

FY 2018 Annual Budget

City of
Fayetteville
North Carolina

Recommended



May 25, 2017 Budget Work Session





Agenda Items

- Revenue Neutral Tax Rate Update
- Overview of Planned Financings
- Group 3 Budget Questions
- Discussion of Parking Lot Items



Revaluation Appeal Process

- Informal Appeal Process Completed

Property Type	Total Value Appealed	New Assessed Value	Difference	% Change	No. Parcels
Commercial	\$1,060,316,008	\$1,032,638,706	\$27,677,302	2.61%	507
Residential	\$204,802,437	\$197,380,015	\$7,422,422	3.62%	1,899
Total	\$1,265,118,445	\$1,230,018,721	\$35,099,724	2.77%	2,406

- Board of Equalization and Review (BER) Appeals Process Underway
 - Additional appeals may be filed through June 5th



Revaluation Appeal Process

Property Type	Total Value Appealed	Projected Updated Assessed Value	Difference **	% Change	No. Parcels
Completed					
Commercial	\$42,381	\$17,782	\$24,599	58.04%	2
Residential	\$4,652,873	\$4,251,912	\$400,961	8.62%	32
Total	\$4,695,254	\$4,269,694	\$425,560	9.06%	34
Received/Pending					
Commercial	\$144,550,225	\$132,986,207	\$11,564,018	8.00%	55
Residential	\$7,862,937	\$7,312,531	\$550,406	7.00%	57
Total	\$152,413,162	\$140,298,738	\$12,114,424	7.95%	112
Est. Add'l Appeals*					
Commercial	\$371,726,747	\$341,988,607	\$29,738,140	8.00%	197
Residential	\$86,174,198	\$80,142,004	\$6,032,194	7.00%	861
Total	\$457,900,945	\$422,130,611	\$35,770,334	7.81%	1,057

Totals: \$615,009,361 \$566,699,043 \$48,310,317 7.86% 1,203

* Assumes that 50% of all informal appeals continue to BER

** Estimated reductions of value for BER based on consultation with Joe Utley, CC Tax Administrator, and comparison with value reductions to date



Projected Taxable Values



Projected Taxable Values	FY2018 Recommended Budget	FY2018 Updated Projection	Projected Variance
Real Property	\$11,642,978,146	\$11,631,531,551	(11,446,595)
Personal Property	604,184,487	604,184,487	0
Public Service Property	190,188,185	190,188,185	0
Motor Vehicles	1,426,012,446	1,426,012,446	0
Total Projected Valuation	\$13,863,363,264	\$13,851,916,669	(11,446,595)



Revaluation Process and Revenue Neutral Tax Rate

- A revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced by the current tax rate if no reappraisal had occurred.
- The recommended tax rate of 52.66 cents is the rate that staff previously estimated to be the revenue neutral tax rate
- Based upon updated estimates for appeal reductions, the revised estimate of the revenue neutral tax rate is 52.70 cents



Overview of Planned Financings for CIP and TIP

- Remainder of Fiscal Year 2017
 - City Hall Renovations \$1.9 million
 - Fire Station 12 \$3.6 million
 - Stadium \$31.2 million
 - Vehicles & Equipment \$3.4 million
 - Also, refinancing on existing debt for Festival Park Plaza and Fire Station



Overview of Planned Financings for CIP and TIP

- Fiscal Year 2018
 - Parks & Recreation Bonds \$11.4 million
 - City Hall Renovations \$1.9 million
 - City Hall Parking Deck \$3.7 million
 - Radio Replacements \$3.3 million
 - Vehicles & Equipment \$4.9 million



Overview of Planned Financings for CIP and TIP

- Fiscal Year 2019
 - Public Safety Bonds \$25.1 million
 - Hay Street Parking Deck \$7.1 million
 - Vehicles & Equipment \$3.1 million



Overview of Planned Financings for CIP and TIP

- Fiscal Year 2020
 - Parks and Recreation Bonds \$23.6 million
 - Radio Financing \$2.1 million
 - Vehicles & Equipment \$3.8 million



Overview of Planned Financings for CIP and TIP

- Fiscal Year 2021
 - Public Safety Bonds \$13.9 million
 - Vehicles & Equipment \$2.4 million
- Fiscal Year 2022
 - Vehicles & Equipment \$2.3 million



Group 3 Budget Questions

- City Hall Parking Deck
- Stormwater Funding



Projected Available GF Fund Balance

Available fund balance projected with budget	\$20,354,678
May 22 appropriation for BOA 2017-22	<u>(73,900)</u>
Updated available fund balance projection	\$20,280,778
Excess beyond 10% policy minimum	\$ 3,644,520
Excess beyond 12% target	\$ 317,269



Parking Lot Items

Item	FY18 General Fund \$	Recurring \$	Funding Source Comments
Sunday Bus Service	\$95,596	\$153,433	Potential Use of GF fund balance. 3 mo. delay on MV taxes generates \$104K in FY19.
Enhanced Compaction Testing	\$95,490	TBD	Estimate for Areas 18-21. Potential Use of GF fund balance or FY18 resurfacing funding.
Homelessness Initiative	\$100,000	TBD	Included in recommended budget
Street Resurfacing	\$4,150,000	TBD	Included in recommended budget



Parking Lot Items

Item	FY18 General Fund \$	Recurring \$	Funding Source Comments
Downtown Parking			
Parking Study	\$100,000		Potential Use of GF fund balance.
Temporary Parking Site	\$400,000		Funded in recommended budget by use of CFP fund balance.
City Hall Parking Deck	\$3,636,000		Proposed to be financed through the Capital Funding Plan
Revenue Neutral Tax Rate Adjustment	\$6,350		Budget adjustment needed due to impact of recommended rate adjustment from 52.66 to 52.7 cents



Parking Lot Items: Solid Waste Fee Options

Total FY18 Recommended Budget for Solid Waste	\$11,946,870	
Exclude Debt Service	<u>(412,901)</u>	
Cost for Services Incl. Indirect Costs	\$11,533,969	
Exclude Indirect Cost Allocation	<u>(686,000)</u>	
Direct Cost for Services	\$10,847,969	
General Fund Support	\$8,229,023	
Exclude Funds for Debt Service	<u>(412,901)</u>	
	7,816,122	
	All Costs for	Direct Costs
	Services	for Services
% of Service Costs Subsidized by General Fund	68%	66%
Fund Self-Sufficiency %	32%	34%



Parking Lot Items: Solid Waste Fee Options

- Each \$1 of solid waste fee generates \$61,870
 - To eliminate the General Fund subsidy for all costs would require an additional increase of \$126.33
 - To eliminate the need for a tax rate adjustment would require an additional increase of \$58.69
 - Additional increases to reach self-sufficiency % of all costs:

50%	\$33.12	70%	\$70.40
60%	\$51.76	80%	\$89.05



Next Steps

- Confirm direction for any changes to the recommended budget
- Council is scheduled to adopt the budget, CIP and TIP, strategic plan and fee schedule on Monday, June 12th

Questions?

Revenue Neutral Tax Rate Increase Vs. Solid Waste Fee Increase (after Update of Projected Taxable Values)

		Projected Taxable Values	49.95 Cent Tax Rate	52.66 Cent Tax Rate	52.70 Cent Tax Rate
Motor Vehicles	First Three Months *	385,207,274	1,924,110	1,924,110	1,924,110
	Last Nine Months	1,040,805,173	5,198,822	5,480,880	5,485,043
		<u>1,426,012,447</u>	<u>7,122,932</u>	<u>7,404,990</u>	<u>7,409,153</u>
	Collection %	99.99%			
	Revenues		\$7,122,220	\$7,404,250	\$7,408,412
Real/Personal Property	Real	11,631,531,551	58,099,500	61,251,645	61,298,171
	Personal	604,184,487	3,017,902	3,181,636	3,184,052
	Public Service	190,188,185	949,990	1,001,531	1,002,292
		<u>12,425,904,223</u>	<u>62,067,392</u>	<u>65,434,812</u>	<u>65,484,515</u>
	Collection %	99.36%			
		Revenues		\$61,670,161	\$65,016,029
	Total Projected Levy		\$69,190,324	\$72,839,802	\$72,893,668
	Total Projected Revenues		\$68,792,381	\$72,420,279	\$72,473,826
	Variance to Tax Revenues at Current Rate				\$3,681,445
	Revenue per \$1 of Solid Waste Fee				\$61,870
	Fee Increase Needed to Maintain 49.95 Tax Rate				\$59.50

* Levied at current rate due to transition lag

Comparison of 2.75 Cent Tax Rate Increase vs \$59.50 Solid Waste Fee Increase

		Tax of 2.75 Cents	Solid Waste Fee Increase	Variance
Residential Property Value	50,000	13.75	59.50	45.75
	75,000	20.63	59.50	38.87
	100,000	27.50	59.50	32.00
	125,000	34.38	59.50	25.12
	150,000	41.25	59.50	18.25
	175,000	48.13	59.50	11.37
	200,000	55.00	59.50	4.50
	225,000	61.88	59.50	(2.38)
	250,000	68.75	59.50	(9.25)
	275,000	75.63	59.50	(16.13)
	300,000	82.50	59.50	(23.00)
Commercial Property Value	100,000	27.50	-	(27.50)
	150,000	41.25	-	(41.25)
	200,000	55.00	-	(55.00)
	250,000	68.75	-	(68.75)
	300,000	82.50	-	(82.50)
	350,000	96.25	-	(96.25)
	400,000	110.00	-	(110.00)
	450,000	123.75	-	(123.75)
	500,000	137.50	-	(137.50)
	550,000	151.25	-	(151.25)
600,000	165.00	-	(165.00)	

FY 16 SOLID WASTE OPERATING REVENUES VS TOTAL EXPENDITURES

