

**FY21 Budget Process  
City Council Budget Questions  
Group 1**

Corporate Communications

**1. When will the rebranding project be completed?**

The rebranding process, involving multiple layers of research by North Star Ideas, a firm that was hired after an RFP process led by FCEDC, has been taking place over the past 18+ months. The rebranding process will be completed this summer with a launch of the new brand identity for the City, County, FCEDC, Chamber, Arts Council and Cool Spring Downtown District, along with a new strapline (or slogan) that describes the community. The recommended budget for FY 21 includes \$25,000 to help launch the City's part of that new brand, and each of the partner organizations will do the same for their new brand using funds from their organizations. This coordinated launch of this new brand will take place over the next year in print, billboard, TV, radio, and social media venues.

Transit

**2. Please provide additional details regarding the CARES Act funding received for Transit. How may these funds be used?**

Generally, the CARES Act funding that urban transit systems are receiving through the Federal Transit Administration (FTA) can be used to fund any expenditures normally eligible under the Section 5307 Urban Area Formula Program, although the stated priority for the funding is operational expenses. As with the annual 5307 grant typically received by the City, eligible uses include transit capital, operating assistance and transportation-related planning.

FAST will receive \$8.98M from the CARES Act, which will primarily be used to fund Transit operating costs over three fiscal years (FY20 \$3.1M, FY21 \$4.4M, FY22 \$1.4M). Use of this grant funding must be coordinated with existing FTA formula grants; we cannot seek reimbursement for eligible expenditures under both (i.e. double-dipping). The benefit of the CARES grant is that the City will receive 100% reimbursement, as opposed to the 80% or 50% reimbursements from regular formula grants. Balances of existing FTA formula grants will be drawn in future fiscal years.

Like most public transit systems, FAST is not a self-sufficient operation and annually, the General Fund must provide transfers to fund expenditures in excess of operating and grant revenues. The increased federal funding through the use of CARES grants versus existing grants, offset by projected losses of fare box revenues, result in a projected decrease in General Fund transfers to Transit of \$2.1M in FY20 and \$1.7M in FY21.

## Employee Compensation

- 3. There is \$1.1 million included in the recommended budget for one-time bonuses for non-public safety employees in lieu of a pay increase.**
- a. Please explain the eligibility requirements for the proposed bonuses, particularly as it relates to employees on corrective action plans.**
    - Regular employees who were hired or promoted into their positions before 7/1/19, have successfully completed their probationary period and receive a performance rating of meets or exceeds expectations would receive the proposed bonus in August 2020.
      - Any employees with the required tenure who have not been evaluated as meeting expectations and are on a Performance Improvement Plan (PIP) are not eligible for the bonus until they successfully complete the PIP.
    - Regular employees who were hired or promoted into their positions after 7/1/19 but before 6/30/20 would receive the bonus when they complete their one-year probationary period and receive a performance rating of meets or exceeds expectations.
    - Employees hired, rehired or reinstated on or after 7/1/20 will not be eligible for these bonuses.
  - b. What is the total number of non-public safety employees that would currently be eligible for the bonus?**
    - The funding projection for the budget assumed approximately 720 employees would be eligible for the bonus payment at some point in fiscal year 2021. Approximately 100 employees have been hired, rehired or reinstated on or after 7/1/19 and would not receive their bonus payments until later in the fiscal year.
  - c. How many non-public safety employees would not be eligible to receive the bonus?**
    - As discussed above, only employees on Performance Improvement Plans (PIP) who do not improve their performance to required standards would not be eligible for the bonus. By way of example, in the round of annual evaluations in July 2019, no employees meeting the tenure requirements were rated as “must improve” or placed on PIPs. Employees on PIPs have a limited period of time to meet performance requirements or be considered for separation of employment. We are unable to provide an answer to this specific question at this time as it is contingent upon completion of annual performance evaluation process in July 2020.

## Municipal Service Districts

- 4. How is an MSD created and what can generated funds be used for?**

A Municipal Service District (MSD) is a defined geographic area within a city in which the city council levies an additional property tax in order to provide services or facilities greater than are provided across the city.

Per N.C.G.S. § 160A-536:

The city council of any city may define any number of service districts in order to finance, provide, or maintain for the districts one or more of the following services, facilities, or functions in addition to or to a greater extent than those financed, provided or maintained for the entire city:

- (1) Beach erosion control and flood and hurricane protection work.
- (1a) Historic district projects.
- (2) Downtown revitalization projects.
- (2a) Urban area revitalization projects.
- (2b) Transit-oriented revitalization projects.
- (3) Drainage projects.
- (3a) Sewage collection and disposal systems of all types.
- (3b) Lighting at interstate highway interchange ramps.
- (4) Off-street parking facilities.
- (5) Watershed improvement projects.
- (6) Conversion of private residential streets to public streets.

The full statute contains additional definitions of several of the categories listed and is available at:

[https://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter\\_160A/Article\\_23.html](https://www.ncleg.net/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_160A/Article_23.html)

The process to establish an MSD is prescribed in the statute, including options for owners of real property to petition a city council to create an MSD, or for a city to initiate the process. The process would begin with the preparation of a report identifying the boundaries of the district, stating that the proposed district meets the purpose standards listed above, and outlining a plan for providing one or more of the services listed in the statute. Following a prescribed public hearing process, a city may then establish an MSD by ordinance and subsequently levy a property tax through the standard annual budget ordinance adoption process.