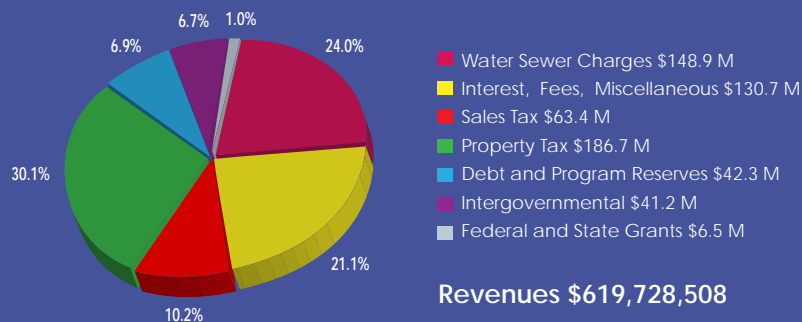
## Adopted FY12 Budget

The FY12 budget marked the City of Raleigh's third consecutive year of making significant budgetary reductions and operating under constrained resources. Over the past three years, General Fund revenues increased by slightly less than \$4 million (1%), while the City was challenged with rapidly rising health care costs and retirement contribution rates, as well as the need to address service delivery in more creative and cost effective ways.

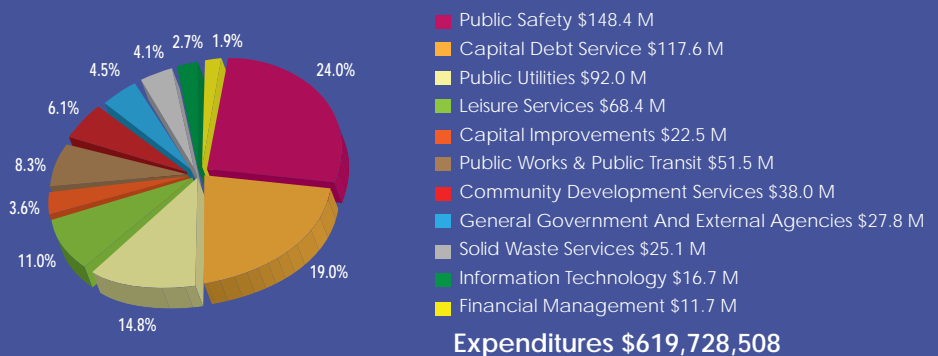
Given economic realities, the FY 2011-12 budget reflected numerous reduction strategies. These tactics included one-time budget solutions and recurring cost reductions, created by implementing program efficiencies and, in some cases, adjusting service delivery. These difficult decisions were necessary in order to maintain the high standards of fiscal planning, management, control and reserves expected from AAA quality credit.

The FY 2011-12 Adopted Budget did not raise the property tax, which remained at 37.35 cents per \$100 of assessed value. The adopted budget did include sewer administrative fee and user rate increases, effective July 1, 2011. Under the adopted rates, the average residential customer who uses six CCFS (4,500 gallons of water a month) paid \$44.47, an increase of \$3.83 per month.

Total FY 12 Adopted Budget Revenues (in millions)



Total FY 12 Adopted Budget Expenditures (in millions)



# The Government-Wide Financial Perspective

## Results of Operations and Financial Position 2011 & 2012

**Balance Sheet:** Summarizes City assets less City liabilities and debt obligations. The largest portion of the City of Raleigh's assets reflects its investment in capital assets and most of the City's liabilities are for debt repayment for parks, community centers, fire stations or utility infrastructure.

Net assets, over time, indicate a government's financial health. The City's assets exceeded liabilities by \$1.74 billion at June 30, 2012, compared to \$1.68 billion at the end of the previous year.

	Governmental Activities		Business-Type Activities		Total Activities	
	2012	2011	2012	2011	2012	2011
<b>Total assets</b>	\$ 1,477.8	\$ 1,348.2	\$ 2,011.8	\$ 1,920.5	\$ 3,489.6	\$ 3,268.7
<b>Total liabilities</b>	612.8	509.2	1,132.6	1,080.5	1,745.4	1,589.7
<b>Total net assets</b>	<u>\$ 865.0</u>	<u>\$ 839.0</u>	<u>\$ 879.2</u>	<u>\$ 840.0</u>	<u>\$ 1,744.2</u>	<u>\$ 1,679.0</u>
<i>Figures in millions of dollars</i>						

**Income Statement:** Presents information showing how the City's net assets changed during the most current fiscal year. Changes in net assets represent the cumulative difference between revenues (amounts received/earned) and expenses (amounts spent).

	Governmental Activities		Business-Type Activities		Total Activities	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues (user fees/grants):	\$ 120.7	\$ 128.1	\$ 228.8	\$ 217.9	\$ 349.5	\$ 346.0
General revenues (taxes/other):	310.9	308.4	1.1	3.4	312.0	311.8
<b>Total revenues</b>	<u>431.6</u>	<u>436.5</u>	<u>229.9</u>	<u>221.3</u>	<u>661.5</u>	<u>657.8</u>
<b>Expenses</b>						
General governmental services	371.4	372.0	-	-	371.4	372.0
Business activities	-	-	224.9	221.5	224.9	221.5
<b>Total expenses</b>	<u>371.4</u>	<u>372.0</u>	<u>224.9</u>	<u>221.5</u>	<u>596.3</u>	<u>593.5</u>
Other Sources (uses)	(34.2)	(32.2)	34.2	32.2	-	-
<b>Change in net assets</b>	<u>26.0</u>	<u>32.3</u>	<u>39.2</u>	<u>32.0</u>	<u>65.2</u>	<u>64.3</u>
Net assets, beginning of year	839.0	806.7	840.0	808.0	1,679.0	1,614.6
Net assets, end of year	<u>\$ 865.0</u>	<u>\$ 839.0</u>	<u>\$ 879.2</u>	<u>\$ 840.0</u>	<u>\$ 1,744.2</u>	<u>\$ 1,679.0</u>
<i>Figures in millions of dollars</i>						



# City of Raleigh Financial Information - June 30, 2012


Raleigh continues to benefit from outstanding credit ratings. As a result, Raleigh has earned the highest general obligation credit ratings and excellent revenue bond and limited obligation bond ratings from all three major rating agencies.

Financial Results	June 30, 2012	Notes
General Credit Rating	AAA/Aaa	The City has had a AAA since 1973
General Fund - Unassigned Fund Balance	\$62.8 million	Represents 15.5 % of the FY 13 General Fund budget
Total City Assets	\$ 3.5 billion	Have grown by 88% during last 10 years
% of General Debt Costs to Total General Fund Budget	11%	Policy is to maintain this at no greater than 15% of the General Fund budget

## City of Raleigh

### Annual Municipal Costs Comparision

The City of Raleigh consistently offers one of the lowest costs for municipal services in the Triangle and of any major city in North Carolina. This chart compares annual municipal property taxes and fees as paid by a typical household. The annual property tax is based on a single family residential unit valued at \$188,755, and the annual water/sewer charges based on usage of 4,500 gallons (approximately 6 CCF) per month.

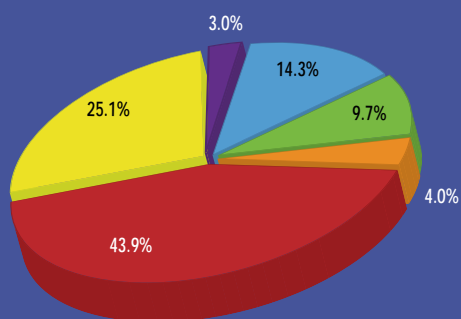


City	Annual Costs
Wilmington	\$1,871
Wake Forest	\$1,697
Durham	\$1,675
Greensboro	\$1,656
Cary	\$1,516
Charlotte	\$1,511
Garner	\$1,506
<b>Raleigh</b>	<b>\$1,487</b>
Winston-Salem	\$1,421



# City Revenues by Source

The City's programs and activities are typically viewed as either Governmental or Business functions. Even though some costs in the Governmental category are paid for directly by users, the majority of those costs are tax supported. This contrasts with the Business functions which are typically paid for by rates and fees of specific users. The following highlight the results of each of these categories for the fiscal year ended June 30, 2012:



**Revenues by Source**  
Governmental Activities  
(in millions)

- Charges For Services \$61.8 M
- Operating Grants and Contributions \$41.7 M
- Capital Grants and Contributions \$17.2 M
- Property Taxes \$189.4 M
- Other Taxes \$108.6 M
- All Other \$12.9 M

## Governmental:

Revenues for the City's governmental activities were \$431.6 million, while expenses were \$371.4 million.

General revenues received from property taxes, other taxes and other items accounted for \$310.9 million. Those who benefited from service-fee based programs (such as parks and recreation programs or solid waste services) paid \$61.8 million.

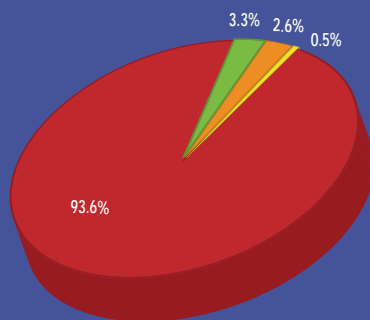
Capital and operating grants and contributions amounted to \$58.9 million.

The four largest governmental programs – public safety, leisure services, public works and general government -- amount to 82% of the City's costs.

## Business:

Revenues of the City's business-type activities were \$229.9 million, while expenses were \$224.9 million.

94% of revenues are charges for services such as water and sewer, parking fees, convention center operations, stormwater fees and mass transit fees.



**Revenues by Source**  
Business-type Activities  
(in millions)

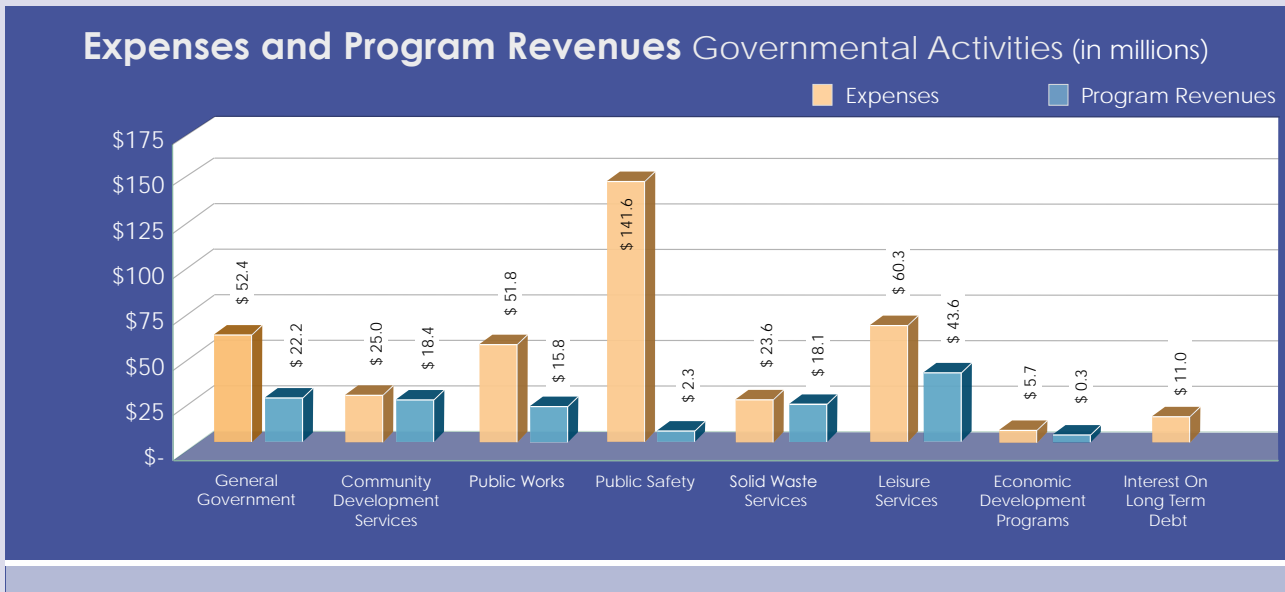
- Charges For Services \$215.3 M
- Operating Grants and Contributions \$7.5 M
- Capital Grants and Contributions \$6.0 M
- All Other \$1.1 M

Grants are mostly for capital costs and amounted to \$6.0 million.

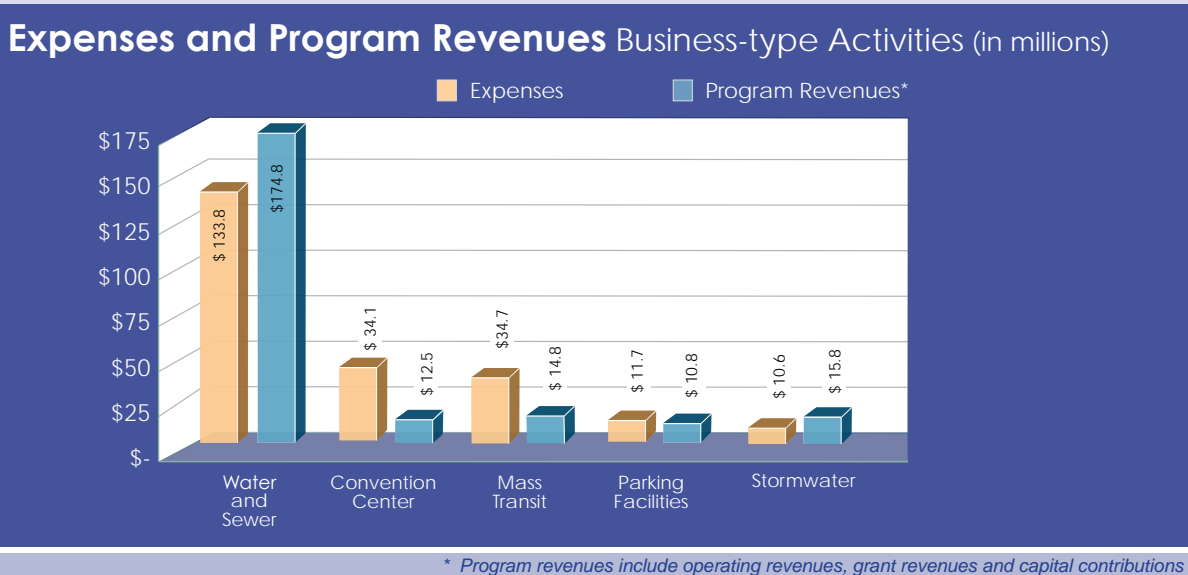
Other revenues were \$1.1 million.

# Revenues and Expenditures: A Closer Look

The bar graph below depicts typical governmental activities such as public safety and leisure services. The blue bars reflect program revenues such as may be charged for a class at one of the City's recreation facilities or a grant received to support initiatives in the community. The cream colored bars depict program expenses. As with most government entities, expenses are higher than program revenue. The balance of revenue to support operations comes predominately from property and sales tax, which is not shown in the chart.



The following chart shows the City's business-type activities. Different from governmental activities, the revenue and expenses look more like those of a private sector business. Raleigh's water and sewer operations, consistent with the City's utility rate model, show revenues exceeding expenditures for FY12 to meet AAA credit standards. The convention center complex, mass transit operations, and parking operations all receive partial subsidies from the General Fund. The convention center complex also receives funding from the hotel and prepared food taxes. The Stormwater Fund results reflect revenues higher than expenses in order to build up reserves modeled for future stormwater projects.



# An Understanding of the City's Debt

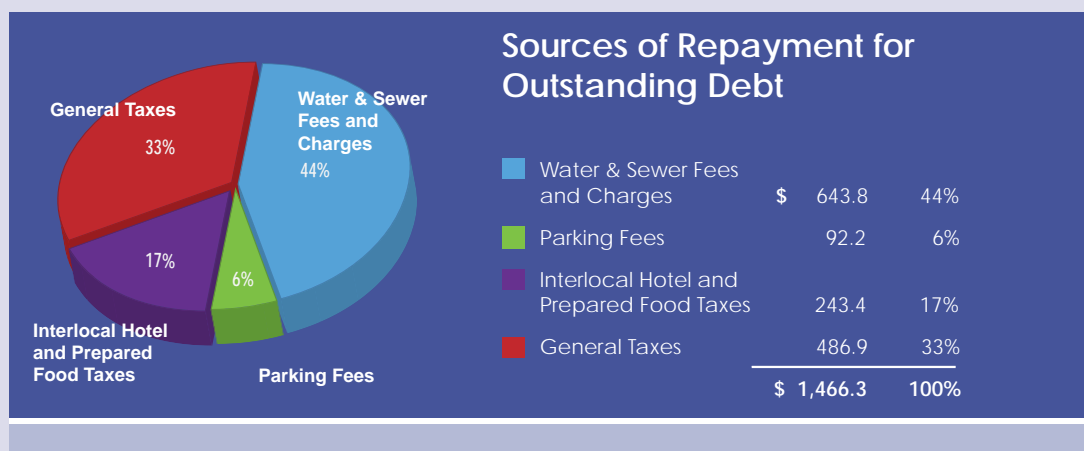
Depicted below is a summary of the City's outstanding debt as of June 30, 2012.

## City of Raleigh's Long-Term Debt (in millions)

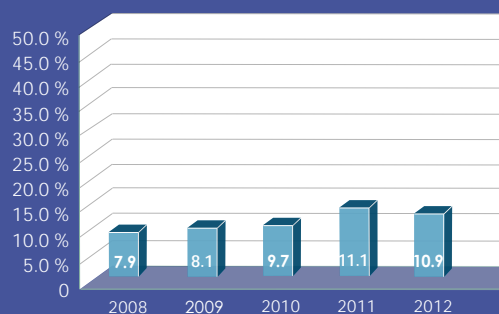
	Governmental Activities	Business-Type Activities	Total
June 30, 2012			
General obligation bonds	\$ 344.0	\$ 6.7	\$ 350.7
Revenue bonds	-	629.8	629.8
Installment financing agreements	142.9	342.9	485.8
<b>Total</b>	<b>\$ 486.9</b>	<b>\$ 979.4</b>	<b>\$ 1,466.3</b>

North Carolina state statutes limit general obligation outstanding debt to 8% of a local government's assessed valuation for property tax purposes. The City's general obligation debt of \$350.7 million is significantly less than the current calculated statutory debt limit of \$4.0 billion.

67% of the City's debt is repaid from business related charges and interlocal tax distributions, while only 33% of the City's outstanding debt is paid from general taxes.



## General Debt Costs as a % of General Fund Budget



Depicted in this chart is the annual debt service budget as a percentage of the overall General Fund budget for the past five years. City administrative policy requires that the outstanding debt repayments remain below 15.0% of the total General Fund expenditure budget.



# Managing Through Changing Economic Times

The following provides perspective on how the City of Raleigh administration and staff maintained its proud tradition of providing the best in customer service during the economic hardships of the last four years.







## SOLID WASTE SERVICES

The efficiencies of the Solid Waste Services Department were noted when the Wilders Grove Solid Waste Services Facility was dedicated in early 2012. Mayor Nancy McFarlane said that in 1947, Solid Waste Services was the City's largest department, with a staff of 120. Garbage collection claimed 12 cents of every City dollar to serve its population of 60,000 in an area less than 10 square miles.

Today, with a staff of just 204, the City not only collects garbage, but also recycling and yard waste, from a population of more than 400,000 spread over more than 143 square miles. It takes only 4 cents of every City dollar spent.

In the spring, Raleigh began operating its Solid Waste Services from the nation's most sustainable facility of its kind. The Wilders Grove Solid Waste Services facility was built to Platinum LEED standards, but that is not the full measure of this operations center's efficiencies.



The new center is near the East Wake transfer station, the City of Raleigh Yard Waste Recycling Center and Sonoco Recycling. Moving seven miles from its Downtown operations center on Peace Street to its new location off New Bern Avenue saves more than \$250,000 annually in fuel costs for more than 70 collections vehicles.

The facility was built on the site of the landfill the City operated from 1972 to 1997. By reusing the site, the City saved the purchase price of a sizeable parcel of land. The 27-acre site was reclaimed by the placement of nearly 160,000 cubic yards of clean fill dirt generated from several Downtown City, State and County construction projects. This saved the hauling costs and related environmental impacts of hauling the soil away.

The completion of the second phase of the four-phased, bi-weekly automated recycling collection transition has realized annual savings of approximately \$700,000 and a reduction of 15 vacant positions through attrition.

For the past several years, Solid Waste Services has delayed the purchase of equipment due to tight budgets. By fiscal year end, it was apparent





this delay in purchasing had reached the point of diminishing returns. The worn-out equipment was resulting in increases in overtime and maintenance costs. Budgeted for FY13 are twenty-two (22) rear loaders, automated loaders, pickups and yard waste center equipment to be purchased to maintain acceptable service levels. To pay for this equipment, budget reductions were made in several operational areas including educational and outreach efforts.

On the positive revenue side, the Solid Waste Services staff renegotiated a recycling contract between the City and Sonoco Recycling that increases recycling revenues paid to the City from \$16 to \$30 per ton of recyclables, for an increase of revenues of approximately \$500,000 annually.

## PARKS AND RECREATION

It was a hallmark year for the Parks and Recreation Department with the opening of the Annie Louise Wilkerson, M.D. Nature Preserve Park, extending the greenway system and the re-opening of historic Pullen Park Amusements. All of these projects were funded by the 2007 Park Bond.

Two essential elements of the City's Community Oriented Government initiative are the Parks and Recreation Department's Community Afterschool and Teen Outreach programs. Despite the harsh economic realities facing the City, these critical no-fee services were expanded from four days to five days each week in neighborhoods with very limited resources.




Much of the financial support for these Community Oriented Government programs comes from grants. The department managed 15 grants with awards totaling more than \$20 million in fiscal year 2012.

But the Parks and Recreation Department also bit the "frugality" bullet. It eliminated the Greenway Division's overtime funds. It reduced by more than \$154,000 in maintenance and operating costs in the Parks, Highway and Urban Forestry divisions that resulted in reduced cleaning. It deferred the replacement of vehicles and equipment. It eliminated street tree funding and reduced the number of Downtown trees replaced by 20 and up to 50 trees in residential areas (excluding NeighborWoods Program trees). Greater reliance was placed on the part-time staff to do the work of selected full-time positions that had been eliminated. It decreased the frequency of the preventive maintenance program and reduced the number of summer camp offerings by 41.







A significant reason that Raleigh has been able to maintain one of the premier municipal parks systems in the nation throughout this recession is the gracious and giving residents of this city. More than 8,000 volunteers gave nearly 140,000 hours of service at a value of nearly \$3 million. Volunteers also enhance City parks and greenways through the Adopt-a-Park Program. Currently 70 individuals and groups have adopted various Raleigh parks and greenways.

## PUBLIC WORKS

The development slowdown wrought by the recession allowed the Public Works Department to assess its programs to determine which tasks could be delayed or reprioritized, creating many efficiencies. For example, Public Works established a customer service center to better respond to inquiries from the public. The department's staff also began using software designed to better track project maintenance costs.

Due to the scarcity of private sector development projects, the Public Works Department was able to reassign some staff that would have been dedicated to development projects to other customer service areas. To contain costs, the department delayed filling vacant positions.



The City of Raleigh's parking program, ParkLink, is overseen by the Public Works Department. ParkLink maintained quality service to the public during the recession while cutting costs. For example, even though funds had been allocated to replace old portable radios, ParkLink was able to acquire digital radios from the City's Police Department at no cost.

ParkLink also realized savings from making changes to the maintenance and security agreements for the Blount Street Parking Deck with the deck's developer. The new agreement switched from the use of off-duty Police Officers to using ParkLink field agents to provide nighttime enforcement of City parking regulations at all City lots.

Capital Area Transit (CAT) was able to preserve its average cost-per-hour level over the past 36 months despite rising costs in fuel and other petroleum products. These savings were realized by turning to non-traditional sources of revenue such as bus advertising. CAT also leveraged contracted revenues to reduce expenses.

As with CAT, the City's Accessible Raleigh Transportation (ART) program enjoyed a successful year despite challenges presented by the recession. ART provides transportation for citizens with disabilities. This past fiscal year, the ART program began using a prime contractor, MV Transportation, to provide shared-ride trips. The contract should provide substantial savings to the City.





## PUBLIC UTILITIES

Unlike some other City of Raleigh departments, Public Utilities is a self-supporting enterprise, funded by revenues received from fees for service or from development fees for future water and wastewater services.

Raleigh's is one of the few public water and sewer utilities in the nation to earn AAA bond ratings from the Standard & Poor's and Fitch global rating agencies. These superior ratings help the City keep interest rates low, resulting in savings for the system's customers.

The City expanded the reuse water system to the East Wake Transfer Station, WakeMed and Wake County's Swinburne Health Services Center this year. While this initiative costs in capital outlay today, it will pay dividends for decades to come. Reuse water is not suitable for consumption but it can be used for non-potable purposes such as irrigation and toilet flushing, thus conserving Raleigh's drinking water supply.

Public Utilities partnered with the City of Raleigh Fire Department and Verizon Wireless on a pilot program using wireless technology to manage the inspection and maintenance of the 19,381 fire hydrants in the city. The technology ensures fast and accurate reports are made on the status of hydrants, which are essential to fire protection services.

Also, the Public Utilities Department and the City supported development of a solar array at the Neuse River Wastewater Treatment Plant. Progress Energy Carolinas is purchasing the energy produced by the solar array and distributing it to customers. No City funds were used for the solar array.

## FIRE

While responding to nearly 36,000 emergency calls last year, the Fire Department took every measure to save resources without diminishing service to the community.

For the second year, the Fire Department delayed replacing two engines, each of which costs approximately \$465,000. The department limited the replacement of uniforms and safety shoes for a budget savings of \$229,000. A budget savings of more than \$300,000 was realized by postponing the start of the fire training academy by six months.



## ECC

People's emergency needs don't lessen due to hard economic times. For many they increase. The calls to the Raleigh-Wake Emergency Communications Center have increased 9 percent during the recession, while the number of call takers has remained constant.

This burden ballooned in March 2012, when the Triangle area went to 10-digit dialing. This added 400 calls daily to the Emergency Communication Center. That is due to a large number of callers dialing 911 instead of the area code 919. Many of the callers that are mistakenly dialing 911 are hanging up before speaking with a dispatcher. These misdials and hang-ups divert resources from real emergencies since dispatchers must dial back on hang-ups to assure that an emergency is not taking place. If there is no answer to the call back, a police officer is dispatched, further diverting the City's resources from where they are needed.





## POLICE

If there is some good news from this recession it is that the hard times have not resulted in an increase in crime in the Capital City. Among the reasons credited for this is the Raleigh Police Department's approach to its mission. The Police Department is proud of its two-pronged approach: arrest and incarcerate those who insist on breaking the law while taking every opportunity to engage in positive interactions with the community to learn each neighborhood's concerns and priorities; and be highly visible with frequent foot, bike and car patrols. It involves careful recruiting of officers followed by intense, career-long training to assure that each officer is fully aware and equipped for what is expected in every situation.

To reduce the Police Department's budget, 10 civilian positions were eliminated and the police academy was delayed by six months.

## HUMAN RESOURCES

The work of the Human Resources Department is especially sensitive during times of economic hardship. Programs and processes must be streamlined. Vacancies must go unfilled. Still, in the past fiscal year the City of Raleigh Human Resources Department processed more than 10,000 employment applications for 250 positions.

The recession created health concerns, both physical and emotional for everyone – the unemployed, the under-employed, the spouse of

the unemployed, the understaffed. The Human Resources staff conducted more than 125 health and wellness programs and oversaw health risk assessments for 3,700 City employees in its effort to keep the City's work force working at full strength.

The staff also conducted 125 safety training sessions to minimize workplace accidents and injuries, and decrease workers' compensation costs.

## INFORMATION TECHNOLOGY

It is the 21st century, the need for frugality cannot arrest the City's advances in its technology infrastructure. These advances must be financed to allow the City to improve service to its residents and realize future savings.

In fiscal year 2011-2012, the City of Raleigh opened the Capital Area Transit Operations Center, the Solid Waste Services Facility, the Annie Wilkerson M.D., Nature Preserve and reopened a renovated Pullen Park. The City's Information Technology staff provided infrastructure and network services to serve these facilities.

The Information Technology staff did its part for social equity as well. The staff provided the Digital Connectors training program to 44 Raleigh youth. Digital Connectors is designed to increase technology literacy in underserved communities by providing computer training. During the past fiscal year, the City's Information Technology staff provided this training to 1,621 individuals. The department worked with local non-profit





organizations to provide 170 residents with low-cost, refurbished computers and provided 1,968 hours of community service.

Computer lab upgrades at the City's Sanderford Road, Top Green and Marsh Creek community centers helped bridge the digital divide in Raleigh, as did providing network connectivity to Southeast Raleigh Community Center.

In partnership with Wake Technical Community College and the City's Community Services and Parks and Recreation departments, the Information Technology staff created the Raleigh College Center, assuring that all Raleigh youth have access to the tools needed to gain entry to further education.

## FINANCE

The City's Finance Department has striven throughout these challenging economic times to improve the efficiency of processes, enhance collections of revenues and decrease expenses citywide. During the past year some examples of this include:

- Two major debt refinancings, providing gross savings for the City of \$6.7 million;
- Expanded procurement capabilities through an electronic marketplace that centralizes negotiated contract and catalog pricing. This will realize cost savings and improved efficiencies that will result in increased buying power;
- Doubled the number of City vendors set-up to receive electronic payments, saving postage while helping vendors receive payments efficiently;
- Expanded the number of water and sewer customers who receive their bills electronically, thereby saving postage and improving efficiency;
- Working with the Public Works Department, began using the State Debt Set-Off program for delinquent parking tickets, collecting \$393,272 during the first nine months; and,
- Worked with City departments to improve settlement time on risk management claims and to improve safety conditions designed to avoid claims.

A major strategy of the Finance Department is to support efficient processing of transactions and effective decision making by the department through the use of the PeopleSoft ERP system. As part of a multi-departmental Center of Excellence that manages the ERP system, the Finance Department continues to pursue ways to manage work efforts most efficiently to provide quality services at the lowest cost.

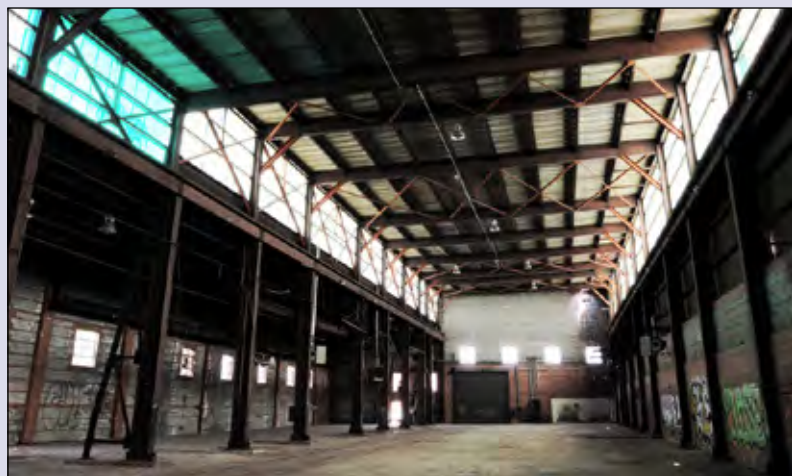


## PLANNING

Like the rest of the world, Raleigh is in the midst of the worst economic stagnation of the past 80 years. What better time to create the City's Office of Economic Development.

Raleigh's leadership saw the need to boldly venture forth to assure that when economic recovery comes it will arrive first and receive the warmest welcome in Raleigh.

The manager position for the Office of Economic Development is the single point of contact for the City to interact with people and cultivate their interest in investing in Raleigh. The manager also is responsible for overseeing the City's economic development activities and policies. The position was created through the consolidation of positions within the Planning Department.





The oversight of Raleigh's economic development activities and policies will be much less complex and future-friendly with the adoption of a new development code that is being evaluated by the City Council. This new code will encourage superior urban form while streamlining the process thus inviting economic growth.

Embracing the theory that weak economic times call for bold vision and action, the City of Raleigh is pursuing the Union Station Project that will be a major step toward transforming the Capital City's transportation network to that of a world-class, 21st century city.

The City began a study in 2010 of a multimodal transportation center. A North Carolina Department of Transportation study concluded the project was feasible. The problem was the price tag: \$60 million. The City's Planning staff worked feverishly with members of the North Carolina Department of Transportation to coax federal grant monies from Washington. In June, a federal Transportation Investment Generating Economic Recovery (TIGER) grant totaling \$21 million was awarded to the Union Station Project. The City committed \$6 million to the project.

The City continued courting partners for the all-important project. Staff garnered \$9 million from North Carolina Department of Transportation; \$1.5 million from Triangle Transit Authority from its contribution of the building and land; and \$250,000 from the North Carolina General Assembly.

In September, the Federal Railroad Administrator Joseph Szabo came to town to announce that the federal grants would cover the gap to \$60 million for a federal contribution of more than \$43 million.

North Carolina Department of Transportation engineers anticipate the project design will begin in January 2013, with construction starting in January 2014. Construction of the new Raleigh Union Station project is expected to be completed in January 2017. The Dillon Viaduct building is located at 510 West Martin Street Downtown.

## COMMUNITY SERVICES

The services provided by the City's Community Services Department become even more essential during these times of economic stress. The Community Services staff labors to facilitate neighborhood empowerment, encourage citizen participation, foster positive youth development and coordinate volunteer services.

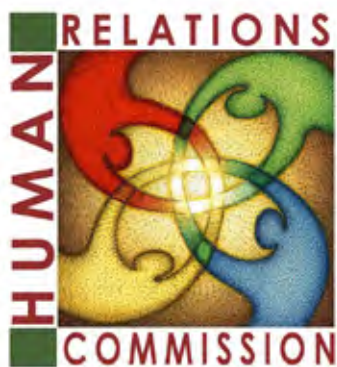
The City's Neighborhood Improvement Program awards grants to neighborhoods for improvement projects. This year, this program's funding was reduced from \$50,000 to \$15,000. Staff restructured the program to maximize the level of service by providing two tiers of funding to meet varying levels of needs; simplifying the application process; and permitting use of Citizens Advisory Council (CAC) funds for neighborhood projects.

The CAC Awareness Funds were reduced from \$60,000 to \$18,000. To market the CACs on the reduced budget, the Community Services staff partnered with other City department such as Public Affairs, Parks and Recreation and Police.

Community Services' distribution of information was shifted from direct mail and the use of promotional items to MyRaleigh subscriptions. Use of the email notifications realized significant saving. To further







these savings, the staff conducted a “opt in” campaign to reduce the number of recipients of paid mailings.

Through its staff service to the Human Relations Commission, the Community Services Department oversaw the City’s awarding of nearly \$3.6 million to more than 40 human service agencies.

## COMMUNITY DEVELOPMENT

Never has the work of the City’s Community Development Department been more important than during this recession. The Community Development staff led the investment of \$3.3 million in construction of 115 affordable housing units for families with low-to-moderate incomes. Among the completed units are 48 LEED certified at Meadowcreek Commons and 41 affordable units at Brookridge Apartments made available for the previously homeless.

Housing projects currently in development are 18 apartments at Coleman Street Apartments and eight lots at State Street Village Phase II that have been sold for construction of single-family homes for first-time homebuyers with low-to-moderate incomes.

The Community Development staff directed the investment of \$1.08 million to renovate 173 rental units in two developments: Murphey School with 48 units for seniors and 125 apartments at Raleigh Gardens for families with low incomes.

Thirty-nine first-time homebuyers were awarded second mortgages. More than \$927,000 was



awarded in loans to 16 homeowners with low and moderate incomes for substantial rehabilitation of their homes.

The Community Development Department acquired dilapidated structures on 17 lots and relocated the tenants to safe, decent housing. The dilapidated structures were demolished. The acquired land will be used for future revitalization and redevelopment projects. The total investment in this neighborhood and quality of life improvement venture was \$1.2 million.

The department’s Homeless Prevention and Rapid Rehousing Program provided assistance to 226 families to remain in their housing, rather than being made homeless. The total monetary investment in this program was \$991,091.

An Emergency Solutions Grant of \$108,680 to the Wilmington Street Homeless Shelter assisted more than 1,000 persons.

## RALEIGH CONVENTION CENTER/ PROGRESS ENERGY CENTER FOR THE PERFORMING ARTS/RED HAT AMPHITHEATER

The recession presented Raleigh with a quandary. The City is committed to encouraging and supporting the arts for the well-being of Raleigh and all its residents. Yet, the City was bound by unyielding fiscal constraints.

In response, the special events budget was basically put on hold for the year. The year-old Red Hat Amphitheater’s budget was cut by 42.7 percent.



In an effort to keep the venue rocking, City staff sought private sponsorships and struck gold with local Budweiser distributor R.A. Jeffreys, who brought five nights of rock to the Downtown amphitheater at an admission charge of only \$5.

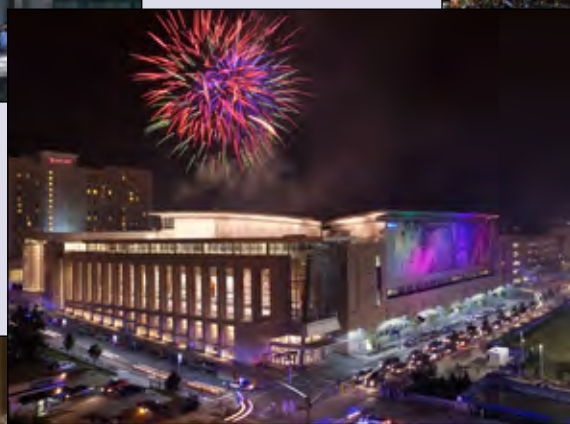
To help safeguard against events being cancelled or postponed due to poor ticket sales, staff began requiring more substantial deposits for single-day events and initiated more thorough screening of promoters to curtail speculative bookings that result in costly cancellations.

The Raleigh Convention Center hosted 278 events including 46 conventions and trade shows. Total attendance for all convention center events totaled 388,215.

The Convention Center staff switched to light emitting diodes (LED) bulbs and improved its heating and air conditioning systems to save money and energy. In

supporting the use of alternative energy, the City allowed a rooftop solar array to be installed at the Convention Center. Progress Energy Carolinas is purchasing renewable energy produced by the solar array and distributing it to its customers. No City funds were used for the solar array.

The Progress Energy Center for the Performing Arts took a 20 percent budget reduction. Despite these cuts and the recession, more Broadway-type shows returned to the Progress Energy Center for the Performing Arts after a bit of a lull. Additionally, the expanded Hot Summer Nights series at the center was very well attended. In all, the center hosted 500 performances during the 2011-2012 season by the North Carolina Symphony, the North Carolina Theater, the Carolina Ballet and other groups. These events attracted nearly 400,000 patrons with ticket sales of approximately \$10 million, up from \$8.4 million for the previous season.



### 2012 Population

**411,000** Raleigh is the second largest city in North Carolina and 45th largest in the United States.

### Building Permits Issued

**3,121**  
**Building Permit**  
**Valuations**  
**\$766,368,360**

### Water Management

**163,353** Customers  
**2,204** Miles of  
Water Mains

### Transportation

**6,943,372**  
Transit Passenger  
Trips

### Parks & Recreation

**217** Parks  
**9,494** Acres of Parkland  
**26** Community Centers



## RALEIGH BY THE NUMBERS

### Public Works

**1,050** Miles of  
Streets  
**33,067** Streetlights

### Raleigh City Limits

**145** Square Miles

### Police

**6** Districts  
**777** Sworn Officers

### Fire

**27** Stations  
**35,823** Emergency  
Responses



Raleigh will be *"an amazing place to get a job"* Yahoo! Finance states in its determination of the *"Hottest American Cities of the Future,"* which placed the Capital City sixth on its list.

RealAge listed Raleigh-Durham sixth on its list of *"10 Best Cities for a Happy Marriage."* It wrote: "The area's vibrant academic spirit and high employment level provide a solid backdrop for a good marriage."

Rent.com put Raleigh on its list of the *"10 Best Cities for 2012's College Graduates."* The list was based on: mean annual income, cost of living, rental inventory and the unemployment rate, which received double weight.

Forbes magazine ranked Raleigh seventh on its *"Best Cities for Jobs."* The magazine ranked the 65 metropolitan statistical areas that have more than 450,000 jobs. The survey included the year's employment growth rate and the most recent year-on-year job growth. It also considered long-term factors of the average yearly growth rate from 2006 to 2011 and the last five years' growth measures against the previous five years.

Raleigh residents posted the highest optimism about where they live among the nation's largest metropolitan areas, according to the Gallup-Healthways Well-Being Index. Raleigh was one of a trio of areas that also made the top 10 in overall city satisfaction.

The Triangle is the hottest spot for technology jobs in the United States, according to a report from the technology jobs website DICE.com.

24/7 Wall St. placed Raleigh third among its *"10 Best U.S. Cities for Raising a Family."*

The results of an analysis of data from the Center for Disease Control, The U.S. Census Bureau and the American Cancer Society led *Women's Health* magazine to place Raleigh at the top of its ranking of the healthiest cities in the nation for women.

A report by the Brookings Institution, "Education, Demand and Unemployment in Metropolitan America" found that U.S. employers need a more educated labor force. In response to these findings, 24/7 Wall St. evaluated the level of education among America's metropolitan regions. It found the Triangle to have the nation's fifth most educated work force.

The financial services company USAA and the veterans' membership organization Military.com placed Raleigh on its list of the *"10 Best Metropolitan Areas for Military Retirees to Launch New Careers."*

RelocateAmerica placed Raleigh fourth on its list of *"America's Top 10 Places to Live in 2011."*

Figures from the U.S. Bureau of Economic Analysis revealed that some of the metropolitan areas are beginning to distance themselves from the pack in their economic recovery from the recession, according to the Urban Land Institute. Raleigh took fifth place among metropolitan areas posting the highest total economic growth.

Businessweek.com dubbed Raleigh *"The Best American City."* The publication based its rankings on 16 criteria, including the number of recreational amenities, strength of the local economy and the education level of the population.

Forbes.com placed Raleigh second on its list of *"The Next Big Boom Towns in the U.S."*

## RALEIGH ACCOLADES

Given during City's Fiscal Year 2011-2012





## CITY OF RALEIGH'S MISSION STATEMENT

"We are a 21st century city of innovation focusing on environmental, cultural, and economic sustainability.

We conserve and protect our environmental resources through best practices and cutting-edge conservation and stewardship, land use, infrastructure and building technologies.

We welcome growth and diversity through policies and programs that will protect, preserve and enhance Raleigh's existing neighborhoods, natural amenities, rich history, and cultural and human resources for future generations.

We lead to develop an improved neighborhood quality of life and standard of living for all our citizens.

We work with our universities, colleges, citizens and regional partners to promote emerging technologies, create new job opportunities and cultivate local businesses and entrepreneurs.

We recruit and train a 21st century staff with the knowledge and skill sets to carry out this mission, through transparent civic engagement and providing the very best customer service to our current citizens in the most efficient and cost-effective manner."



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