

Council Special Meeting

Monday April 11, 2016

FY 16-17 Preliminary Budget Update



FY 16-17 Budget Process

- Today
 - Water and Sewer Fund Update
 - Preliminary Budget Update
- May 3rd Council Meeting
 - Recommended Budget Submitted to Council
- May 9th Council Meeting (Special Meeting)
 - Review of Proposed FY 16-17 Operating Budget

FY 16-17 Budget Process

- **May 17th Council Meeting**
 - Budget Public Hearing
- **May 23rd Council Meeting (Special Meeting)**
 - Capital Improvements Program
 - Proposed 2016 Referendum
 - Further Discussion on Proposed Operating Budget
- **June 7th Council Meeting**
 - FY 16-17 Budget Adoption



FY 16-17 Budget Process

- FY 16-17 Budget Development Goals
 - Maintain current property tax rate (63.25 cents)
 - Continued focus on economic development and job creation
 - Continued focus on Council and community priorities
 - Continued focus on providing Core city services and meeting the pressing needs (streets and buildings)
 - Continued focus on budget and expense management
 - Continued focus on maintaining City's AAA bond rating



Property Tax Changes from FY 2012-2016

| Fiscal Year | Assessed Valuation | Percentage Increase over Previous Year | Population |
|--------------------|--------------------|--|---------------|
| FY 12-13 | \$24,660,976,137 | 0.84% | 277,080 |
| FY 13-14 | \$25,423,086,180 | 3.09% | 279,639 |
| FY 14-15 | \$25,272,730,744 | -0.59% | 282,558 |
| FY 15-16(estimate) | \$25,672,000,000 | 1.58% | 285,275 (est) |

- AV growth has improved in FY 15-16, estimated at 1.58%
- Assessed property values experienced a 4.97% growth from FY 11-12 to FY 15-16, averaging 1.24% annually
 - FY 13-14 included 14 months of Registered Motor Vehicle values due to billing overlap from implementation of Tag & Tax Together program
- Greensboro's population has increased 3% over this period
- The Consumer Price Index has averaged 1.9% over the last four years



Property Tax Allocation

| | FY 15-16 Adopted Budget |
|---------------------------|----------------------------|
| General Fund | (58.72 cents) |
| Housing | (0.69 cents) |
| Transit | (3.34 cents) |
| Economic Development Fund | (0.50 cents) |
| Total Tax Calculation | (63.25 cents) |

- The current rate of 63.25 cents has been in place since FY 10-11
- Separate dedicated tax allocations were established for the Housing Partnership Fund (FY 11-12) and the Economic Development Fund (FY 12-13)



Preliminary FY 16-17 Budget

Budget Progress to Date:

- Revenues
 - Property Tax
 - Assessed valuation projected at 1.58% over current year revised estimates
 - Sales tax
 - Growth projected at 4-4.5% growth over current year revised estimates
 - Electric Utility Sales Tax
 - Growth projected at 4% above current year revised estimates
 - Current year growth estimates of 9-10% over FY 14-15
 - Revenue projected to grow from \$15.9 million in FY 14-15 to \$18.4 million in FY 16-17
 - Telecommunications Sales Tax
 - Reduction projected at 2.5% below current year estimates
 - Revenue will be reduced from \$3.8 million in FY 14-15 to estimated \$3.2 million in FY 16-17
 - ABC Profit Distribution
 - Revenue projected to remain steady at \$3.4 to \$3.5 million



Preliminary FY 16-17 Budget

Budget Progress to Date:

- Expenditures
 - Lower fuel cost estimates
 - FY 16-17 budget of \$3.09 million
 - \$732,000 below current year budget
 - Increased debt service costs
 - General Fund contribution to the Debt Service Fund will increase from \$18.3 million to \$21.2 million
 - Property tax contribution increases from 7.25 cents to 8.25 cents
 - Increased health insurance contributions
 - Health insurance contributions will increase by almost 13%, from \$20.3 million to \$22.9 million
 - Employee required contributions increased by an average of 10% as of January 1 2016



FY 16-17 Enhancements

Proposed Year One Enhancements

- Police - \$407,911
 - Replacement of current body worn cameras
 - Five year lease will provide 600 cameras and 600 tasers
 - Total annual cost of \$662,000
 - Partially funded through federal funds in Year One only
- Engineering - \$1,100,000
 - MMOB Roof and Skylight Replacement
 - One time use of capital reserve funding
- Fire - \$320,278 (6 FTE)
 - Additional Firefighter position per shift for stations 14 & 20
 - First year costs supported through SAFR grant
- Transportation - \$75,000
 - Increased funding for street lights
 - Cost increase as Duke Energy replaces current street lights with LED lights



FY 16-17 Enhancements

Motor Vehicle License:

- City of Greensboro Current Rate
 - \$10 per vehicle
 - Last increased from \$5 to \$10 in FY 1991-92
 - Currently supports Field Operations and Transit (GTA)
- General Assembly provided cities with authority to increase the rate up to \$30 per vehicle (HB 97 – becomes effective July 1, 2016)
- City Manager reviewing options to increase rate in FY 16/17 budget to:
 - Provide increased funding for street resurfacing and maintenance
 - Continue to provide support for Transit (GTA)



FY 16-17 Enhancements

Motor Vehicle License

| | Current Allocation | Current Dollars |
|-----------------|--------------------|-----------------|
| General Purpose | \$3.50 | \$735,000 |
| Transit | \$6.50 | \$1,365,000 |
| Total | \$10.00 | \$2,100,000 |

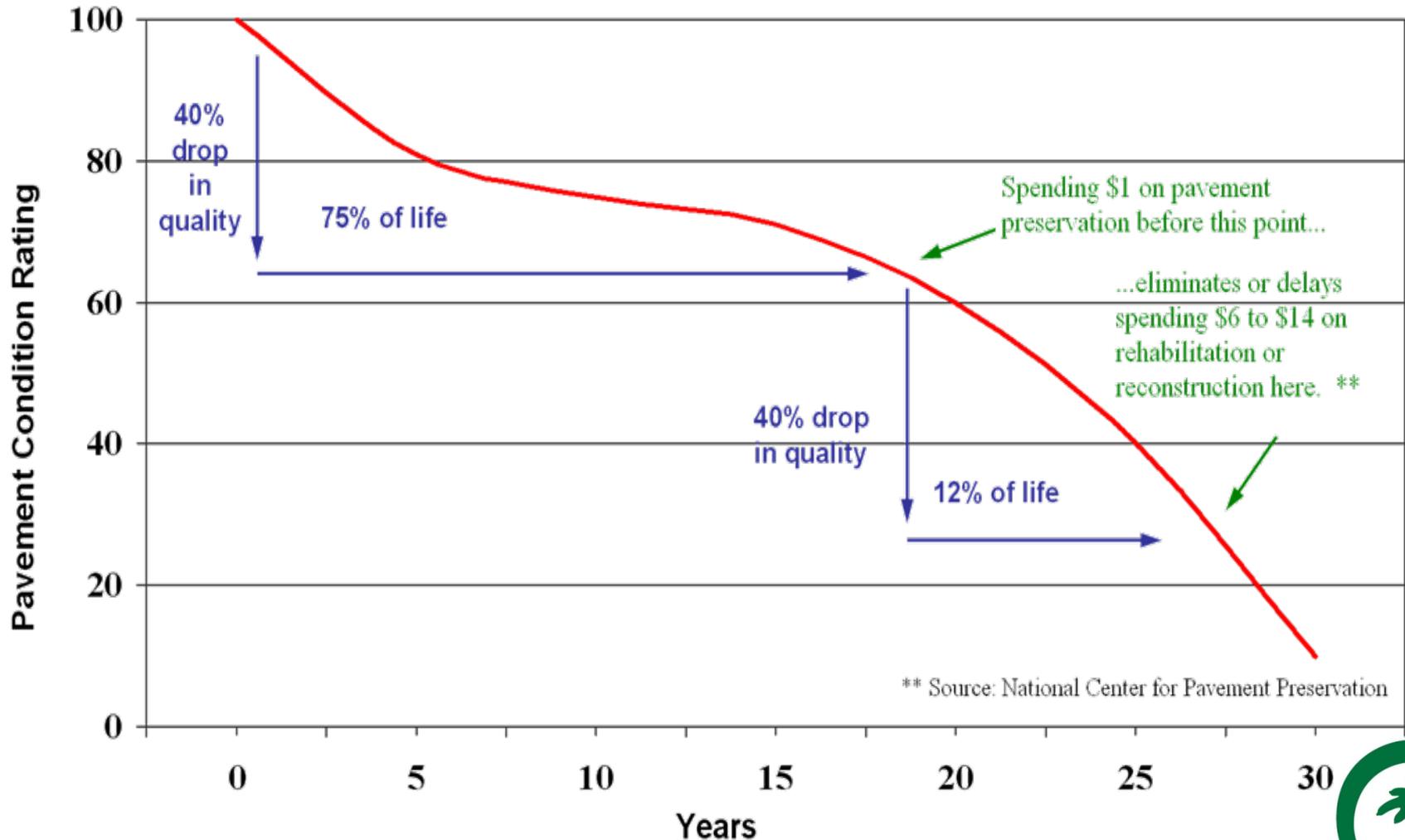
- \$5 rate increase generates +/- \$1 million
- \$1 million supports resurfacing of 12 lane miles; city has approximately 2,300 lane miles of municipally maintained streets



FY 16-17 Enhancements

- Greensboro streets have an overall PCR of 64.2 in 2012 (Poor Condition)
- Other NC municipalities overall PCR is 80 (Good Condition)
- 65% of streets need some level of maintenance or resurfacing (35% is NC average per USI)
- Primary maintenance needs are patching and resurfacing

FY 16-17 Enhancements



** Source: National Center for Pavement Preservation



Transit Fund

- Transit Fund currently supported through 3.34 cent Property Tax allocation.
- Provides over one third of the total operating needs
 - About \$8.5 million of total \$23 million budget
- Other Revenue Sources provide concern for the future
 - Federal grant funding reduction
 - New 2015 legislation - \$475,000 less than projected for current year
 - Other agencies receiving funds (i.e. PART) or potentially eligible to receive funds (Guilford County) could reduce Greensboro's local share



Parking Fund

- FY 16-17 Parking Fund Facility Improvements
 - Church Street Deck elevator maintenance - \$250,000
- Future Years' Improvements Needs
 - New revenue control equipment (i.e. ticket readers, pay stations, etc) - \$800,000
 - Automated payment equipment - \$200,000
- New Downtown Parking Decks
 - Funding to be generated from future parking deck rate increases.

Transportation CIP

- 2008 Bond Projects (Authorized Bond Funding) - \$68.8 million
 - Alamance Church Rd (\$4.3M)
 - Atlantic & Yadkin Greenway Bridge (\$.5M)
 - Atlantic & Yadkin Greenway Extension / Battleground Rail Trail Phase 2 (\$2.6M out of \$10.8M)
 - Cone Blvd / Nealtown Rd Extension (\$6.8M)
 - Downtown Pedestrian Crossings (\$.4M)
 - Engineering & Inspections Support (\$3M)
 - Greene Street 2-Way (\$.5M)
 - Horse Pen Creek Rd (\$30M)
 - Mackay Rd (\$3.9M)
 - Red Oak Greenway (\$1.2M)
 - Riddick's Greenway (\$.8M)
 - Summit Ave Streetscape (\$7.5M)
 - Vandalia Rd (\$5M)
 - Additional Studies (\$2.3M)



Outstanding Items

- Other items staff is working on for Recommended Budget
 - City/County Contracts
 - City and county staff are reviewing three service support contracts that expire at the end of FY 15-16
 - Animal Control (county provided service)
 - Tax Collection (county provided service)
 - Libraries (city provided service)
 - Community Partners Board
 - Council established citizens' board reviewing non profit requests for funding
 - Recommendations have been submitted to CMO for review
 - \$900,000 in combined General Fund and ED Fund support
 - Selected General Fund User Fees
 - Consultant is reviewing major user fees in several General Fund Departments
 - Draft report is due at the end of April
 - Some recommendations may be included in the Recommended FY 16-17 budget



FY 16-17 Next Steps

- CMO Budget Submittal to Council – May 3rd
- Council Special Meetings – May 9th and May 23th
- Public Hearing – May 17th
- Budget Adoption – June 7th

