

GENERAL FUND BUDGET HIGHLIGHTS

- The FY 2014-15 proposed budget includes general fund expenditures that are 3.8% more than the FY 2013-14 adopted budget.
- Public Safety is the largest general fund service area, accounting for 46% of all general fund expenditures. Public Safety expenditures show a \$2.9 million increase in FY 2014-15. A portion of this increase is due to the 3% COLA included in the budget. In addition, the Police Department operating budget reflects a \$325,000 increase in the City's share of the County's Criminal Justice Information System (CJIS) program costs. This increase is primarily due to debt service on a \$3 million new public safety system. The Police Department proposed operating budget also includes \$187,000 in funding to provide all officers with smart phones and \$85,000 to continue purchasing in-car and body cameras.
- Environment & Transportation is the second largest service area in the general fund, representing 15% of the FY 2014-15 general fund budget. This service area shows a decrease of approximately \$600,000, which is primarily the result of a technical change in which the City's annual resurfacing contract is removed from the Public Works Department's annual operating budget and moved to the City's General Capital Projects Fund. Highlights to note in this service area include: 1) a \$543,000 increase in the General Fund support for Transit Services to cover operating cost increases and the introduction of limited Sunday bus service beginning in January 1, 2015; 2) the inclusion of \$300,000 in contracted services funding in the Public Works Department for a full year of sidewalk cleaning in the central business district; and 3) the addition of \$100,000 in funding in the Public Works Department for median maintenance.
- The decrease in General Government reflects the removal of the every-other-year election costs as well as the accounting change in which unemployment costs and the City's annual contribution to the North Carolina State Treasurer's OPEB Fund are moved to the nondepartmental budget to individual departmental budgets.
- The Culture and Recreation service area shows a 5.0% increase. A portion of this increase (approximately \$234,000) is due to the accounting change in which the US Cellular Center is now being charged the full cost of indirect services provided by the general fund. This accounting change is reflected as an increase in the general fund transfer to the US Cellular Center Fund. Other factors impacting the Culture and Recreation service area include: 1) a \$250,000 increase in pay-as-you-go capital funding for parks facility maintenance; 2) a \$100,000 inflationary increase in the City's mowing contract; and 3) the inclusion of 50,000 for the installation of additional security cameras at parks facilities.
- The increase in the Community Development service area is primarily the result of mid-year FY 2013-14 staffing additions in the Development Services Department to meet the higher workload. In addition, the Planning Department budget includes \$100,000 to fund the River District form based code project.
- Personnel costs, including both salaries and wages and fringe benefits make up 64% of the proposed FY 2014-15 general fund budget. As noted earlier in the budget document, the personnel budget includes funding for a 3% cost of living adjustment (COLA) for employees, which has a budget impact of approximately \$1.5 million in the general fund. The personnel budget in the general fund is also impacted by the mid-year staffing additions in the Development Services Department as well as the full cost budgeting of several positions in the general fund that were frozen in FY 2013-14. Finally, the fringe benefit budget in the general fund is impacted by the restoration of funding to the workers' compensation program that was discussed earlier. The impact to the general fund is approximately \$680,000.
- Operating costs show a net decrease of \$1.6 million. Most of this decrease, however, is due to the technical change in which the City's annual resurfacing contract is removed from the Public Works Department's annual operating budget and moved to the City's General Capital Projects Fund. Major operating cost increases impacting the FY 2014-15 general fund budget, all of are discussed elsewhere

in the document, include: 1) a \$325,000 increase in the City's share of the County's Criminal Justice Information System (CJIS) program costs; 2) \$272,000 in funding for police technology (smart phones and in-car and body cameras); 3) a \$100,000 inflationary increase in the City's mowing contract; and 4) \$150,000 to fund a full year (\$300,000) of sidewalk cleaning in the central business district. .

- Interfund transfers are budgeted to increase by \$695,000. The US Cellular Center transfer is increasing to reflect the FY 2014-15 technical accounting change in which the full cost of indirect services are now being budgeted and accounted for in enterprise funds. The general fund transfer to the Transit Services Fund is budgeted to increase by \$543,000 due to proposed service enhancements, the slight reduction in grant funding, and overall cost inflation.
- In accordance with the City's multi-year debt service and capital improvement financial model, the General Fund debt service budget is maintained at the FY 2013-14 budget level.
- The FY 2014-15 capital outlay budget reflects the transfer of the full \$3.3 million from the FY 2013-14 tax rate increase into the City's debt service and capital improvement fund, along with additional pay-go capital maintenance funding that will be transferred to the general capital fund.

WATER RESOURCES FUND BUDGET HIGHLIGHTS

- In April, City Council approved minor rate adjustments for the 2014-15 fiscal year based on the Raffetis financial model. These rate adjustments are expected to generate approximately \$460,000 in additional revenue.
- The FY 2014-15 proposed Water Resources budget includes funding to add one GIS Technician position.
- The current year budget included an \$8.3 million appropriation from fund balance for capital improvements. The FY 2014-15 proposed budget includes a smaller (\$175,907) appropriation from fund balance; as a result, the overall Water Resources Fund budget shows an 18% year-over-year decrease. Even with this decrease, the FY 2014-15 budget still includes \$10.1 million in pay-as-you-go funding for water capital improvement projects.
- The internal Non-Revenue Water (NRW) Team will continue its efforts to establish operational practices for managing and controlling water loss due to leakage, water theft, and metering inaccuracies.

STORMWATER FUND BUDGET HIGHLIGHTS

- The current rate structure for single family properties is \$2.34 per month. The proposed rate structure is moving to a tiered system - Properties from 225–2000 square feet will pay \$2.50 per month; properties from 2001-4000 square feet will pay \$4 per month and properties greater than 4001 square feet will pay \$5.50 per month. For non-single family properties, the current rate of \$2.34/ERU (Equivalent Residential Unit) per month will be increased to \$4/ERU per month.

- Staff will utilize the additional funds from the rate change to perform more watershed assessments, install more drainage structures through contracts with construction companies, and perform additional maintenance services. These enhancements will include re-engineering a construction crew to become a preventative maintenance crew, which will include adding a FTE position to this crew. A Project Manager position will also be added to the budget to assist with the construction activities and professional service work that will be taking place.
- As discussed elsewhere in the Budget Document, all FY 2014-15 enterprise fund budgets now include the full cost of indirect services provided by the General Fund. For the Stormwater Fund, the cost of these services totals \$599,778. This accounting change is reflected on the expense side of the budget as an increase in operating costs.

STREET CUT UTILITY FUND BUDGET HIGHLIGHTS

- As noted on the previous page, enterprise fund budgets for FY 2014-15 now include the full cost of indirect services provided by the General Fund. For the Street Cut Fund, the cost of these services totals \$235,843. This accounting change is reflected on the expense side of the budget as an increase in operating costs.
- The FY 2014-15 proposed budget includes \$100,000 for equipment/vehicle replacement. Debt proceeds will fund these purchases.
- Otherwise, the proposed budget represents a continuation of existing services.

TRANSIT SERVICES FUND BUDGET HIGHLIGHTS

- The proposed budget includes funding to implement limited Sunday service and make changes to route C to address inefficiencies with that route. Both of these changes will be implemented on January 1, 2015. The FY 2014-15 cost of these two service changes is \$220,000. The City has applied for additional grant funding that may partially fund this cost increase
- In addition to the changes noted above, overall operating costs for the transit system are up about \$300,000 in FY 2014-15. In addition, there is a slight decrease in State funding for transit operations. reduction in State funding for transit.
- With the reduction in grant funding, increases in operating costs, and the other service changes, the FY 2014-15 budget includes a \$543,000 increase in the General Fund support for Transit Services.
- As discussed elsewhere in the Budget Document, enterprise fund budgets now include the full cost of indirect services provided by the General Fund. For the Transit Services Fund, the cost of these

services totals \$69,461. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund transfer, and on the expense side as an increase in operating costs.

PARKING SERVICES FUND BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, enterprise fund budgets now include the full cost of indirect services provided by the General Fund. For the Parking Services Fund, the cost of these services totals \$348,756.
- Revenues in the current fiscal year are performing better than budget, and this trend is expected to continue next fiscal year. There are no rate changes included in the FY 2014-15 proposed budget.
- Overall, the proposed budget reflects a continuation of existing programs and services.

GOLF FUND BUDGET HIGHLIGHTS

- The City contracted out operation of the Municipal Golf Course during FY 2012-13. A lease payment from the contractor of \$75,000 is included as a revenue in the proposed FY 2014-15 General Fund Parks & Recreation Department budget.

US CELLULAR CENTER FUND BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, all enterprise fund budgets for FY 2014-15 include the full cost of indirect services provided by the General Fund. In FY 2013-14, the first year of this accounting change, enterprise funds were charged 50% the total cost. For the US Cellular Center Fund, the total cost of these services is \$439,032. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund transfer, and on the expense side as an increase in operating costs.
- Event bookings and operating revenue have been higher than originally anticipated in the adopted FY 2013-14 budget, and this trend is expected to continue in FY 2014-15.
- The proposed budget includes a \$60,000 appropriation from fund balance for small equipment purchases.

HOUSING TRUST FUND BUDGET HIGHLIGHTS

- The FY 2014-15 proposed budget continues the \$500,000 General Fund operating budget contribution to the Housing Trust Fund.