

CITY MANAGER'S BUDGET MESSAGE

Mayor and City Council, City of Greensboro

May 21, 2013

Council Members:

When the budget process kicked off in the fall of 2012, I challenged departments, working in their MAP Result Area teams, to look for ways the City could make long-term reductions or fee changes without sacrificing the core commitments we maintain as a governmental organization and service provider. As an organization, we also explored ways to streamline processes and reduce costs to ensure that we were making decisions that would benefit our budget development in years to come.

With great teamwork, our leaders created a budget built on programs and services uniquely tied to key priorities like economic development, public safety and infrastructure. Meanwhile, our leadership team also thoroughly reviewed mandated and mission-critical programs and deliberated over how to make reductions that were both sustainable for the long-term and cost-effective for this budget.

Through these efforts, I am able to bring you a recommended FY 13-14 budget that reduces expenditures in the General Fund, while preparing for the opening of key facilities like the Reedy Fork Fire Station, the Northeast Branch Library, and Griffin Recreation Center, which are central to meeting the needs of Greensboro's residents. Other budget highlights include \$1.29 million, generated by the first year of a half-cent property tax, for the funding of economic development initiatives that will support job growth and workforce development in our community. To support and incentivize our employees, funding is in place to provide a 1.5 percent merit increase for eligible employees based on performance and to relieve compression in multiple areas across City departments.

I believe this process has produced a proposed budget that will continue to advance the organization, while our budget development efforts will continue to be refined to ensure continued fiscal stability in the future. As you'll read below, I'm confident that our resources are aligned to reach our core MAP 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

these key principles: promoting job creation, facilitating private business and expansion, utilizing bond resources to develop shovel-ready sites, developing downtown, and making it easier to do business in and with the City.

FY 13-14 will be the first fully funded year for the Economic Development Fund established by City Council in FY 12-13. The one-half cent set aside will generate approximately \$1.2 million per year. The Office of Economic Development and Business Support, established in the FY 11-12 budget, will administer the ED fund in support of a variety of economic development initiatives.

During FY 12-13, City Council formed the Economic Development Committee, which is continuing to work on a variety of projects putting into place the use of bond funds. These include seeking proposals for the development of shovel ready sites and improving the downtown area.

The City continues to work with other entities to make improvements to the downtown area. The recommended budget includes funding for the Good Repair Loan that was passed by City Council in conjunction with the Downtown Good Repair Ordinance. Bond funding for future phases of the Downtown Greenway is included in the Proposed FY 2014-2023 Capital Improvement Plan and additional maintenance funding is included in the recommended budget.

The revitalization of underutilized or abandoned commercial property remains a key City economic development priority. The City will also participate in the revitalization of commercial property at the intersection of Cone Boulevard and Yanceyville Street through ED Fund support totaling \$850,000 over three years.

The City of Greensboro has been awarded a \$1 million grant from the US Department of Commerce and the Economic Development Administration to conduct an economic development challenge. The Strong Cities Strong Communities program solicits proposals from multi-disciplinary teams from across the country to develop transformative economic development plans for Greensboro. \$250,000 from the Economic Development Fund is serving as matching funds for the grant. Proposals are due in October 2013.

The High Point Road/West Lee Street Gateway Corridor remains an area of key emphasis within the City's overall economic development strategic goals. A previously completed corridor study that covered the corridor from Eugene Street to I-40 will be expanded to Groometown Road during FY 13-14, the results of which will help define a better



unified development vision and plan for the entire corridor. Staff is also working on the renaming of High Point Road.

The Greensboro Aquatic Center (GAC) continues to draw tremendous numbers of visitors and attention to the area. From July 2012 through April 2013, the GAC has hosted 109 events, with participants and spectators numbering over 91,000.

In March 2013, City Council approved sale of land to a lead developer for the South Elm Brownfield project. The developer has had preliminary contact with potential sub-developers for multifamily and hotel development. South Elm Street Redevelopment will be used as a demonstration project for job creation and capacity building for Historically Underutilized Businesses under a contract with Sustainable Community Resources.

The FY 13-14 Recommended Budget includes continued support for various economic development partners such as Downtown Greensboro Inc, the Greensboro Partnership and East Market Street Development Corporation. The recommended budget also includes the second year of two-year contributions to both Triad Stage and Community Theater of Greensboro (\$75,000 each per year; \$150,000 each total).

"Promote public safety and reduce crime"

Closely aligned with our economic development strategic goal is the organization's desire to promote public safety. A safe community is a critical component of an economically vibrant community.

The proposed budget will absorb the cost of thirty (30) patrol officers previously added to the Police Department through a federal COPS grant, which expires in early FY 13-14. Continuing funding for these positions is critical to maintaining current Police response times to calls for service.

FY 12-13 saw the phased opening of the new Police Headquarters Building on Federal Place. The facility serves as departmental headquarters and houses staff from Central Patrol Division, Police Logistics, Watch Operations and Records.

The Reedy Fork Fire Station will open in FY 13-14. Fifteen positions previously allocated for the station will be filled in the fall of 2013, with an expected station opening date in spring 2014. The station will serve the already developed Reedy Fork area and provide fire and rescue coverage for future residential and commercial development in the area.

The 800 MHz radio system supports public safety response for both Greensboro and Guilford County. The replacement of this vital infrastructure is underway and will continue through FY 13-14. Replacement cost is being shared between

Greensboro and Guilford County. Included in the Recommended FY 2013-14 Budget are building improvements to the Guilford Metro 911 Justice Center which will be completed over a two-year period.

The Recommended FY 2013-14 Budget also includes funding for the ongoing maintenance of the Police Department's new crime mapping software and plans for providing funding in year two to continue the DNA Outsourcing contract.

Libraries, Parks and Recreation and Police are collaborating to develop programming options in an effort to positively impact the juvenile crime rate. For example, Summer Night Lights (SNL), a series of free teen events, will be held during the summer at times that are traditionally high risk for juvenile crime. SNL is an expansion of the popular and collaborative Midnight Basketball Program.

"Maintain infrastructure and provide sustainable growth opportunities."

Bond referenda passed by the residents of Greensboro in 2006, 2008 and 2009 authorized borrowing of over \$228 million for streets, fire stations, parks and other improvements. The City continues its strategy of managing the borrowing for these needed capital improvements without requiring tax increases for debt service.

The City will issue \$50 million in Bond Anticipation Notes in FY 13-14 (to be converted to General Obligation Bonds in 2016) to advance a variety of projects. These projects will include continued improvements to Horsepen Creek Road, High Point Road Streetscape and Cone Boulevard/Nealtown Road, along with other sidewalk improvements and street resurfacing. This bond sale will provide funding for the McConnell Road Fire Station (to replace the existing fire station on Franklin Boulevard) and the Burlington Road Fire Station. Other supported projects include Griffin Park improvements, Keeley Park improvements and support for the Greensboro Science Center—Phase II. After the 2014 bond sale, approximately \$100 million of authorized bonds will remain for sale during years 2016 through 2020. The remaining bond proceeds are almost exclusively for street improvements and will support projects such as Alamance Church Road, Mackay Road, Summit Avenue Streetscape and the Downtown Greenway.

The City seeks alternative funding sources to leverage local dollars wherever possible. Funding commitments backed by municipal agreements with NCDOT are currently in place for approximately \$11.44 million to support City sidewalk and roadway projects.

The proposed FY 2014-2023 Capital Improvements Plan (CIP) totals \$1.46 billion of identified projects, and outlines a future financing plan to maintain our

current infrastructure and develop new facilities as needed. The CIP Team is continuing to evaluate all unfunded programs through the developed criteria that scores projects based on City Goals, influence on other City plans, critical need, community support and funding and operation impact.

Nearly one-third of the entire proposed Capital Improvements Plan is devoted to our water and sewer infrastructure. The City continues to plan and implement a variety of water system improvements and maintenance efforts using both debt financing and pay as you go (cash) capital financing. The proposed CIP includes \$481 million in planned water and sewer utility improvements, including such major projects as Osborne Biological Nutrient Removal (total estimated project cost of \$98.2 million; first construction bids to be released in summer 2013) and system wide Sanitary Sewer and Water Line Rehabilitation (\$89 million combined). The recommended budget includes a proposed user rate increase of 3.5% for customers within the City of Greensboro and 7.5% for customers outside the city limits. This rate increase will ensure the continued financial security of this vital utility resource while keeping our customer rates very competitive when compared to peer cities throughout the state. This increase is part of the department's five-year plan to move outside water rates to 2.5 times the inside rates.

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

During FY 11-12, staff completed the Total Compensation Study, a comprehensive review of the City's compensation levels and market position. The City continues to implement recommendations from the study as time and funding allow, keeping the City competitive while maintaining a salary structure that provides good value to our customers.

The proposed budget includes recommendations that will address issues of serious compression, defined as insufficient salary gap between supervisors and employees. This will result in salary adjustments for 136 employees, totaling \$483,000 in annual adjustments across all funds. In addition, the recommended budget includes an average 1.5% merit increase for all employees, based on performance evaluation. These recommendations are included within the total compensation budget originally developed for the FY 13-14 budget.

This budget also recommends the resumption of the City's periodic city-wide survey process. This process was interrupted several years ago due to budget cuts but I believe this is a cost-effective way to gain better insight into our community's sense of well being and relationship with City government and particularly to access how that perception varies across the community. Also included in the

budget are funds to establish the Office of Accountability, which will provide dedicated resources for intensive research and analysis designed to identify areas of potential service improvement within the organization and develop recommendations to achieve improved service and efficiency.

Although there are few enhancements recommended in the budget, those included will deliver significant payback in improved customer service and greater fiscal accountability. Additional seasonal resources are recommended for the Local Code Compliance Division of Planning and Community Development specifically dedicated to address heavy overgrown lot complaint caseload experienced during warmer weather.

The City is constantly engaged in an ongoing conversation with the community to determine those services that our citizens most value and to determine how services can be more efficiently provided. The Greensboro Residents Efficiency and Accountability Team, or "GREAT", was one strategy used during the development of this budget. A group of residents spent several months with staff from the Culture, Recreation and Community Character Result Area, reviewing services and service levels and ultimately recommending a variety of potential budget changes, some of which are included in this recommended budget.

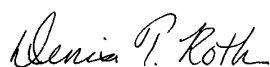
Departments have made every effort to lower costs whenever possible and ensure that our resources are dedicated to our highest priority needs and services. As I present a balanced budget for FY 2013-14, the development of the FY 14-15 budget is our next step as we work toward taking a new approach to developing a balanced, sustainable and effective budget for years to come.

Property Tax Rate

The FY 13-14 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,



Denise Turner Roth, City Manager

