

**FAYETTEVILLE CITY COUNCIL  
BUDGET WORKSHOP MEETING  
LAFAYETTE ROOM  
APRIL 21, 2010  
5:00 P.M.**

Present: Mayor Anthony G. Chavonne  
Council Members Keith A. Bates, Sr. (District 1); Kady-Ann Davy (District 2); Robert A. Massey, Jr. (District 3); Darrell J. Haire (District 4); Bobby Hurst (District 5); William J. L. Crisp (District 6); Valencia A. Applewhite (District 7); Theodore W. Mohn (District 8); Wesley A. Meredith (District 9) (arrived at 5:21 p.m.)

Others Present: Dale E. Iman, City Manager  
Doug Hewett, Assistant City Manager  
Kristoff Bauer, Assistant City Manager  
Karen M. McDonald, City Attorney  
Lisa Smith, Chief Finance Officer  
Tracey Broyles, Budget and Evaluation Manager  
Tom Bergamine, Chief of Police  
Benjamin Nichols, Chief Officer for Fire/Emergency Management  
Rita Perry, City Clerk  
Members of the Press

**CALL TO ORDER**

Mr. Dale Iman, City Manager, provided an outline of the FY 2010-2011 General Fund Budget Options as follows:

**Efficiencies and Right-Sizing the Organization**

- Eliminates mounted patrol and reduces staffing by 1 position
- Efficiency measures result in the following personnel reductions:
  - o 9 positions in City/County Parks and Recreation
  - o 4 positions in Environmental Services
  - o 3 positions in Police administrative support due to technology improvements
  - o 3 positions in Inspections due to right-sizing
- Reduces overtime funding for communications due to schedule adjustments
- Eliminates residential street light utility expenses due to ordinance adoption
- Initiated review of fleet size and have eliminated some vehicles from fleet completely

**Revenue Overview**

- Current revenue assumptions:
  - Tax rate is 45.6 cents
  - Real/personal values increase 1.0% over FY 2010 projection
  - Motor vehicle values decline 1.7% over FY 2010 projection
  - FY 2011 revenue estimated to be \$1.5 million or 2.6% greater than FY 2010 budget
- Sales tax revenues
  - FY 2010 revenue estimated to be \$2.2 million or 6.9% less than FY 2010 budget
  - FY 2011 revenue estimated to be \$510 million or 1.7% greater than FY 2010 projection
- Current revenue assumptions:
  - FY 2011 Utility Taxes revenue estimated to be \$200,000.00 or 2.0% less than FY 2010 budget
  - FY 2011 Powell Bill revenue projected to be \$72,000.00 or 1.4% less than FY 2010 budget
  - State does not withhold any local revenues - In FY 2010 State will withhold an estimated \$660,000.00 Beer and Wine taxes
- Proposed fee increases include:
  - Transit fares
  - Planning and rezoning fees
  - Engineering permit and inspection fees
  - Police alarm fees

- Fund balance appropriation includes 4.1% personnel savings (excl. Police and Fire)

**G/F Revenues and Funding Sources (In Millions)**

	FY 2010 Original Budget*	FY 2011 Current Projection	Budget Change %
Property Taxes	\$57.1	\$58.6	2.6
Other Taxes	2.7	2.5	(9.0)
Intergovernmental	52.9	51.4	(2.8)
Fees/Miscellaneous	8.5	8.2	(2.9)
Transfers/Financing*	9.9	9.5	(4.5)
Fund Balance	4.1	1.5	(63.7)
Total	\$135.2	\$131.7	(2.6)

\*Original budget excl. grants for Police positions.

**Sustainable City Budget (Option 1)**

- Provides resources to deliver municipal services found in cities of similar size and complexity
- Accommodates City Council’s vision for future growth and development as identified in the Strategic Plan
- Includes efficiency modifications
- Establishes sufficient funding to address the existing structural deficit, fund 45 public safety grant positions added in FY 2010 and fund 12 additional police officers
- Additional funding required: \$9.6 million
- Enhances:
  - Police officer staffing
  - Fire career development program
  - Transit operations
  - Community and transportation planning services
  - GIS and IT support services
  - Internal audit and grant compliance functions
  - Maintains current service levels in other areas
  - Continues step plan for police officers and makes progress toward market competitive pay for other employees
  - Maintains current level of dedicated funding for capital improvement plan (6.36 cents) - Increases capacity to accelerate timeline for funding significant community projects
  - Continues maintenance of infrastructure and facilities

**Status Quo Budget (Option 2)**

- Generally maintains the status-quo in terms of the type and level of services
- Includes efficiency modifications
- Limited service reductions
- Does not appreciably address the long-term structural deficit or fund public safety grant positions added in FY 2010
- Additional funding required: \$3.6 million
- Generally maintains current service levels except:
  - Eliminates one round of loose leaf collection
  - Reduces frequency of right-of-way mowing
  - Reduces capacity to implement Murchison Road redevelopment recommendations and initiate other planning studies
  - Reduces level of dedicated funding for capital improvement plan (5.65 cents) – Funds recommended CIP projects; however, reduces funding for future projects
  - Provides 2% pay increases for employees that meet or exceed expectations, including police officers

- Reduces the City's ability to catch up with market competitive pay - currently at 9% below the market rate

- o Suspends step increases for police pay plan
- o Eliminates pay for performance differential

### Reduced Services Budget (Option 3)

- Balances budget within existing resources and modest fee increases
- o Results in reductions of staff and negative impacts on services
- o Does not address the existing structural deficit or fund public safety grant positions - Reliance on capital improvement and fleet replacement deferrals to balance the budget
- o Does not position the City for the future as envisioned within the Strategic Plan
- Reduces current service levels including:
  - Reduces police and fire support for downtown events
  - Reduces frequency of:
    - § Right-of-way mowing
    - § Street sweeping
    - § Loose leaf collection
    - o Eliminates collection of construction debris
    - o Reduces street resurfacing
    - o Reduces overtime funding in the Fire Department
    - Reduces current service levels including:
      - o Eliminates dedicated emergency management planning and preparedness
      - o Reduces capacity to implement Murchison Road redevelopment recommendations and initiate other planning studies
      - o Eliminates capacity to provide environmental education
      - Reduces current service levels including:
        - o Eliminates local match funding for future fire grants
        - o Reduces capacity to:
          - § Provide internal real estate support services
          - § Provide training for supervisors and employees
          - § Maintain classification/compensation pay system
          - § Provide administrative/operational support for City Manager's Office and Police Department
  - Reduces current service levels including:
    - o Eliminates Kaleidoscope program
    - o Eliminates food for all city functions except for Parks and Recreation after-school programs
    - o Eliminates hard copy agendas
    - o Reduces travel/training budgets including Council
    - o Eliminates transit service on MLK and Memorial Day holidays
    - Reduces non-profit agency funding by 25% for:
      - o Arts Council
      - o Airborne and Special Operations Museum
      - o Fascinate U Museum
      - o Women's Center Funding (General Fund)
      - o Child Advocacy Center
    - Reduces dedicated funding for CIP (5.6 cents)
      - o Eliminates future wayfinding funding
      - o Reduces funding for needed playground equipment replacement
      - Funds \$3,285,000.00 in vehicle replacements
        - o Defers \$1,153,000.00 of vehicle replacements
        - o Eliminated \$1,060,000.00 of vehicles
- Operating budget reductions for all departments

- Provides 2% pay increases for employees that meet or exceed expectations, incl. police officers
- o Reduces the City's ability to catch up with market competitive pay – Currently at 9% below the market rate
- o Suspends step increases for police pay plan
- o Eliminates pay for performance differential

**General Fund Budget Options (In Millions)**

	Sustainable City Budget (Option 1)	Status Quo Budget (Option 2)	Reduced Srvs Budget (Option 3)
Current Proposed Revenues	\$130.2	\$130.2	\$130.2
Fund Balance Appropriation	1.5	1.5	1.5
Additional Funding Required for FY 2011	8.5	3.6	0.0
Termination of Grants	1.1		
<b>Total Funding Required</b>	<b>\$141.3</b>	<b>\$135.3</b>	<b>\$131.7</b>

**Revenue Options**

- User Fees - Increases already included
- Property Tax for Public Safety Enhancements
  - o Significant Public Safety Investments
  - § 45 grant positions, 12 additional positions
  - § New fire station
  - § Equipment replacement
  - § Communication infrastructure
  - o Proposed Property Tax Increase
  - § 5.1¢ to cover investments
  - § \$6.4 million generated
- County Recreation Tax
  - o City would join the County Recreation District - County would collect 5¢ and transfer to City
  - o District revenue would support basic service
  - o City could supplement service inside the City with General Fund resources to provide higher service levels
  - o Requires County action – Council request by resolution would need to occur soon
  - o Would reduce burden on GF by \$6.3 million
- Environmental Services Fees
  - o Charge a fee to support all or portions of curbside collection services
  - § Charge one fee for solid waste, yard waste and recycling collection
  - § Eliminate separate fee for recycling
  - o Curbside solid waste service would be required for all single-family residents - \$10 per month = \$7.2 million annually

Following discussion and a question and answer period, the consensus of Council was as follows:

- Request that the City Manager direct staff to generate the FY 2011 budget utilizing Option 2 (Status Quo Budget).
- Hold a budget meeting on Saturday, May 8, 2010.

There being no further business, the meeting adjourned at 7:30 p.m.