



FY 2022-23 PROPOSED BUDGET

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BUDGET OVERVIEW



- Budget Context
- Total Budget
 - Revenues
 - Expenditures
- General Fund
- Enterprise Funds
- Capital Improvement Plan (CIP)
- Next Steps

BUDGET CONTEXT

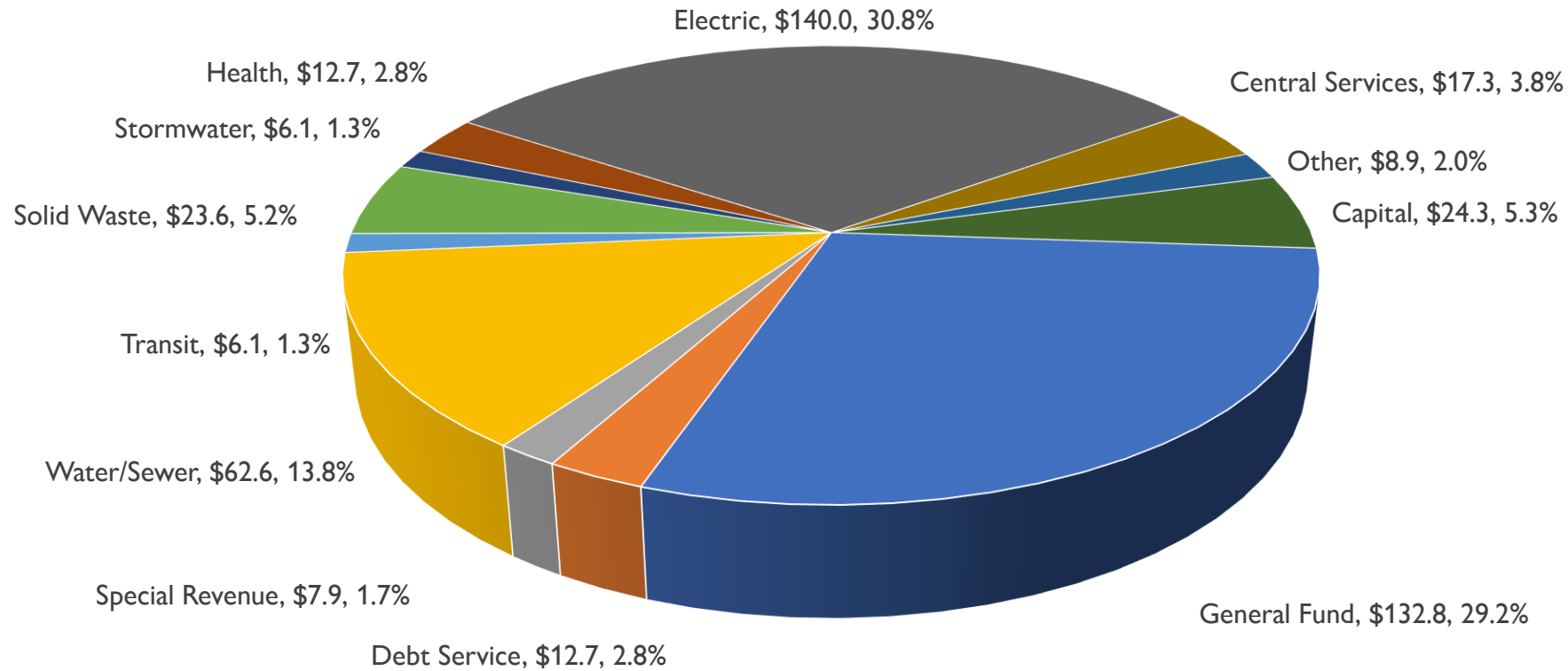


- Budget Challenges
 - COVID-19 variants
 - Supply chain
 - Inflation
 - Fuel prices
 - Retention and recruitment
 - Countywide revaluation
 - Continued restoration of budgets to pre-pandemic levels

TOTAL BUDGET: \$464.3 M



FY 2022-23 PROPOSED BUDGET – ALL FUNDS



REVENUES



Revenues	FY 2021-22 Adopted Budget	FY 2022-23 Proposed Budget	Amount Change	Percent Change
Fund Balance	\$17,449,698	\$21,926,081	\$4,476,382	25.7%
Property Taxes	67,090,592	79,426,917	12,336,325	18.4%
Sales & Use Taxes	33,646,413	36,826,652	3,180,239	9.5%
Intergovernmental Revenues	18,494,377	20,093,449	1,599,072	8.6%
Licenses & Permits	6,056,850	6,328,675	271,825	4.5%
Charges for Service	240,153,925	252,349,693	12,195,768	5.1%
Miscellaneous	8,469,322	10,466,013	1,996,691	23.6%
Reimbursements/Transfers	24,976,912	26,895,846	11,918,934	47.7%
Total - Revenues	\$416,338,089	\$464,313,326	\$47,975,237	11.5%

REVENUES



- Reduces the tax rate by 3 cents to 61.75 cents per \$100 of valuation
- Proposed 4% increase in water/sewer rates
- Fee schedule changes
 - Parks and Recreation user fees
 - Fire inspection, permit, and violations
 - Other (City Clerk, Library, Public Services)
- No increases to the following:
 - Electric rates
 - Stormwater fees
 - Garbage collection fees

REVENUES



- Property Tax Rate
- 1 cent = \$1,275,482

Fund	Current Rate	Proposed Rate
General Fund	61.35 cents	58.35 cents
Debt Service	3.40 cents	3.40 cents
Total	64.75 cents	61.75 cents

- Revenue Neutral Tax Rate

Current Tax Base	\$10,331,481,566
Current Levy	\$66,896,343
Proposed Tax Base	\$12,864,013,741
Average growth	1.87%
Revenue neutral tax rate	52.97 cents

REVENUES



- Property Tax Impact

Current Value	Property Tax - Current	New Value (25% growth)	Property Tax - Proposed	Annual Change	Monthly Change
\$150,000	\$971.25	\$187,500	\$1,157.81	+\$186.56	+\$15.55
\$200,000	\$1,295.00	\$250,000	\$1,543.75	+\$248.75	+\$20.73
\$250,000	\$1,618.75	\$312,500	\$1,929.69	+\$310.94	+\$25.91

REVENUES



- Sales and Use Taxes: +\$3.18 M
 - Sales tax year-end projections 11.1% above FY 2020-21 (+\$2.65 M)
 - FY 2022-23 sales tax +4% above projected year-end
- Intergovernmental: +\$1.60 M
 - Transit operating and capital reimbursements: +\$732K
 - Powell Bill: +\$365K
 - Special Revenue Funds (grants): +\$257K
- Charges for Service: +\$12.2M
 - Water/Sewer: +\$5.6 M
 - Electric: +\$3.2 M
 - Other (Central Services, Health, Solid Waste, etc.): +\$3.4 M

EXPENDITURES



Expenditures	FY 2021-22 Adopted Budget	FY 2022-23 Proposed Budget	Amount Change	Percent Change
Personnel Services	\$141,434,811	\$154,333,690	\$12,898,879	9.1%
Operating	172,194,726	181,485,396	9,290,670	5.4%
Capital Outlay	30,091,244	41,821,215	11,729,971	39.0%
Debt Service	31,043,041	32,144,679	1,101,638	3.5%
Reimbursements	13,706,688	15,066,043	1,359,355	9.9%
Contingency	1,150,000	1,150,000	0	0.0%
Subtotal – Expenditures	\$389,620,510	\$426,001,023	\$36,380,513	9.3%
Interfund Transfers	\$26,717,579	\$38,312,303	\$11,594,724	43.4%
Total - Expenditures	\$416,338,089	\$464,313,326	\$47,975,237	11.5%

EXPENDITURES



- Personnel Services: +\$12.9 M
 - FY 2021-22 salary changes: \$3.2 M
 - 2.5% Cost of Living Adjustment (COLA)
 - Increase to minimum \$15/hour rate of pay
 - FY 2022-23 proposed salary changes
 - Average 3% mid-year merit pay adjustment (\$1.86 M)
 - Increased city match for 401K/457 contributions from 1% to 3% (effective January 1, 2023) (\$786K)
 - Increased employer contribution to the Local Government Employees' Retirement System (LGERS) (\$2.03 M)
 - Increased employer costs to city health plan (no increase to employee contribution) (\$1.64 M)

EXPENDITURES



- Benefits Changes
 - Several benefits changes researched
 - Benefit to employees
 - Fiscal impact
 - Comparison with other municipalities
 - City match to 401K/457 contributions
 - Paid parental leave
 - Employee health clinic

EXPENDITURES



- Municipal Comparisons – Employee Benefits

Municipality	401K/457 Match	Automatic?	Paid Parental Leave	Employee Health Clinic
Charlotte	3.00%	Yes	6 weeks	Yes
Raleigh	3.00%	No	8 weeks	Yes
Greensboro	3.25%	Yes	6 weeks	Yes
Durham	5.00%	Yes	12 weeks	No
Winston-Salem	2.00%	Yes	12 weeks	Yes
Fayetteville	1.00%	No	None	No
Cary	5.00%	Yes	6 weeks	No
Wilmington	4.50%	Yes	6 weeks	Yes
Concord	3.50%	Yes	None	Yes
High Point (proposed)	3.00%	No	None	No

EXPENDITURES



- New positions – 11 full-time and 3 part-time

Department	Position	FY 2022-23 Cost
City Attorney's Office	Assistant City Attorney (2)	\$228,238
City Attorney's Office	Paralegal	60,956
Fire	Battalion Chief (2)	137,158
Electric	Power Line Technician	68,606
Water/Sewer	Water Plant Supervisor	121,792
Solid Waste	Grounds Maintenance Supervisor	86,219
Solid Waste	Groundskeeper (PT) (3)	140,075
Solid Waste	Solid Waste Manager	129,231
Solid Waste	Assistant Superintendent	110,173
Stormwater	Stormwater Superintendent	121,259
	Total Cost – All Funds	\$1,203,707

EXPENDITURES



- Other positions proposal – 9 full-time and 2 part-time titles added within the General Fund
- Vacant positions will be identified and repurposed
- Lessen fiscal impact
- No further add to FTE count

Department	Position
Financial Services	MWBE Coordinator
Engineering Services	Engineering Project Manager
Police	Building Maintenance Technician
Police	Community Outreach Coordinator
Parks and Recreation	Groundskeeper
Parks and Recreation	Park Attendant (2)
Library	Groundskeeper
Library	Librarian
Planning and Development	Senior Planner

EXPENDITURES



- Operating: +\$9.29 M

- Fuel

- Departments: \$1.95 M
 - Fuel for Inventory: \$1.85 M

Month/Year	Cost of Regular Unleaded
Spring 2021	\$1.61/gallon
Fall 2021	\$2.16/gallon
February 2022	\$2.49/gallon
March 2022	\$3.16/gallon

- Fleet charges – additional vehicle and rolling stock replacement: \$1.1 M
 - Utilities (electric, water, phone lines, natural gas, etc.) : \$709K
 - Inflationary increases (supplies, chemicals, etc.): \$833K

EXPENDITURES



- Capital and Capital Outlay: +\$11.7 M
 - Capital Outlay
 - Restores fire apparatus replacement program
 - Dive Truck: \$100,000
 - Engine: \$751,400
 - Additional fleet vehicle/rolling stock replacement: \$1,000,000
 - Capital
 - Restores general capital: +\$2.55 M
 - \$1,422,000 funded by general fund
 - Electric: +\$2.84 M
 - Water/Sewer: +1.74 M
 - Other (Transit, Solid Waste, Stormwater): +\$2.33 M

GENERAL FUND

GENERAL FUND



- Proposed reduction in property tax rate by 3 cents
- Fee schedule changes
 - Parks and Recreation user fees
 - Fire inspection, permit, and violations
 - Other (City Clerk, Library, Public Services)
- Sales and use taxes increasing \$3.18 million
 - 4% increase above year-end sales tax estimates
 - FY 2023-24: potential reduction in distribution percentage
- Licenses and permits increased \$271K due to increased building permit activity
- Charges for service increased \$325K, mainly due to increased program revenue for Parks and Recreation, including golf courses and campground

GENERAL FUND



- Personnel increases total \$7.65 million
- 5 new positions
 - Assistant City Attorney (2), Paralegal, Battalion Fire Chief (2)

Area	Increase	Tax Rate Equivalent
2.5% COLA (approved FY 2021-22)	\$1,470,000	1.14 cents
Increase to \$15/hour (approved FY 2021-22)	503,000	0.39 cents
Average 3% mid-year merit adjustment	1,030,000	0.81 cents
Increased LGERS contribution (city)	1,270,000	0.99 cents
Increased 401K/457 contribution to 3% (city)	550,000	0.43 cents
Increased health care costs (city)	596,000	0.47 cents
New positions (5)	426,000	0.33 cents
Total	\$5,419,000	4.56 cents

GENERAL FUND



- Operating and capital outlay increases total \$3.89 million

Area	Increase	Tax Rate Equivalent
Fuel	\$684,000	0.54 cents
Vehicle replacement charges	465,000	0.36 cents
Phone/utility budgets	440,000	0.34 cents
Computer/software licenses	370,000	0.29 cents
Fire apparatus replacement	851,400	0.67 cents
Other capital outlay	567,500	0.44 cents
Total	\$3,377,900	2.65 cents

GENERAL FUND



- Interfund transfers out increases total \$3.50 million

Area	Increase	Tax Rate Equivalent
Transfer to Debt Service	\$927,000	0.73 cents
Transfer to General Capital	1,422,000	1.11 cents
Transfer to Mass Transit	1,114,000	0.87 cents
Total	\$3,463,000	2.71 cents



ENTERPRISE FUNDS

WATER/SEWER FUND



- Proposed water/sewer rate increase of 4%
 - Increased rates will help fund increased costs for personnel, operating (including fuel and chemicals), and capital infrastructure needs of the aging system
- No appropriation of water/sewer reserves
- Addition of one water plant supervisor position
 - Serve as the lead in meeting new regulations for lead and copper testing
- Pay-go capital projects totaling \$10,343,350

ELECTRIC FUND



- No proposed changes to electric rates
 - Rate consultant is currently finalizing a rate study for restructuring of commercial/industrial rates. Once complete, findings will be presented to City Council
- Addition of one power line technician
 - Workload being transferred from an existing contract
- Wholesale power costs of \$96.15 million
- Pay-go capital projects totaling \$11,340,000

SOLID WASTE FUND



- No proposed changes to landfill or garbage collection fees
- Addition of three full-time and 3 part-time positions
 - Environmental Services – the addition of a grounds maintenance supervisor and three part-time groundskeeper positions to serve the growing needs in the downtown area.
 - Landfill Operations - a solid waste manager position that will help manage all Solid Waste divisions and provide long range planning, organization, scheduling, staffing, and budget management and an assistant solid waste superintendent that will perform difficult technical and administrative work in overseeing the operations of the Kersey Valley Landfill and Ingleside Composting Facilities.
- Operating increases driven by vehicle replacement costs, vehicle repairs, and higher fuel prices
- Pay-go capital projects totaling \$5,929,000

CAPITAL IMPROVEMENT PLAN (CIP)

CAPITAL IMPROVEMENT PLAN (CIP)



- Proposed FY 2022-23 Capital Projects

<u>Fund</u>	<u>Amount</u>
General Capital	\$2,547,000
Water/Sewer	10,343,350
Electric	11,340,000
Transit	1,496,875
Solid Waste	5,929,000
<u>Stormwater</u>	<u>1,350,000</u>
Total	\$33,006,225

- Full list of proposed projects in appendix

NEXT STEPS



- Wednesday, May 11, 2022, 3-5 pm – Budget Work Session
- Thursday, May 12, 2022, 3-4 pm – Budget Work Session (if necessary)
- Monday, May 16, 2022, 5:30 pm – Public Hearing at City Council meeting
- Thursday, May 19, 2022, 3-5 pm – Budget Work Session (if necessary)
- Friday, May 23, 2022, 3-5 pm – Budget Work Session (if necessary)

QUESTIONS?

APPENDIX – GENERAL CAPITAL PROJECTS



Project	Amount
City Hall Renovations	\$400,000
ERP Upgrade*	1,125,000
Fire HVAC Unit Replacements	350,000
Recreation Playground and Equipment	150,000
Southside Recreation Center Improvements	55,000
Morehead Recreation Center Improvements	70,000
Recreation Fire Alarm Upgrades	52,000
Skeet Club Road Sidewalks	50,000
Mendenhall Terminal Improvements	120,000
Sub-Standard Streets Maintenance	125,000
Cemetery Paving and Asphalt Road Work	50,000
Total	\$2,547,000

*The ERP upgrade includes funding from Water/Sewer (\$375,000), Electric (\$600,000), Solid Waste (\$105,000), and Stormwater (\$45,000)

APPENDIX – WATER/SEWER PROJECTS



Project	Amount
Generators – Automation/Replacement	\$150,000
Replace Obsolete Water Lines	1,500,000
Replace Obsolete Sewer Lines	1,500,000
Alum Sludge Removal	375,000
CMMS Work Order System Upgrade	400,000
Watershed Protection Plan	150,000
Water System Improvements	125,000
Sewer System Improvements	125,000
Water Storage Tank Maintenance	100,000
NCDOT – TIP Program	350,000
Westside Centrifuge Upgrade	1,820,000
Water/Sewer Developer Reimbursements	150,000
Ward Water Plant Filters 1-4 Rebuild	780,000
Large Water Meter Change Out	1,500,000

APPENDIX – WATER/SEWER PROJECTS



Project	Amount
E Washington Street	\$369,000
NCDOT – Scientific Street	300,000
Building Addition- W/S Facilities Maintenance	100,000
Compliance With Lead/Copper Rule Revisions	1,500,000
Pre-Heat Burner	<u>399,350</u>
Total	\$10,343,250

APPENDIX – ELECTRIC PROJECTS



Project	Amount
Area Outdoor Lighting	\$200,000
Street Lighting	300,000
Downtown Underground	200,000
Overhead to Underground Conversion	100,000
Medium Voltage (Outdoor) Breaker	750,000
Deep River Transformer 2 Replacement	40,000
Fairfield Transformer Replacement	600,000
Underground Subdivision Cable Replacement	600,000
Qubein Avenue Underground	1,500,000
NCDOT Sandy Ridge/Johnson Widening	450,000
Locker Room/Restroom Renovations	100,000
Automated Meter Reading Initiative	1,500,000
Jackson Lake Transformer	2,000,000
Deep River to Penny Road Transmission Line	<u>3,000,000</u>
Total	\$11,340,000

APPENDIX – SOLID WASTE PROJECTS



Project	Amount
Landfill Development – Land Purchase	\$50,000
Kersey Valley Phase I-IV Post-Closure Reserve	171,000
Kersey Valley Landfill Phase VI Expansion	2,000,000
Material Recycling Facility (MRF) Ongoing Maintenance	50,000
Wide Box Dual Ram Baler Replacement	1,033,000
Kersey Valley Road Relocation	2,125,000
Asphalt Underlayment – Ingleside/Kersey Valley	<u>500,000</u>
Total	\$5,929,000

APPENDIX – OTHER CAPITAL PROJECTS



Project	Amount
Transit Capital Projects	
Hi-Tran Bus Fleet Replacement	\$500,000
Five Points Transfer Hub Acquisition/Construction	250,000
Operators' Training Property Acquisition/Construction	46,875
Transit Maintenance Facility Renovation	50,000
Transit Fleet Expansion Vehicles	600,000
Facility Generator	<u>50,000</u>
Total – Transit	\$1,496,875
Stormwater Capital Projects	
Routine Stormwater Projects	\$1,050,000
Asphalt Parking Lot Resurfacing – MOC*	<u>300,000</u>
Total – Stormwater	\$1,350,000

*Asphalt parking lot resurfacing at the MOC is funded by Stormwater (\$100,000), Water/Sewer (\$100,000), and Electric (\$100,000)