

City Manager's FY19 Recommended Budget

Wilmington City Council
May 1, 2018

Objectives

- Present FY19 Recommend Budget
 - Revenues and Expenditures
- Provide Budget Highlights
 - Commitment to City of Wilmington's workforce
 - Youth violence prevention and community policing
 - Workforce and Affordable housing
- Expanding infrastructure maintenance
- Alternative modes of transportation
- Enterprise Funds

Budget Calendar

Formal Budget
Submission to City
Council

May 1, 2018



City Council Budget
work session

May 31, 2018



Budget Adoption 2nd
Reading

June 19, 2018

May 15, 2018

Public Hearing
on Budget



June 5, 2018

Budget Adoption 1st
Reading



Balanced Budget

- Strategies

- ½ cent increase (\$0.005) for items related to supporting expanded infrastructure
- Use of anticipated salary savings from vacancies during the year
- Modestly aggressive sales tax revenue estimates
- Strategic use of fund balance for one-time operational items
- No mandated service reductions
- Continue core services with limited additions
- Prioritize any requested enhancements based on the city's key strategic priorities

FY19 Budget Priorities

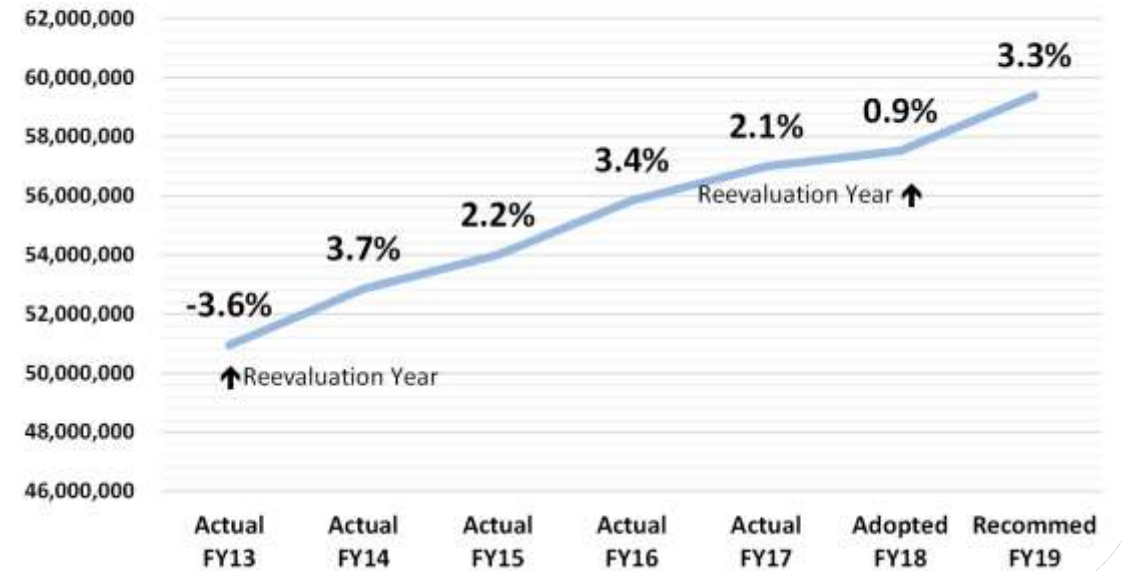
- Strategic Plan initiatives to include:
 - Competitive compensation #1 priority
 - Core infrastructure upgrades & maintenance
 - Community engagement and policing
 - Workforce development, specifically jobs and affordable housing
 - Collaborative partnerships
- Maintain current services at existing levels
- Continue to fund infrastructure maintenance related to the following areas:
 - 80/20 Capital projects
 - Transportation Bond projects
 - Parks Bond projects

General Fund Revenue/Expenditure Forecast

FY19 Revenue Forecast Assumptions

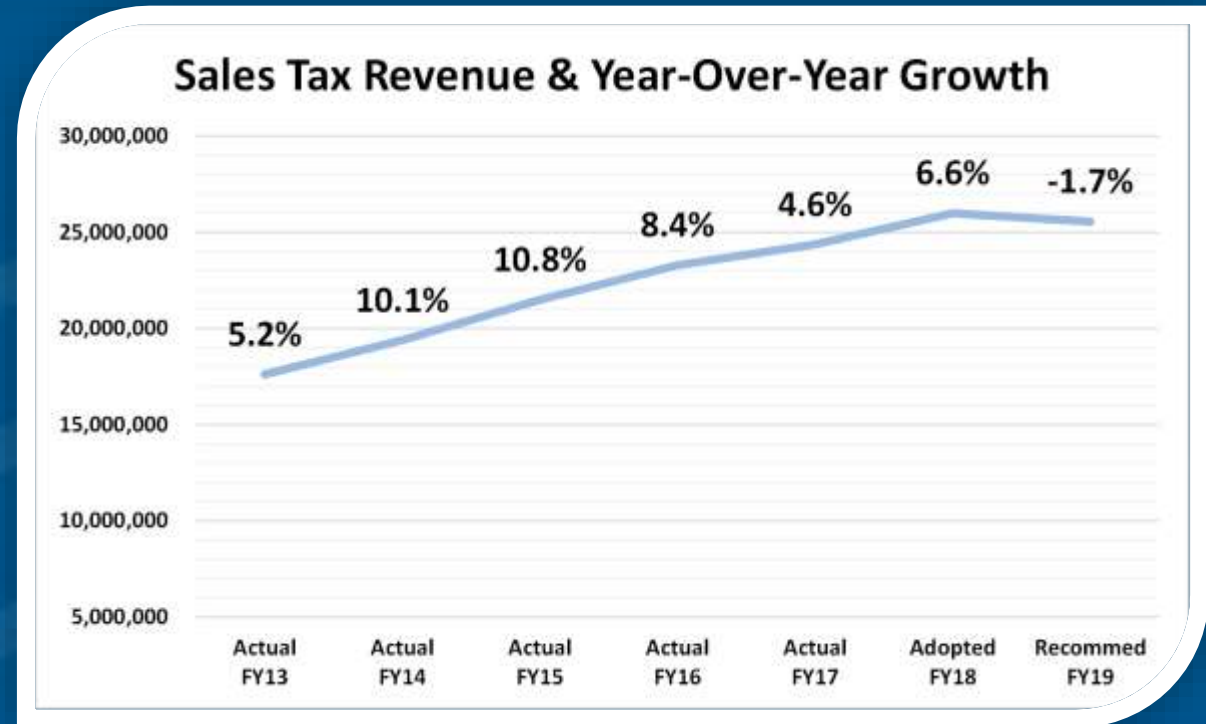
- Property Tax:
 - 3.3% growth over FY18 Adopted
 - 4.2% over FY17 Actuals
 - 2% growth out-years

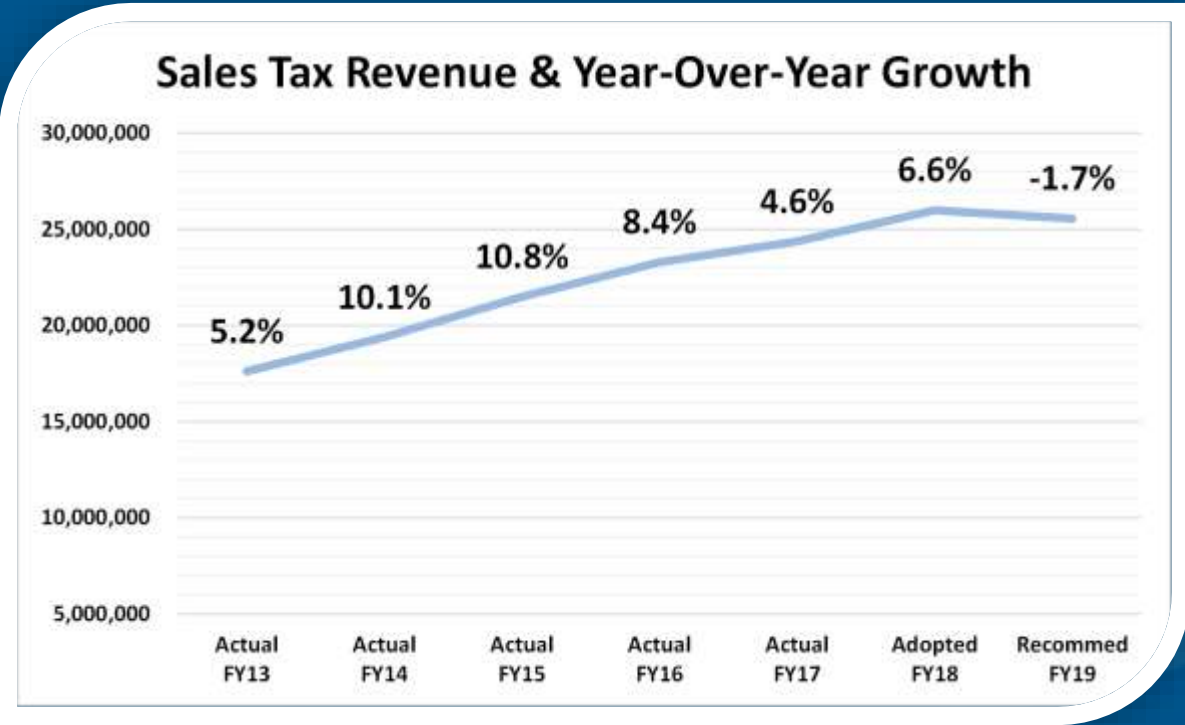
Property Tax Revenue & Year-Over-Year Growth



FY19 Revenue Forecast Assumptions

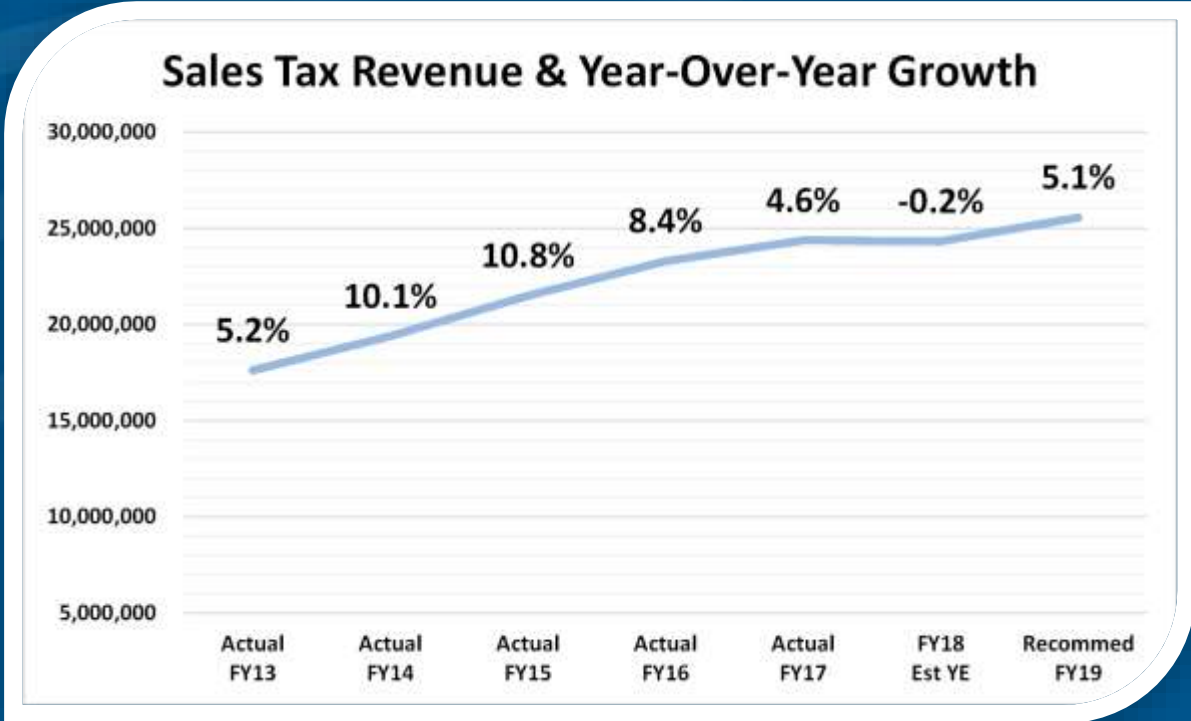
- Sales Tax:
 - 1.7% decrease over FY18 Adopted
 - 4.8% over FY17 Actuals
 - 3.5% growth out-years





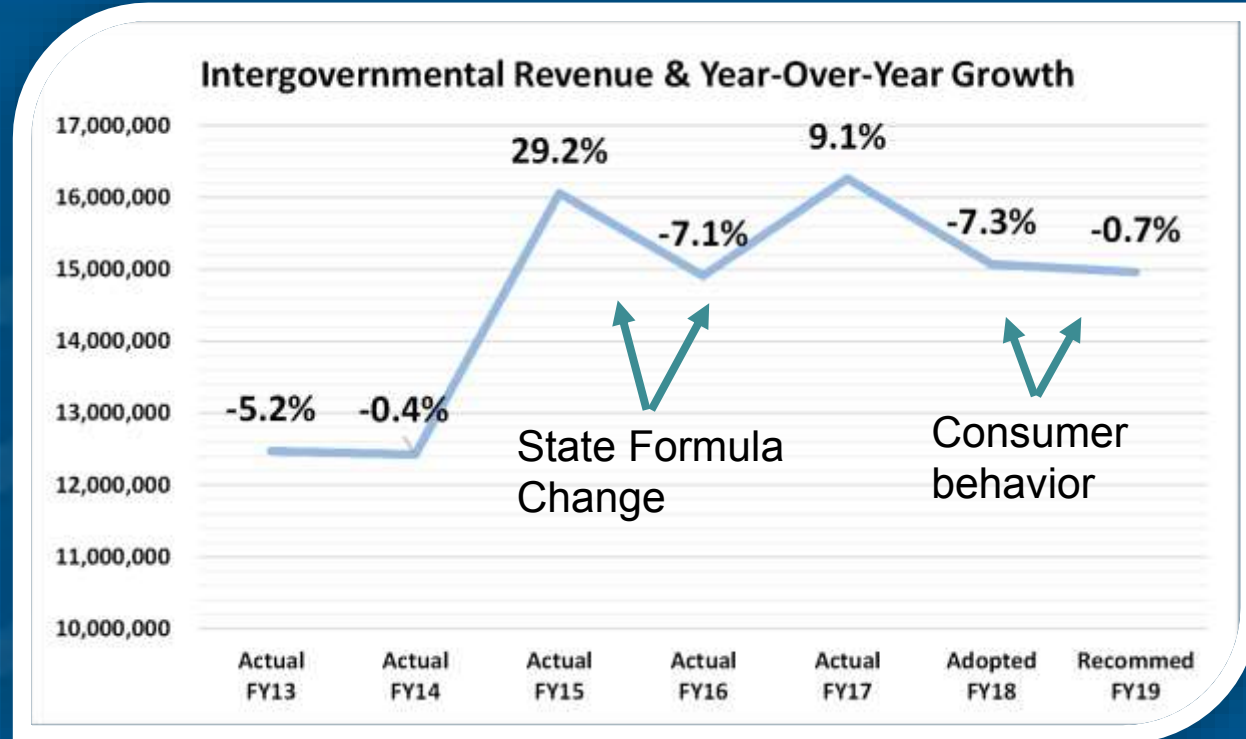
← Provides a trend line with actuals as well as Adopted FY18

Provides a trend line with actuals as well as Projected Year End FY18 →



FY19 Revenue Forecast Assumptions

- Intergovernmental revenues:
 - <1% under FY18's Adopted
 - 8% under FY17's Actuals
 - 1% growth out-years



Balanced Budget

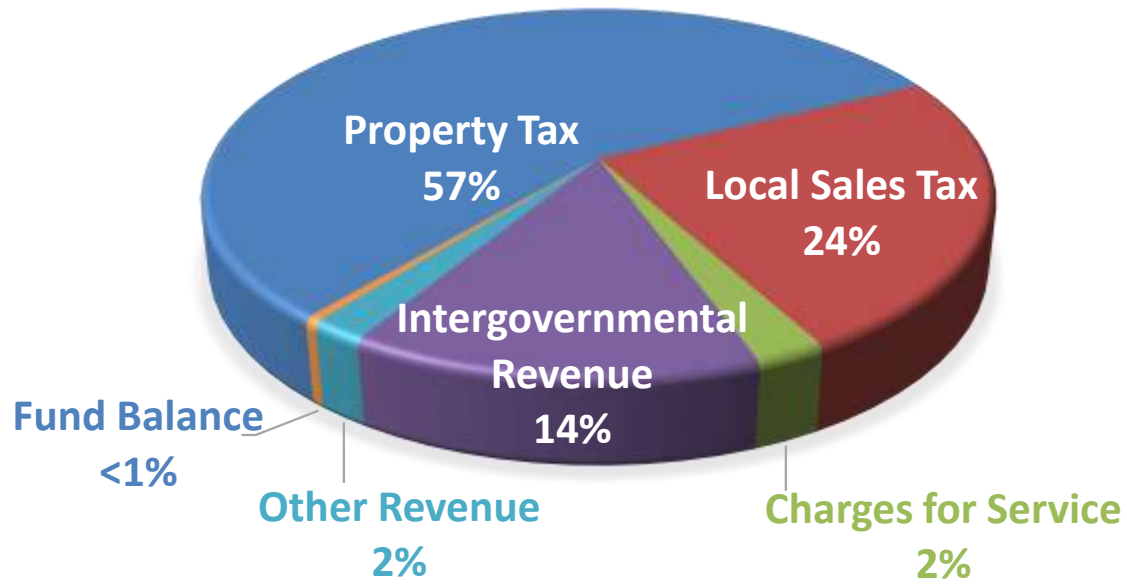
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General Fund Forecast

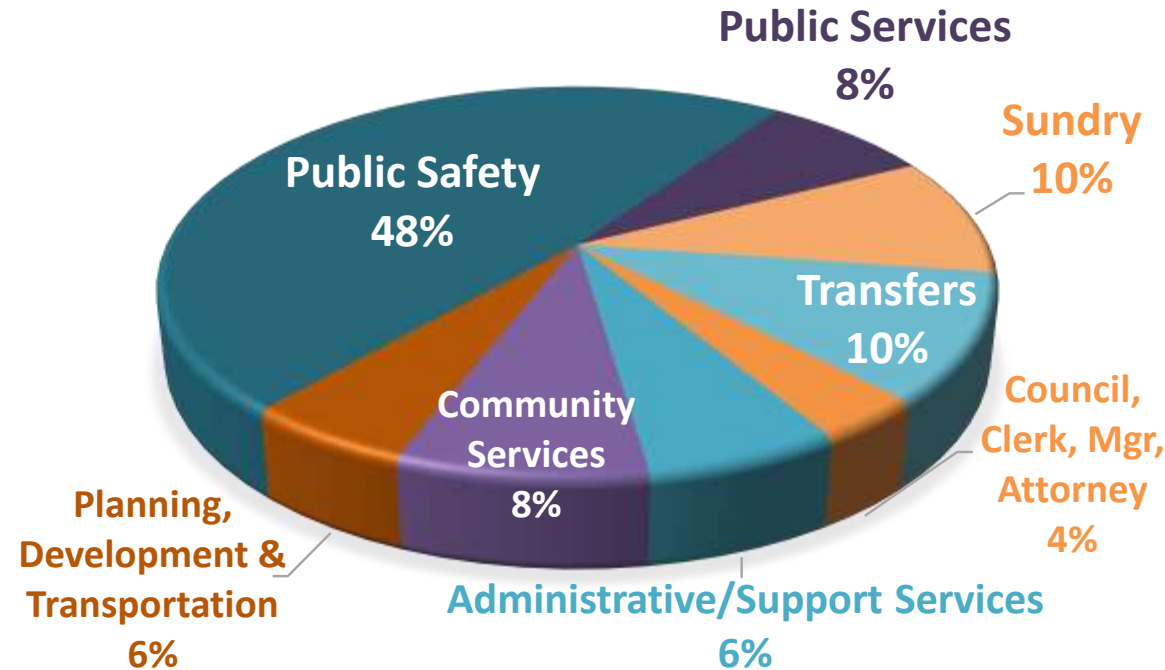
	Actual FY17	Adopted FY18	Year End Estimate FY17-18	Recommended FY18-19	Estimated FY19-20	Estimated FY20-21	Estimated FY21-22	Estimated FY22-23
REVENUES								
Property Taxes	56,995,803	57,522,173	58,175,275	59,395,384	60,584,292	61,792,433	63,024,763	64,281,765
Sales Taxes	24,371,379	25,980,637	24,316,572	25,548,953	26,187,677	26,842,369	27,513,428	28,201,264
Licenses, Fees, and Permits	1,005,065	915,000	896,000	940,000	954,100	968,412	982,938	997,682
Intergovernmental Revenues	16,265,145	15,071,951	15,083,142	14,960,972	15,110,582	15,259,026	15,408,955	15,560,383
Charges for Current Services	2,585,868	2,448,238	2,675,711	2,557,944	2,583,523	2,609,359	2,635,452	2,661,807
Fines and Forfeitures	170,291	165,000	182,550	175,000	175,000	175,000	175,000	175,000
Interest Earnings	282,801	252,620	324,440	577,666	577,666	577,666	577,666	577,666
Miscellaneous & Financing Proceed	598,189	388,553	487,153	344,073	344,073	344,073	344,073	344,073
Transfers From Other Funds	874,875	-	-	-	-	-	-	-
Appropriated Fund Balance	2,304,537	7,960,200	8,757,530	499,040	-	-	-	-
TOTAL REVENUES	105,453,952	110,704,372	110,898,373	104,999,032	106,516,913	108,568,337	110,662,275	112,799,640
EXPENDITURES								
TOTAL DEPARTMENTS	75,923,639	80,930,767	80,438,036	\$84,236,542	85,916,025	87,629,046	89,376,273	91,158,392
TOTAL NONDEPARTMENTAL	29,530,313	29,773,605	29,141,053	20,762,490	20,790,558	20,818,718	20,846,970	20,875,315
TOTAL CIP OPERATIONAL	-	-	-	-	963,383	1,013,898	1,939,368	2,044,035
TOTAL EXPENDITURES	105,453,952	110,704,372	109,579,089	104,999,032	107,669,966	109,461,661	112,162,611	114,077,743
SURPLUS / (SHORTFALL)	-	-	1,319,284	0	(1,153,053)	(893,324)	(1,500,337)	(1,278,103)

General Fund Funding Distributions (\$104.9M)



Where does the \$ come from?

What the \$ pays for?



- **FY18 Tax Rate** = **\$0.4834**
- **FY19 Recommended Rate** = **\$0.4884**
 - **General Fund:** = **\$0.3937**
 - **Debt Service:** = **\$0.0947**
- ***Net Tax Change*** = ***\$0.0050***

Tax Rate Summary

Tax Change: Citizen Impact



FY18 Median House
Value: \$220,000

Fiscal Year	Tax Rate	Annual Tax Levy	Monthly Impact
FY18	\$ 0.4834	\$ 1,063.48	\$ 88.62
FY19	\$ 0.4884	\$ 1,074.48	\$ 89.54
Total Change	\$ 0.0050	\$ 11.00	\$ 0.92

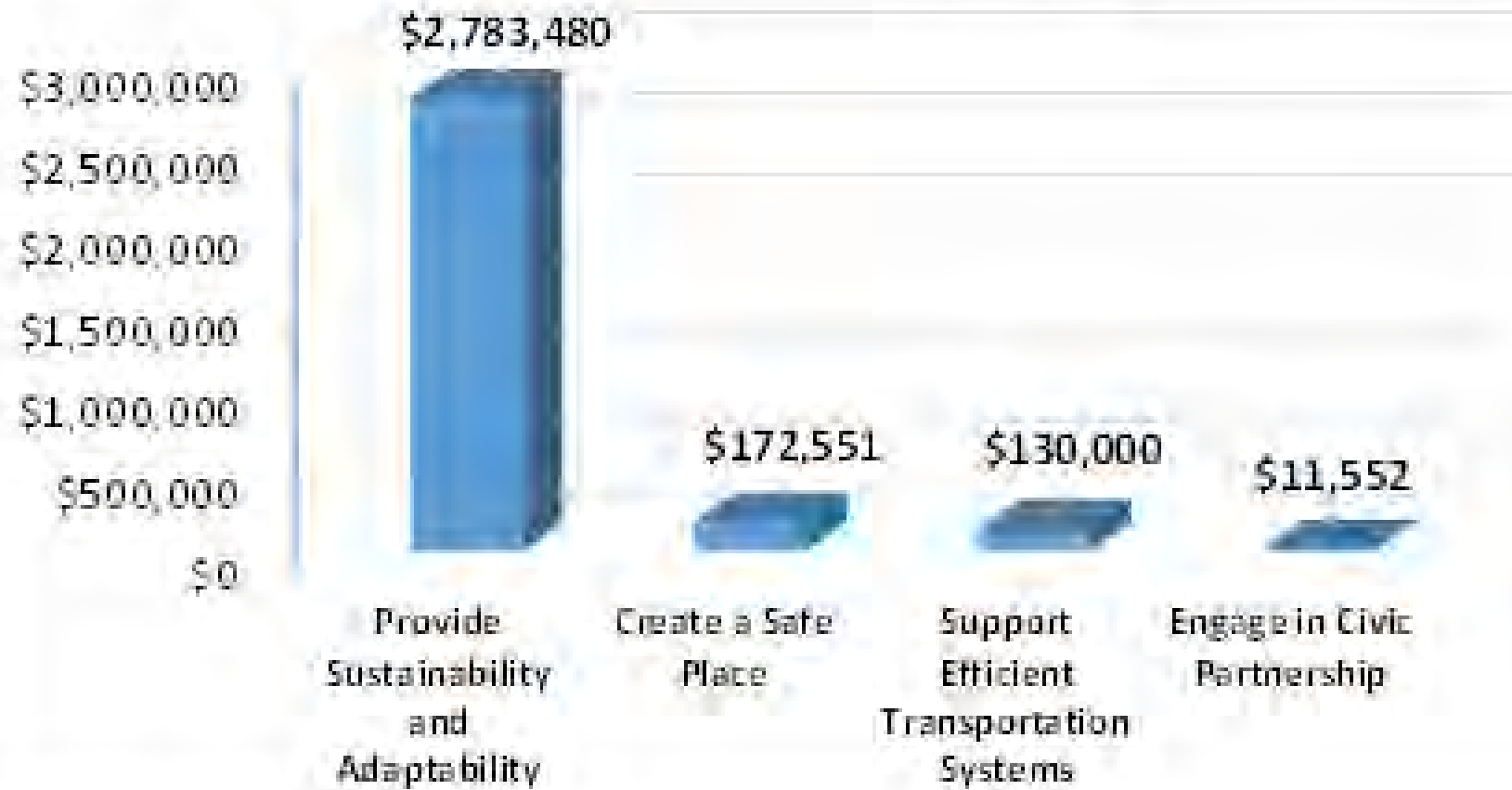
General Fund Unassigned Fund Balance

Year ended	FY 2017			\$ 42,433,218	37.95%
Appropriated	FY 2018				
	•800 MHZ Radio Replacement	\$	2,710,200		
	•IT Core Systems Replacement	\$	4,500,000		
	•Training Facility Contingency	\$	750,000	\$ (7,960,200)	
Year Ended	FY 2018 Unassigned Fund Balance (PROJECTED)			\$ 34,473,018	30.89%
Appropriated	FY 2019's Recommendation				
	•FY19's Budgeted One-Time Items	\$	499,040	\$ (499,040)	
Year Ended	FY 2019 Unassigned Fund Balance (PROJECTED)			\$ 33,973,978	32.36%

Budget Highlights

FY19 Funding Dedicated to Strategic Plan Initiatives

* Does not include CIP Funding



Strategic
Plan
Initiatives

Compensation

- Compensation package (\$2,478,000)
 - Compensation Study Components
 - Aligning pay ranges to market for hourly, fire and police positions
 - Adjusting employee compensation within the new pay scales inequities
 - Offering an educational incentive for uniformed fire personnel
 - Merit Plan
 - Recognize employees for their performance
- Built-in Salary Credit estimating vacancies (-\$300,000)

Safe Place and Youth Violence Reduction

- Prevention Efforts
 - Expanded support to agencies who provide job skills and youth programming (GF: \$600,903; CDBG: \$150,000)
 - Blue Ribbon Commission (\$64,700)
 - Dreams (\$22,300)
 - Kids Making It (\$33,900)
 - Ability Garden (\$8,000)
 - Wilmington Residential Adolescents Achievement Place (\$23,300)

Safe Place and Youth Violence Reduction

- Recreation Programming
 - Continuing youth programming
 - City operates/collaborates youth athletic programs (20)
 - Serves over 1,350 youth participants
 - FY19 adds a new outdoor program to serve 125 more at-risk youth
 - Continuing to maintain and operate recreation facilities
 - 2nd year partnership with First Tee
 - 2nd year outsourcing city's pool management



Safe Place and Youth Violence Reduction

- Police Youth Programming
 - Port City Super Girls (\$15,000) serving 60 at-risk youths annually
- Opioid Safety
 - Combat exposure to citizens and officers with naxolene (\$14,000)
- Staffing Plan
 - Juvenile Investigator half year funded (\$76,200)
 - Zoning Officer (\$60,400)

Workforce/Affordable Housing

- Increased the budget by \$110,000
 - 60,000 to respond to the specific recommendations from the City of Wilmington/New Hanover County Ad hoc Committee
 - Homeownership Opportunity Program (\$60,000)
 - Rehabilitation Programs (\$340,000)
 - Minor Repairs up to \$10,000
 - Owner-occupied housing rehabilitation programs up to \$75,000
 - Forgivable Loan Legal Fees (\$50,000)

Infrastructure Maintenance

- Plan Review Engineer (\$108,400)
- Financial Enterprise Operating Fees (\$316,900)
- Electronic and Instrumentation Technician (\$63,900)
- Video Production Technician (\$29,800)
- Tree Trimmer (\$50,100)
- Tree and Sidewalk Study (\$90,000)

Transportation

- Rail Realignment Coordinator (\$130,000)
- WAVE Transit Annual Subsidy (\$1,404,000; 3%↑)
 - Additional Capital cost of \$375,200 for 4 buses funding through a CIP project

Civic Development Partners

	FY17	FY18	FY18	FY19
Economic Civic Partners	Actual	Adopted	Adjusted	Recommend
<i>Economic Development</i>				
Wilmington Business Development	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Wilmington Downtown, Inc.	\$ 86,000	\$ 86,000	\$ 86,000	\$ 86,000
Wilmington Regional Film Commission	\$ 121,890	\$ 121,890	\$ 121,890	\$ 121,890
<i>Cultural and Recreation</i>				
Children's Museum of Wilmington	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Entrepreneur Center	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Arts Council	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Cameron Art Museum	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Cucalorus Film Foundation	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000
Wilmington Jewish Film Festival	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Total Economic Civic Partner Agencies	\$ 446,890	\$ 446,890	\$ 446,890	\$ 446,890

- Other Agencies
 - Incentive Programs:
 - National Gypsum (\$46,000)

	FY17	FY18	FY18	FY19
Economic Incentives	Actual	Adopted	Adjusted	Recommend
Wrightsville Beach Galleria	\$ 7,224	\$ 7,224	\$ 7,224	\$ 7,224
Pharmaceutical Product Development	\$ 117,437	\$ 125,000	\$ 125,000	\$ -
Castle Branch	\$ 50,000	\$ 50,000	\$ 100,000	\$ 50,000
Live Oak Bank	\$ 50,000	\$ 50,000	\$ 100,000	\$ 50,000
AAI Pharma	\$ -	\$ 45,000	\$ 45,000	\$ -
Miscellaneous Incentives	\$ -	\$ 100,000	\$ 100,000	\$ 125,000
National Gypsum	\$ -	\$ -	\$ -	\$ 46,000
Total	\$ 224,661	\$ 377,224	\$ 477,224	\$ 278,224

Other Agencies

- Chamber's Choose Cape Fear Initiative (\$25,000)
- UNCW Track Commitment (\$100,000)

One-Time Needs

- Appropriated Fund Balance for One-time Needs (\$499,000)
 - Compact Utility Tractor (\$40,900)
 - Survey Equipment (\$25,000)
 - Police Boat Collar Replacement (\$22,200)
 - Interview System (\$58,500)
 - New Vehicles (\$113,300)

Not Included

- Expanded Infrastructure Needs
 - Police officer coverage to include demands in both the northern downtown area and throughout the city in response to growth
 - Riverwalk on-going maintenance funding
 - Expanding Affordable Housing programs
 - Neighborhood traffic calming funding

Enterprise and Other Funds

- Stormwater Fund (\$11.7M):
 - Requested rate increase of 1%
 - Rate of \$8.11 to \$8.19 per ERU
- Solid Waste Fund (\$9.4M):
 - Refuse tipping fees decreased \$2/ton (\$50/ton to \$48/ton)
 - Recycling tipping fees decreased from \$15/ton to approx. \$12/ton
- Parking Fund (\$3.9M):
 - \$139,000 to CIP for Market Street Access Improvements
 - Parking fee restructuring to sustain growth in downtown area
- Municipal Service District (\$384K)
- Convention Center (\$7.1M)

Total Budget Summary

- Total budget = \$188.7M
 - General Fund & Enterprise:
 - General Fund = \$104.9 million
 - Parking = \$3.9 million
 - Solid Waste = \$9.4 million
 - Stormwater = \$11.7 million
 - Golf Course = \$1.4 million

Budget Document Locations

- Available for viewing at:
 - City of Wilmington's Web-site
 - City Manager's Office
 - City Clerk's Office
 - New Hanover Public Library
 - Highlights on GTV-8

Next Steps



Net Change (Use) of Fund Balance

FY15 an anomaly year:

- Revenues came in higher than budgeted:
 - **FEMA:** Reimbursement from prior year (1M)
 - **Sales Tax:** Consumer confidence started to change (\$1.8M)
 - **Privilege License & Utility Franchise:** State changed tax base, budget left flat due to timing and uncertainly of impact (\$500K/\$2M)

