

**FAYETTEVILLE CITY COUNCIL
BUDGET WORK SESSION MINUTES
LAFAYETTE ROOM
MAY 25, 2017
5:00 P.M.**

Present: Mayor Nat Robertson

Council Members Katherine K. Jensen (District 1); Kirk deViere (District 2); Mitchell Colvin, Jr. (District 3); Chalmers McDougald (District 4); Robert T. Hurst, Jr. (District 5); William J. L. Crisp (District 6); Larry O. Wright, Sr. (District 7); Theodore Mohn (District 8); James W. Arp (District 9)

Others Present: Douglas Hewett, City Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
Jay Reinstein, Assistant City Manager
Ben Major, Fire Chief
Hieu Sifford, Deputy Fire Chief
Anthony Kelly, Interim Police Chief
Cheryl Spivey, Chief Financial Officer
Tracey Broyles, Budget and Evaluation Director
Kelly Culbreth, Budget and Evaluation Assistant
Director
Victor Sharpe, Community Development Director
Rob Stone, Engineering and Infrastructure Director
Giselle Rodriguez, City Engineer
Lee Jernigan, Traffic Engineer
Randy Hume, Transit Director
Kevin Arata, Corporate Communications Director
Elizabeth Somerindyke, Internal Audit Director
Rose Rasmussen, Internal Audit Senior Auditor
Traci Carraway, Internal Audit Auditor
Mark Brown, PWC Customer Relations Officer
Jane Starling, Deputy City Clerk
Jennifer Ayre, Senior Administrative Assistant to
Mayor and Council
Members of the Press

1.0 CALL TO ORDER

Mayor Robertson called the meeting to order.

2.0 INVOCATION

The invocation was offered by Council Member McDougald.

3.0 APPROVAL OF AGENDA

MOTION: Mayor Pro Tem Colvin moved to approve the agenda.
SECOND: Council Member Wright
VOTE: UNANIMOUS (10-0)

4.0 OTHER ITEMS OF BUSINESS

4.1 Revenue Neutral Tax Rate Update

Ms. Tracey Broyles, Budget and Evaluation Director, presented this item with the aid of a PowerPoint presentation. She advised the Cumberland County's informal appeal process has been completed and provided the following property values:

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

Ms. Broyles stated the Board of Equalization and Review (BER) appeals process is underway and additional appeals may be filed through June 5, 2017. She stated the total projected taxable value of real property, personal property, public service property, and motor vehicles, after the appeals process is complete, is \$13,851,916,669.00.

Ms. Broyles further stated 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 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.

4.2 Overview of Planned Financings

Ms. Tracey Broyles, Budget and Evaluation Director, presented this item with the aid of a PowerPoint presentation. She provided the following overview of the 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	
Fiscal Year 2018	
• Parks and Recreation Bonds	\$11.4 million
• City Hall Renovations	\$1.9 million
• City Hall Parking Deck	\$3.7 million
• Radio Replacements	\$3.3 million
• Vehicles and Equipment	\$4.9 million

Consensus of Council was to direct staff to bring back a discussion regarding street resurfacings and stormwater improvements to the August work session.

Ms. Broyles continued providing the following overview of the planned financings for CIP and TIP:

Fiscal Year 2019	
• Public Safety Bonds	\$25.1 million
• Hay Street Parking Deck	\$7.1 million
• Vehicles and Equipment	\$3.1 million
Fiscal Year 2020	
• Parks and Recreation Bonds	\$23.6 million
• Radio Financing	\$2.1 million
• Vehicles and Equipment	\$3.8 million
Fiscal Year 2021	
• Public Safety Bonds	\$13.9 million
• Vehicles and Equipment	\$2.4 million
Fiscal Year 2022	
• Vehicles and Equipment	\$2.3 million

Discussion ensued.

4.3 Group 3 Budget Questions

Ms. Tracey Broyles, Budget and Evaluation Director, presented this item and stated Council had previously asked for an explanation of the intention in creating the proposed City Hall Parking Deck.

Mr. Kristoff Bauer, Deputy City Manager, responded the intent is to add to and not displace current parking. He stated 120 spaces would be built over the existing spaces at an estimated cost of \$3.6 million.

Discussion ensued.

Ms. Broyles stated Council had previously asked two questions about Stormwater funding. The first was how much would the proposed stormwater increase generate. She advised it would generate \$914,490.00 in fiscal year 2018. The second question was how much was currently available in the stormwater fund. Ms. Broyles stated that in the stormwater operating fund, the projected amount at the end of the current fiscal year was \$1.16 million. The majority of stormwater funds reside in multiyear capital improvement projects which have been appropriated for specific projects.

Discussion ensued.

Ms. Broyles provided the following projected available General Fund fund balance:

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

4.4 Discussion of Parking Lot Items

Mr. Douglas Hewett, City Manager, introduced this item and presented the following funding for the parking lot items. He requested Council give staff instruction on each item as it is presented.

- a. **Sunday Bus Service:** The funding source would be the potential use of General Fund fund balance. Projected cost is \$95,596.00 in FY 18 and \$153,433.00 in recurring costs.

Consensus of Council was to approve a one-year pilot of Sunday Bus service.

- b. **Enhanced Compaction Testing:** The projected cost for areas 18 through 21 is \$95,490.00 for FY 18 with recurring costs will be determined.

Council Member Arp stated that he met with Mr. David Trego, PWC CEO and General Manager, who explained that the overlay sinking is caused by the overlay being applied prior to the compaction area settling. He advised Mr. Trego's recommendation is to wait 90 days before doing the overlay. This will allow the patch area to settle prior to the overlay and will result in a move even overlay. If the patch settles during that time, the contractor would be responsible for repairing. Then when it is time to put down the overlay, more can be done at one time achieving an economy of scale.

Consensus of Council was to remove this item.

- c. **Homelessness Initiative:** The homelessness funding is projected to cost \$100,000.00 for FY 18 and is included in the FY 18 recommended budget.

Consensus of Council was to keep this item in the FY 18 budget.

- d. **Street Resurfacing:** \$4,150,000.00 for street resurfacing is included in the FY 18 recommended budget.

Consensus of Council was to keep this item in the FY 18 budget.

- e. **Downtown Parking**

- (1) **Parking Study:** This study could potentially be funded from the General Fund balance in the amount of \$100,000.00.

Discussion ensued.

Consensus of Council was to keep this item in the FY 18 budget. Council Members Robertson, Arp, and Mohn were not in favor of the consensus.

- (2) **Location for Temporary Parking:** This item would be funded in the amount of \$400,000.00 in the recommended budget by use of Capital Funding Plan fund balance.

Discussion ensued.

Consensus of Council was to keep this item in the FY 18 budget.

- (3) **City Hall Parking Deck:** A \$3,636,000.00 City Hall Parking Deck is proposed, financed through the Capital Funding Plan.

Consensus of Council was to remove this item.

- f. **Solid Waste Fee Options:** This item was a discussion of whether to increase the solid waste fee above the City Manager's current recommended fee increase to (1) eliminate the General Fund subsidy for all solid waste costs which would require an additional increase of \$126.33 and (2) eliminate the need for a tax rate adjustment which would require an additional increase of \$58.69.

Mayor Robertson recessed the meeting at 7:05 p.m. Mayor Robertson reconvened the meeting at 7:20 p.m.

Council Member Mohn provided information to support increasing the solid waste fee in lieu of increasing the tax rate. He gave multiple examples of the financial impact on various neighborhoods and properties.

Discussion ensued.

Consensus of Council was to not consider Council Member Mohn's proposal. Council Members Robertson, Jensen, Wright, and Mohn were not in favor of the consensus.

Council requested the following items and provided direction to staff:

- a. Council requested that the City Hall renovation be added to the parking lot.

Discussion ensued.

Consensus of Council was to keep both floors in the CIP. The vote was unanimous to keep the first floor. Council Members Robertson, Colvin, and Arp were against the consensus regarding the second floor. Council Member Jensen was absent.

- b. Council requested that the Arts and Entertainment Enhanced District be added to the parking lot.

Discussion ensued.

Consensus of Council was to keep this item in the budget. Council Member Jensen was absent.

- c. Council requested that the Public Safety Bond be added to the parking lot.

Discussion ensued.

Consensus of Council was to keep this item in the CIP. Council Member Jensen was absent.

4.5 Direction from Council on Proposed Budget

Mr. Douglas Hewett, City Manager, stated staff will bring back the proposed budget with the adjustments voted on tonight to the June 5, 2017, work session. No further instruction was provided from Council.

5.0 ADJOURNMENT

There being no further business, the meeting adjourned at 8:15 p.m.