

**FY20 Budget Process  
City Council Budget Questions  
Group 1**

Airport

- 1. Provide historical data on Airport Passenger Facility Charge revenues as compared to passenger counts.**

Staff identified an error in the reporting of the Airport Administration program key performance measure on page F-6 of the budget document. Please see updated data below.

| <b>Fiscal Year</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Enplanements       | 228,918     | 221,427     | 224,489     | 229,684     | 241,364     |
| PFC collections    | \$0.0*      | \$138,520   | \$775,333   | \$900,341   | \$896,082   |

\* PFC collection authority expired in 2013 and did not resume until projects were identified and a new application was processed by FAA.

City Manager’s Office

- 2. “Personnel costs and FTE counts for four positions for the newly formed Construction Division are fully funded by Capital Project Fund Ordinances and are, therefore, not reflected in the annual budget appropriation.”**

- a. What is the role of the newly formed Construction Division? Please provide a refresher/update.**

The Construction Division will effectively manage the overall planning and implementation of projects to include:

- Provide resources and direction required to fulfill business development, financial, estimating, and operational goals
- Oversee performance of design and construction phase of contract commitments to ensure profitability and timely execution of work
- Maintain close contact with owner and architect during all phases of negotiated contracts
- Plan, organize, direct and control all engineering operations, personnel, budgets and policies for the office

- b. What is the total cost broken down by fund for this newly formed Construction Division across each and every capital project fund ordinance?**

Total annual personnel and recurring operating costs for the current construction manager and the three proposed new positions is \$387,676.

- The three newly proposed positions include a Management Analyst, Engineer I, and Project and Contract Manager, which are proposed to be filled after July 1, 2019; the specific capital projects on which they will work will be determined at that time

and the projected \$265,205 total annual cost will be allocated to those projects according to the proportion of time they are expected to work on each project.

- The fourth position in this division, the Construction Manager, was approved in the FY 2019 budget and is currently filled; personnel costs are being allocated to the Downtown Stadium and Support Infrastructure, Senior Center West, Skate Park, Replacement Employee Parking, and Hay Street Parking Deck capital projects; total projected annual costs for FY 2020 are \$122,471.
- Additionally, the FY 2020 proposed budget includes \$69,467 of non-recurring costs, including one-time supplies, computers, office furniture, software, telephones, position advertising and background checks, and two vehicles to be funded from the General Fund.

**3. On page G-16 of the budget document, there is a performance measure that reflects that the 1Fay Call Center achieved a 94% customer satisfaction rating in fiscal year 2018 and is estimating a 95% customer satisfaction rating for fiscal year 2019. How is that rating measured?**

The customer satisfaction rating reported is based on the percentage of customers who report that they are satisfied with the result of their interaction with a call taker through a voluntary, post-interaction automated phone survey.

Economic and Community Development

**4. “Contract Services funded by the General Fund include \$500,000 for a revitalization initiative as yet to be determined by Council.” Why not keep this \$500K in the unassigned/undesigned portion of the General Fund until after the Council has a discussion about the “revitalization initiative as yet to be determined by Council”?**

In order to ensure that some funding would remain available for this purpose, staff included this funding proposal to earmark \$500,000. Should Council wish to remove the proposed appropriation, that amount would revert to available General Fund fund balance.

Mayor, Council & City Clerk

- 5. There is \$139,915 proposed for organizational memberships and dues.**
- a. What is the breakdown of this \$139,915 by each organizational memberships and dues.**
  - b. Is there funding included for Fayetteville to join the MC COG (Mid-Carolina Council of Governments) as recently proposed by the County at the May 3<sup>rd</sup> quarterly Mayor’s Coalition Meeting?**

The following table provides a listing of projected expenditures comprising the \$139,915 budget request. There is no funding proposed at this point for the MC COG.

| Description                                 | Budget Request |
|---------------------------------------------|----------------|
| NC League of Municipalities                 | 65,400         |
| UNC School of Government                    | 27,681         |
| NC Metropolitan Mayors Coalition            | 16,179         |
| National League of Cities                   | 12,468         |
| US Conference of Mayors                     | 12,242         |
| Greater Fayetteville Chamber of Commerce    | 5,000          |
| NC Mayors Association                       | 300            |
| Cumberland County Mayors Association        | 75             |
| International Institute of Municipal Clerks | 360            |
| NC Clerks Association                       | 210            |
| <b>Total</b>                                | <b>139,915</b> |

Parks, Recreation & Maintenance

6. “Transfers to Other Funds reflects \$518,777 to be set aside for the capital funding plan for bond projects.” Is the source of this \$518,777 part of the citizen approved borrowing of up to \$35 million for Parks & Recreation Bond projects or is this in addition (above/beyond) the \$35 million using a different funding source?

The \$518,777 is the excess of the projected revenues from the 1.42 cents of the City’s tax rate that is dedicated for the Parks and Recreation bond projects beyond projected debt service for fiscal year 2020.

Public Services

7. How much Red Light Camera program revenues have been sent to Cumberland County Schools?

The Red Light Camera program began in FY 2016, with the City administering the program through a contract with American Traffic Solutions (ATS). All revenues collected are paid to Cumberland County Schools (CCS), which in turn reimburses the City for program administration costs. The following table shows the total revenues received by CCS, offset by the reimbursements to the City.

|                               | FY2016       | FY2017       | FY2018       | FY2019 to March | Inception to Date |
|-------------------------------|--------------|--------------|--------------|-----------------|-------------------|
| <b>Revenues to CCS</b>        | 1,191,678.28 | 1,499,978.10 | 2,248,896.50 | 1,580,480.00    | 6,521,032.88      |
| <b>Reimbursements to City</b> | (412,482.00) | (517,402.70) | (783,266.32) | (546,240.55)    | (2,259,391.57)    |
| <b>Net to CCS</b>             | 779,196.28   | 982,575.40   | 1,465,630.18 | 1,034,239.45    | 4,261,641.31      |

8. How much is the City losing on the recycling program and when is the contract for collection due for renewal?

For fiscal year 2020, the City is projecting payments for contracted recycling collection of \$2,438,958. Total projected costs for the program, including costs for cart maintenance, replacement and delivery, are \$2,566,289. Revenues projected to be received in fiscal year 2020

that specifically relate to the recycling program include: \$307,925 to be provided by Cumberland County due to the extension of the life of the landfill resulting from the recycling program county reimbursements; and, approximately \$24,900 projected to be received from sales of materials collected. With the offset of these revenues, the total projected cost to the City to operate the recycling program is projected to be \$2,233,464.

The City contract with Waste Management for the curbside collection of recycling materials continues through June 30, 2022.

**9. Can excess revenues in the Parking Fund be dedicated to retire debt on the parking deck debt?**

As previously communicated to Council, the stadium funding plan anticipated the generation of \$158,000 per year from net proceeds of event parking fees beyond collection costs. As such, those funds have already been planned for use to repay the stadium debt.

In addition, the limited obligation bonds (LOBs) issued for the parking deck are not callable until after the first 10 years of the life of the LOB per the terms and conditions of the financing.

**10. There is \$75,000 proposed to fund a Fort Bragg Intergovernmental Support Agreement (IGSA) study. What potential services are being studied with this \$75K? Is Fort Bragg or the Federal Government paying for this study?**

The proposal is to study options to provide full requirements for solid waste collection for Fort Bragg, including residential and commercial waste collection, recycling, special materials handling, etc. The cost of the study is proposed to be funded from the Solid Waste Fund and there are no projected reimbursements.

Revenues and Fund Balance

**11. Please provide statistics on available General Fund fund balance, specifically the available percentage and the amounts available beyond 12% and 10%.**

Based upon the current fiscal year-end projections and FY 2020 budget as recommended, we are projected to end fiscal year 2019 with 13.87% available fund balance. The excess beyond the City Council's policy of 10% equates to approximately \$6,552,082. The excess beyond the City Council's target of 12% equates to approximately \$3,164,121.

**12. Please provide a high level explanation of the total dollar change between the FY 2019 original budget and the FY 2020 recommended budget.**

For the Total budget:

- FY2020 recommended total budget all funds \$228,814,977
- FY2019 adopted total budget all funds \$215,369,370
- Variance \$13,445,607 or 6.2%
  - Capital and transfers to capital project funds \$10,957,561 or 5.1%
  - Personnel expenditures \$3,885,447 or 1.8%
  - Capital funding plan transfers for future debt svc or capital (\$1,185,808) or (0.6%)
  - PWC Assessment Fund other charges (\$817,800) or (0.4%)
  - Balance of variance \$606,207 or 0.3%

For the General Fund Budget:

- FY2020 recommended total budget \$173,799,332
- FY2019 adopted total budget \$169,006,318
- Variance \$4,793,014 or 2.8%
  - Capital and transfers to capital project funds \$2,601,932 or 1.5%
  - Personnel expenditures \$2,670,953 or 1.6%
  - Capital funding plan transfers for future debt svc or capital (\$1,185,808) or (0.7%)
  - Debt service \$742,894 or 0.4%

**13. Please advise as to the status of reimbursements from Federal and State agencies related to Hurricane Matthew and Hurricane Florence expenditures.**

The Finance Department is preparing to provide an update on the status of FEMA and State reimbursements for both hurricanes at the June work session.

Employee Compensation

**14. What is the percentage increase in the employee and employer portions of health insurance costs from FY 2019?**

As shown in the table below, contribution rates for fiscal year 2020 are to be increased by 2.83% for both the employer and employee.

| Monthly Contribution Rates for Healthcare Plan | Employer |        |       | Employee |        |       |
|------------------------------------------------|----------|--------|-------|----------|--------|-------|
|                                                | FY 19    | FY 20  | Inc % | FY 19    | FY 20  | Inc % |
| <b>Plan A</b>                                  |          |        |       |          |        |       |
| Employee Only                                  | 685.64   | 705.04 | 2.83% | 120.98   | 124.40 | 2.83% |
| Employee/Spouse                                | 759.58   | 781.08 | 2.83% | 450.34   | 463.08 | 2.83% |
| Employee/Child                                 | 777.18   | 799.18 | 2.83% | 311.78   | 320.60 | 2.83% |
| Employee/Family                                | 746.66   | 767.80 | 2.83% | 584.26   | 600.80 | 2.83% |
| <b>Plan B</b>                                  |          |        |       |          |        |       |
| Employee Only                                  | 659.80   | 678.48 | 2.83% | 34.72    | 35.70  | 2.82% |
| Employee/Spouse                                | 773.00   | 794.88 | 2.83% | 268.80   | 276.40 | 2.83% |
| Employee/Child                                 | 753.76   | 775.10 | 2.83% | 183.86   | 189.06 | 2.83% |
| Employee/Family                                | 781.46   | 803.58 | 2.83% | 364.54   | 374.86 | 2.83% |

**15. What options are available for a bid process for voluntary insurance products?**

The Human Resources Development department sends out requests for proposals every three years for benefit third party administrators. The next anticipated renewal process is planned for the fall of 2021, with any changes to be effective for fiscal year 2023. Efforts are made to ensure that local companies are aware of these opportunities.

**16. Please explain how vacancy savings impact the recommended FY 2020 budget and provide additional background information.**

The Fiscal Year 2019 Adopted Budget for the General Fund reflected reductions from personnel budgets for expected savings of 4.0% for the Police Department and 5% for other departments, excluding the Fire Department and City Council. The reductions are not applied or calculated based upon expenditures for overtime or temporary wages or services. In preparing the Fiscal Year 2020 Recommended Budget, staff reviewed the level of vacancy savings for recent fiscal years and anticipated savings for fiscal year 2019 as shown below:

| Fiscal Year     | Vacancy Savings Rate - Police Department | Vacancy Savings Rate - Other General Fund Departments |
|-----------------|------------------------------------------|-------------------------------------------------------|
| 2016            | 5.67%                                    | 5.00%                                                 |
| 2017            | 4.82%                                    | 8.75%                                                 |
| 2018            | 5.88%                                    | 7.97%                                                 |
| 2019 Projection | 4.39%                                    | 8.10%                                                 |

On this basis, staff recommended maintaining the 4% vacancy savings rate for the Police Department, but increasing the budget reductions for vacancy savings for other departments from 5% to 6.5% to reflect the greater than anticipated recent savings, but to also maintain a relatively conservative budget stance on this issue.

For the FY 2020 Recommended Budget, a total of \$3.5 million was reduced from personnel budgets for General Fund departments to reflect the anticipated vacancy savings.

Similarly, based upon a 5% vacancy savings rate for the Solid Waste Division, \$202,000 was reduced from the Solid Waste Fund budget for personnel accounts.