City Council Budget Work Session

April 26, 2022

Tony McDowell, Finance & Management Services Director
Taylor Floyd, Budget Manager



Presentation Overview

- Budget process review
- Investments in priorities
- Capital Improvement Plan update
  - Memorial Stadium project funding
- General Obligation Bond sidewalk projects

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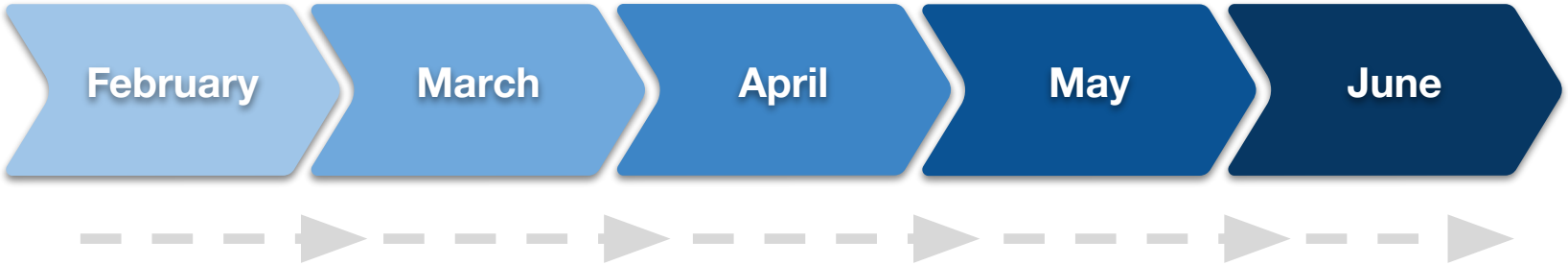
Key Takeaways

- Recommendations will be based on
  - Available resources
  - Internal work
  - Council priorities
  - Information gathered and work completed in prior budget processes
- In the current labor market, being a competitive employer is essential to service delivery.
- Limited capacity is available to fund new or expanded services, including additional capital projects.

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FY23 Council Budget Timeline

Approved by City Council at February 8, 2022 meeting.



2/22
Council Work Session

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Budget Process Summary

February 22 Work Session

- Overall financial position is positive.
- Overview of capital planning and update on capital projects.

March 18 Council Retreat

- Inflationary pressures are impacting existing services.
- Starting a comprehensive facility assessment to guide future capital investments.

April 12 Work Session

- Lingering impacts of the pandemic have created budget challenges.
- Review of fund balance, personnel budgeting, Parking Fund and Transit Fund.

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Council Priorities

- Equitable & Affordable Housing & Stability
- Houselessness Strategies
- Improve & Expand Core Services
- Neighborhood Resilience
- Reimagining Public Safety
- Reparations

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General Fund Summary

Baseline revenues: ***total growth of $8.0 - $9.5 M***

- Normal property tax revenue growth
- Continued sales tax revenue growth
- No other substantial changes in revenues

Baseline expenses: ***total growth of $5.9 - $6.3 M***

- Growth in personnel costs
- Inflation and price volatility in operating costs

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General Fund Revenue Summary

	Change
Property tax growth (2.5%)	$ 2.4M
Sales tax growth (7%)	$ 6.3M

Additional revenue from fees and charges will be included once adopted at April 26 regular City Council meeting.

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General Fund Expense Summary

Personnel Costs	**Change**
Employer retirement contribution	$ 520,000
Adjustment to APD vacancy budget	$ 560,000
Additional AFD overtime	$ 1,935,000
Inflation & Other Operating	
Capital contribution	$ 239,000
Land Use Incentive Grants	$ 350,000
Additional fuel costs	$ 340,000
Recycling contract increase	$ 100,000

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Discussion & Questions

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Investments in Council Priorities

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Improve & Expand Core Services:

Employee Compensation & Recruitment

Ongoing Investments

- Implementation of $31,200 minimum annual salary
- Implementation of class & compensation study recommendations
- Additional adjustments to AFD, APD and others.

FY23 Investment - $ 3M

- 4% adjustment (hired before Jan 2022)
- 2.5% adjustment (hired in 2022)
- Recruitment & retention incentives

Employee Compensation

- Continue to implement recommendations of class & compensation study.
- Using recommendations to inform how to stay competitive and retain workforce.
- Labor market has changed drastically since study was completed.

Total Compensation*

Salary	$ 31,200	Non-Exempt minimum salary
State retirement	$ 3,775	12.1% employer contribution (13.1% for sworn personnel)
401k	$ 1,560	5% no match required
Health	$ 10,000	average cost, depends on plan choices
Total	**$ 46,535**	
Living Wage	$ 36,816	per Just Economics

**not including employer paid federal payroll tax for medicare and social security (7.65%)*

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Improve & Expand Core Services

Ongoing Investments

All existing city operations including public safety, sanitation, water, stormwater, street and sidewalk maintenance, recreational programming and code enforcement

Broadway Public Safety Station

Capital funding to maintain city infrastructure

Enhanced maintenance in high-use parks

Equitable & Affordable Housing & Stability

Ongoing Investments

- Affordable Housing GO Bond
- Housing Trust Fund
- Land Use Incentive Grants
- Development Fee Rebates
- Federal HOME program management
- Management of ARPA funds for housing

Houselessness Strategies

Ongoing Investments

- Continuum of Care lead
- Developing shelter plan with partners
- Homelessness outreach

Neighborhood Resilience

Ongoing Investments

- Neighborhood Grant Program
- Equity & inclusion outreach
- Racial healing mini-grants
- Neighborhood services outreach
- Climate Justice Initiative
- Neighborhood sidewalks program
- Neighborhood Traffic Calming Policy
- Expanded evening and weekend hours at recreation centers

Reimagining Public Safety

Ongoing Investments

- 911 consolidated operations
- APD recruitment efforts
- Additional APD training
- Body worn & vehicle cameras
- Shift of noise ordinance & animal control enforcement to Development Services
- Expansion of Office of Data & Performance

Reparations

Ongoing Investments

- Commission members appointed
- $2.1 million reserved for Reparations
- Awaiting recommendations for short and long-term strategies

Potential New Investments in Council Priorities

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Examples of New Funding Requests

Request	Ongoing Costs	Core Service	Neighbor-hoods	Home-lessness	Reimagining	Affordable Housing
Background check for APD recruitment	$ 75k	✔			✔	
Budget software	$ 50k	✔				
Code Purple sheltering	$ 50k			✔		
GIS & asset management	$ 100k	✔				
Homeless Specialist	$ 90k		✔	✔		
HR software	$ 150k	✔				
Parks maintenance relocation	$ 200k	✔	✔			
Street Outreach	$ 115k		✔	✔	✔	
Traffic engineering	$ 120k	✔	✔			
Traffic signs & pavement markings	$ 100k	✔	✔			
Urban Forester	$ 110k		✔			

Examples of New Funding Requests

Request	Funding Source	Cost	Core Service	Neighbor-hoods	Home-lessness	Reimagining	Affordable Housing
Sanitation & waste reduction	additional fees	$ 405k	✔	✔			
Opioid settlement planning	grant	$ 190k		✔	✔	✔	
Comprehensive Plan implementation	one-time	$ 30k	✔	✔			
Missing middle housing study	one-time	$ 85k		✔	✔		✔
Disparity study	one-time	$ 350k	✔				
Emergency preparedness planning	one-time	$ 250k	✔	✔			

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- Growth in personnel costs
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Recommended salary adjustment: ***total of $3.0 M***

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Capital Improvement Plan Update

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FIVE YEAR GENERAL CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
REVENUE SOURCES					
Pay-go (Cash)	1,615,000	1,015,000	1,015,000	1,015,000	1,015,000
Short-Term Installment Debt	3,931,000	3,727,000	3,881,000	4,188,000	4,299,000
Long-Term Debt	12,079,499	10,075,200	10,180,600	7,001,200	6,920,510
Grants	56,000	3,596,800	13,110,400	3,704,800	3,890,040
Revenues Total	**17,681,499**	**18,414,000**	**28,187,000**	**15,909,000**	**16,124,550**

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
PARKS & RECREATION					
Turf Replacement	250,000	250,000	250,000	250,000	250,000
JBL Turf Replacement	15,000				
Carrier Park Bridge Replacement	50,000				
Magnolia Park Playground	535,000				
Shiloh Parking Lot Rehabilitation	225,000				
Weaver Park Improvements	600,000				
Park Facilities Upgrades	-				
Total	**1,675,000**				

STREETS & SIDEWALKS				
Streets & Sidewalk Resurfacing	3,278,000	3,376,000	3,477,000	3,581,000	3,688,000
Chunn's Cove Bridge Rehabilitation	500,000				
Sidewalk Rehabilitation & Replacement	250,000				
Neighborhood Sidewalks	405,000				
Pedestrian Plan Projects	200,000				
ADA Infrastructure Improvements	150,000				
Pedestrian & School Zone Safety	-				
McDowell St. & Choctaw St. Pedestrian Improvements	-				
Traffic Signal Projects:					
Downtown Pole	200,000				

FLEET & EQUIPMENT			
Fleet Replacement	3,376,000	3,477,000	3,581,000
Transit Bus Replacement	1,000,000		
AFD Apparatus Replacement	1,860,000		
Computer & Technology Replacement	470,000		
CNG Station Compressor Replacement	85,000		
Total	**6,791,000**	**8,223,000**	**9,080,000**

PLACEMAKING	
Coxe Ave. Complete Street	
Downtown Bicycle Connector	100,
I-26 Connector	
Total	**100,**

Existing FY23 Plan (from FY22 Budget)

Project Type	*Total Planned*
Facility Maintenance	$ 1.03M
Fleet & Equipment	$ 8.22M
Parks & Recreation	$ 0.84M
Streets & Sidewalks	$ 5.57M
Multi-modal/Placemaking	$ 2.00M
Contingency	$ 0.75M
Total	**$ 18.41M**

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Potential Adjustments to FY23 Capital

- Memorial Stadium
- Municipal Building repairs
- Vance Gap Road landslide
- Bridge maintenance
- Municipal Golf Course
- Livingston Street

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Memorial Stadium Funding Strategies

Estimated Project Cost: *$ 4,342,345*

Potential Funding Sources			
ARPA	$ 2,500,000	$ 1,500,000	$ -
GO Bond (Parks)	$ 944,000	$ 944,000	$ 944,000
CIP Contingency	$ 750,000	$ 750,000	$ 750,000
Unspent Fleet Replacement	$ 148,345	$ 239,345	$ 300,000
CIP Unspent (Savings from completed projects)	$ -	$ 909,000	$ 909,000
Additional Funding Required	*$ -*	*$ -*	*($1,439,345)*

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Summary & Next Steps

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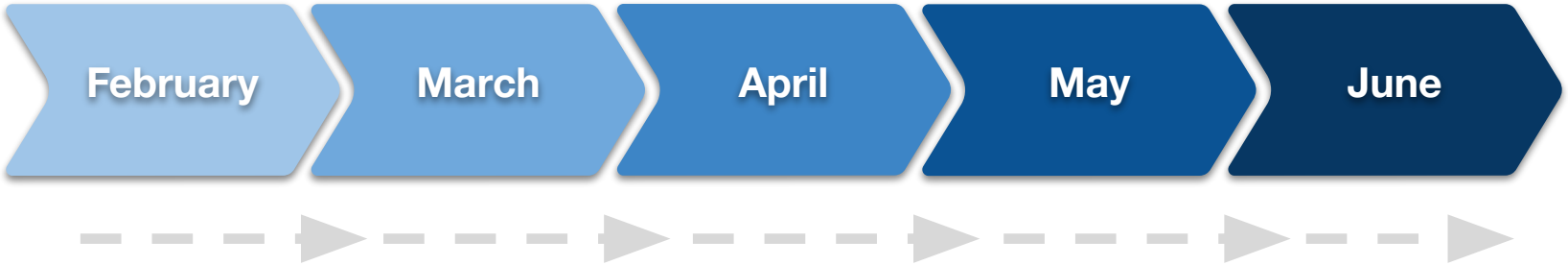
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GO Bond Sidewalk Project Update

April 26, 2022

Jade Dundas,
Capital Projects Director



Key Takeaways

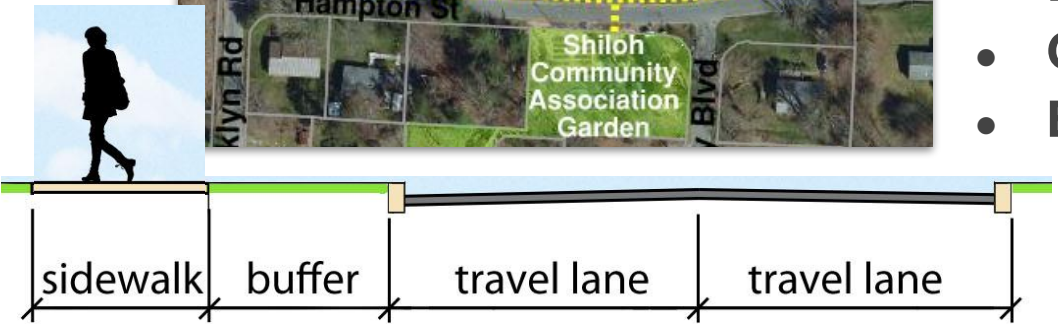
- Update of remaining projects
  - Scope explanation
  - Challenges
- Review delivery timeframe
- Review work that has been completed

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Shiloh Area Improvements



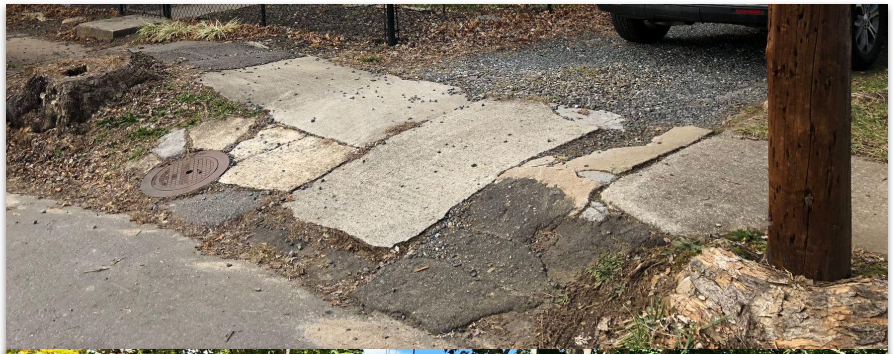
- **Limits of Construction:** Shiloh Rd to midblock Hampton, connection to Shiloh Community Garden
- **Benefits:** Meets community transportation plan, neighborhood connectivity, new sidewalk
- **Challenges:** limited space on Brooklyn between center and road
- **Construction award:** Spring 2023
- **Estimated cost:** $592,000



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Vermont Avenue

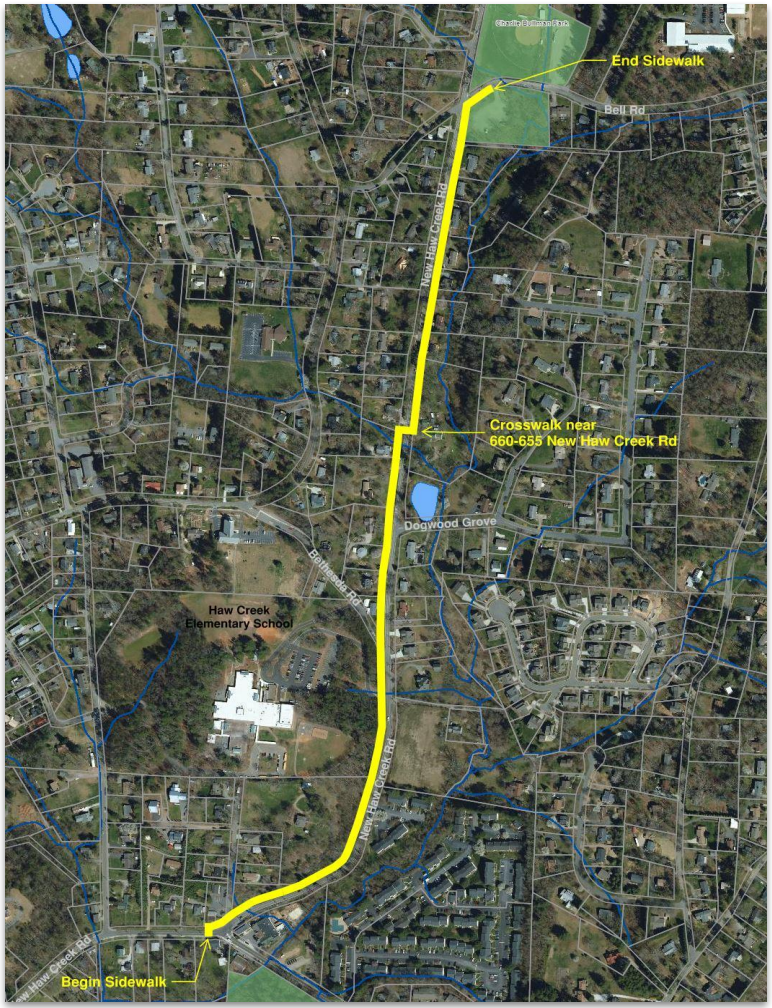
- **Limits of Construction:** Haywood Rd to south of Olney
- **Benefits:** Replaces all existing deteriorated sidewalk, preserves healthy trees
- **Challenges:** Existing trees, limited space between road and properties
- **Construction award:** Fall 2022
- **Estimated cost:** $1,150,000





New Haw Creek Road

- **Limits of Construction:** Beverly Rd To Bell Rd
- **Benefits:** Improved pedestrian access, neighborhood connectivity
- **Challenges:** Property acquisition, limited right of way, slopes on both sides of road
- **Construction award:** Fall 2022
- **Estimated cost:** $3,337,000



Johnston Boulevard



- **Limits of Construction:** Patton Ave to Iona Cir
- **Benefits:** Neighborhood connectivity, accessibility
- **Challenges:** Limited right of way, railroad crossing
- **Construction award:** Fall 2022
- **Estimated cost:** $3,319,000

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Airport Road

- **Limits of Construction:** Walmart to Hendersonville Rd
- **Benefits:** Connection of commercial centers, completion of sidewalk connecting I-26 to Hendersonville Rd, signal improvements
- **Challenges:** DOT roadway, night work required
- **Construction award:** Spring 2023
- **Estimated cost:** $2,745,000



Onteora Boulevard



- **Limits of Construction:** Lincoln Ave to Raleigh Rd
- **Benefits:** Increased connectivity to education, commercial and recreation facilities
- **Challenges:** Construction in tight right of way
- **Construction award:** Fall 2022
- **Estimated cost:** $1,240,000

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Completed Sidewalk Projects

Fulton St	Completed Fall 2022 ($453,504)
Haywood St	Completed Spring 2021 including major utility reconstruction ($4,402,854)
Hill St	Completed 2018 ($286,896)
Gerber Rd	Completed 2018 by apartment developer
Mills Gap Rd	Completed 2018 by NCDOT

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