

CITY MANAGER'S BUDGET MESSAGE

Mayor and City Council
City of Greensboro

May 17, 2011

Council Members:

As we plan for City of Greensboro operations for FY 2011-2012, we do so with the awareness that we face similar financial uncertainty to what we faced last year. We also have the understanding that, even with economic recovery, we need to prepare for a financial future in which consumers and stakeholders make different choices than in the past and those choices directly impact our revenue collections and growth activities.

With this proposed FY 2011-2012 operating budget, our organization continues its efforts to prioritize all programs and major services in a way that is consistent with the priorities of the City Council and the residents of Greensboro. In response, we are making changes to the way our organization does business, which involves some additions and reductions to services. However, while these changes are driven by the economy, I believe this budget recommendation and other management changes underway, are reflective of good government operations and focused on the most critical goals of our community.

Recognizing that economic recovery continues to be slow, City Council challenged the organization to develop a recommended budget for FY 11-12 that did not require a tax rate increase. In addition, the budget was prepared to ready the organization for the possibility of further negative economic news, including the potential loss of significant traditionally shared revenue from the State of North Carolina. Specifically, City Council directed that the budget process identify potential budget reductions and/or non tax revenue enhancements that would total \$18 million.

Using MAP (Management, Accountability, Performance), our organization-wide effort to link resources with critical goals, our leadership team worked in small Result Area groups, evaluating and prioritizing the various services and service levels we provide. This encouraged discussion across departmental lines as managers considered different approaches to ensure resources were best placed in furtherance of the pursuit of City-wide high level goals.

It is through the MAP process that we established the organization's five priority goals and the standards used to evaluate services. Through this structure, we will report our performance on a

quarterly basis which will serve as a tracking tool for City residents as they seek greater understanding of how the City is using its resources to serve the community. These intensive efforts have yielded expenditure reductions in the General Fund alone that total nearly \$10 million in the recommended budget. Additional revenues proposed, such as increased parking fees and more aggressive collections, add another \$3.5 million to the overall budget balancing effort.

Our recommended budget equates to \$13 million budget solutions for FY 11-12. We have identified an additional \$5 million in possible reductions to the General Fund, if the City Council finds it necessary to enact a full \$18 million reduction to the budget. This collaborative process has yielded a proposed budget that meets City Council's directive, acknowledges our current financial challenges and remains steadfast in our pursuit of our City goals of creating an environment that encourages economic development, maintaining our infrastructure, promoting public safety, delivering exceptional customer service, and ensuring fiscal stewardship and accountability.

Strategic Goals

"Create an environment that promotes economic development opportunities and job creation."

The City of Greensboro's approach to economic development is strategically focused on advancing five key principles: promoting job creation, facilitating private business and expansion, utilizing bond resources to develop shovel-ready sites, and making it easier to do business in and with the City. Several of the activities designed to meet these priorities are already underway, while others are planned in the coming year to help forward this strategy.

In an effort to streamline and shorten the time it takes to vet construction projects, the City opened the Development Services Center within City Hall during FY 10-11. The Center serves as the City's one stop access for all aspects of building plan review, inspections and permitting, and has an integrated electronic plan review system that expedites plan approval. The center opened to positive reviews from the development community, as well as from national trade publications. The Development Services Center speaks to the City's commitment to being pro-growth and developer-friendly.

The establishment of the Office of Economic Development and Business Resources is also included in this budget. The office's mission is on business retention and supporting emerging businesses by focusing on the needs of small and medium sized business in Greensboro. There will also be trained support staff to facilitate access to relevant City departments, serving to troubleshoot and problem-solve on behalf of small business owners. The Minority and Women Business Enterprise Office will be combined into this office and will promote a renewed focus on how we serve this specialized sector of our business community. Looking externally from City government operations, it is also important to support major centers of economic activity currently in the community. The City is considering partnerships with several industrial site developers to create shovel-ready sites in eastern Greensboro utilizing funds from the 2008 Economic Development bond dollars.

The University of North Carolina at Greensboro has announced plans to build 1800 new dorm beds south of Lee Street in the Glenwood Neighborhood. This project is in the heart of the High Point Road/West Lee Street Gateway Corridor. Since the 2007 start of the Corridor planning, more than \$130 million in public and private projects have been completed or are underway in the corridor, including the opening of the ACC Hall of Champions. The Coliseum Complex continues to serve as a tremendous resource for visitor attraction to this area, also attracting over 160,000 visitors for the 2011 AT&T U.S. Figure Skating Championships.

With the completion of the new McGirt-Horton Branch Library, the City is actively pursuing the redevelopment of the Bessemer Shopping Center on Phillips Ave. Work will begin in early summer on the relocation of the Family Dollar Store and several other retailers anticipate locating in the shopping center by the summer of 2012.

"Promote public safety and reduce crime"

As an organization, we will continue our pursuit of prospects that make our public safety units stronger through the efficient use of resources, streamlining policies, and preparing for major structural changes in staffing and program implementation. The police department has separated its patrol functions into two services. Call-driven forces now handle the Guilford Metro 9-1-1 call workload, while the proactive forces organize around crime prevention and suppression. Other units, including the investigative and support teams, have been refined

or merged to better coordinate with and support patrol functions.

Overall, the police department has been able to reorganize in a manner that maintains or enhances its service delivery, but saves the City roughly \$140,000 annually. In FY 11-12, 12 call-take specialist positions are included in the recommended budget for Guilford Metro 9-1-1. These positions will serve to separate dispatch and call-take functions for emergency calls, allowing communicators to focus solely on dispatch. This separation of responsibilities will better ensure the safety of our emergency responders and better focus on the needs of the citizens that have called 911 for assistance.

The proposed budget includes the first of three set asides, which is \$450,000 for the first installment, as the City prepares to assume full cost accountability for 30 police patrol positions that are currently funded through federal grant funds. This program is aligned with GPDs usual rotation of installing a class of 30 officers each fall, which accounts for attrition and ensures we have the staffing level needed to continue to meet public safety needs.

Funding the renovation of the Greensboro IRS building is also included in the FY 11-12 recommended budget. In the amount of \$150,000, the City is awaiting notification that the building will be gifted, which is expected in June, 2011. If awarded, this building will serve as a public safety headquarters, consolidate police support activities and the central division. Such consolidation will lead to greater ease of deployment and coordination across the police department and the building would become the headquarters for all emergency activation efforts in response to natural and unplanned emergencies in the City.

Funds for the construction of the Randleman Road Fire Station (No. 62) are also included among the bond recommendations for FY 11-12, with a projected opening in FY 12-13. Eighteen positions are budgeted for the opening of station 62. Meanwhile, funding to acquire the land for the Reedy Fork Station is also included in the FY 11-12 bond project recommendations. The City is also planning for additional stations as part of its MAP public safety objectives, including the provision of fire protection to reduce fire loss for commercial properties as well as the containment of fires to the room of origin.

"Maintain infrastructure and provide sustainable growth opportunities."

The City continues its diligent effort to manage debt issuance to minimize tax rate implications while making progress on capital infrastructure vital to its continued growth and economic vitality. The recommended budget assumes the borrowing of \$30 million in general obligation bonds in FY 11-12. This recommendation is \$5 million below last year's recommended year-two budget. As a result, construction of the Lake Jeanette Library is delayed and funding to parks and recreation projects is adjusted. The adjusted opening of the library also delays an annual operating impact of \$436,000.

While these reductions were necessary to solidify our efforts not to impact the tax rate, the recommended projects maintain our commitment to sustainable growth opportunities. The recommended \$30 million in bond projects will allow the continuation of the Natural Science Center expansion and the construction of the Old Randleman Road Fire Station. In addition, Gateway Gardens Phase II will be completed and some of the funding will help with the completion of Phase I of Keeley Park and the Hilltop Road Recreation Center.

The Greensboro Aquatic Center (GAC), also funded by the proposed \$30 million bond financing, is set to open its doors in August, 2011, and has already booked 18 meets with an anticipated participant attendance of 9,260 and spectator attendance of 41,100. The new White Oak Amphitheatre will open in June, providing an additional venue for concerts. It is also projected to generate additional revenue to help offset the projected operating deficit of the GAC in FY 11-12. These bonds also provide for \$8.25 million in street improvement projects, including the Cone Boulevard/Nealtown Road Extension and improvements on High Point Road, Merrit Drive, and Alamance Church Road.

The City seeks alternative funding sources to leverage local dollars wherever possible. Funds were received from the federal government via the NC Department of Transportation to fund various sidewalk improvements throughout the City. The Transportation Department leveraged bond funds to secure over \$18 million in sidewalk projects to be completed over the next few years.

The proposed FY 2012-2021 capital improvements plan (CIP) totals nearly \$725 million and outlines a future financing plan to maintain our current infrastructure and develop new facilities, where needed, to help achieve our strategic service priorities. To ensure long term health and economic stability for our city and region, the City continues to plan and implement capital improvements for our water and sewer capacity and water quality management. In FY 11-12 we will invest \$22.3 million in the system and will achieve

this without proposing a rate increase. Due to the \$16.3 million MCI settlement and \$2 million reimbursement from the Piedmont Triad Regional Water Authority, we are able to use cash to fund the majority of water and sewer capital projects. We do however project a rate increase in FY 12-13 but it is less than it would have been if not for the cash infusion. We are also investing \$7 million in infrastructure design and engineering for a new pump station to facilitate economic development available in East Greensboro.

"Achieve exceptional customer service, a diverse workforce and ensure fiscal stewardship, transparency and accountability."

A conscientious focus on customer service and fiscal stewardship ensures that we have the right people, in the right places, doing the right jobs, and that we are doing our jobs responsibly. To this end, we have established a \$300,000 Professional Development Fund which will support employees along their long-term professional growth plan. We have also included a 1.5% merit increase for all employees (approximately \$1.5 million).

Structural changes were also made in some of our program delivery during FY 10-11. The Information Technology and Enterprise Solutions Departments were merged, as were the Planning and Housing and Community Development Departments. Such mergers will ensure that services from departments that are frequently cross-functioning are streamlined to meet the needs of customers. We are also planning to centralize our contract management operations, which will provide better access to the City's contract awarding and procurement processes, as well as ensure greater transparency.

Property Tax Rate

The FY 11-12 Recommended Budget is balanced with a proposed tax rate of 63.25 cents per \$100 property valuation, the same as the current tax rate.

I very much appreciate the continued dedication our employees show to the cause of public service. We are prepared to assist City Council in the adoption of this service plan for our city.

Respectfully submitted,



Rashad M. Young, City Manager