

**FAYETTEVILLE CITY COUNCIL
SPECIAL MEETING
LAFAYETTE ROOM, CITY HALL
MAY 10, 2007
4:00 P.M.**

Present: Mayor Anthony G. Chavonne

Council Members Keith A. Bates, Sr. (District 1); Robert A. Massey, Jr. (District 3); Darrell J. Haire (District 4) (left at 6:45 p.m.); Lois A. Kirby (District 5); Paul Williams (District 6); Juanita Gonzalez (District 8); Wesley A. Meredith (District 9)

Absent: Council Members Charles E. Evans (District 2); Curtis Worthy (District 7)

Others Present: Dale E. Iman, City Manager

Stanley Victrum, Assistant City Manager

Doug Hewett, Assistant City Manager

Karen M. McDonald, City Attorney

Lisa Smith, Chief Financial Officer

Tracey Broyles, Budget and Evaluation Manager

Michael Reeves, Management Analyst

William A. Martin, Cumberland County Business Council President

Brenda Barbour, Administrative Secretary

Press

Mayor Chavonne called the meeting to order at 4:00 p.m. Mr. Dale E. Iman, City Manager, turned the presentation of revenues over to Mrs. Lisa Smith, Chief Financial Officer, and stated an overview of proposed fee changes and responses to questions developed by Council Members would be covered during the meeting. Mrs. Smith briefly outlined general fund revenue assumptions for property taxes, various taxes and fees and proposed fee changes.

Property Taxes

- Tax rate remains 53 cents
- Tax collection rate is 96.7% for current year taxes
- Property values are \$10.1 billion
- 2.6% increase over projected FY2007 current year tax collection
- Excluding "9 month" annexation taxes

Projected growth in certain revenues

- Sales taxes 3.4%
- Powell Bill revenue 6.7%
- Utility Taxes 3.8%
- Cablevision franchise fees 2.8%
- PWC transfer for electric sales, offset by Black & Decker adjustment 4.4%

Proposed fees changes

- Development plan reviews
- Subdivision fees
- Rezoning fees
- Special use permits
- Brown carts
- Parking fees/fines

Mr. Iman and Mrs. Smith responded to questions posed by Council Members and referenced pages in the budget document for greater detail. Discussion ensued regarding the application of special event fees to include category one fees, the need to conduct an internal review of how greenspace and park fees are assessed and equitable charging of fees between the city and the county. Mrs. Smith noted other fee schedules were currently under study and would be brought back to Council.

Mrs. Smith reviewed graphs representing FY06-07 projected general fund revenues/funding sources and FY07-08 recommended general fund revenues/funding sources. Mrs. Smith also reviewed stormwater fund revenue assumptions, transit revenue assumptions and airport

revenue assumptions with accompanying graphs. Graphs representing transit and airport FY06-07 projected revenues/funding sources and FY07-08 recommended revenues/funding sources were also reviewed.

Stormwater Revenue Assumptions

- Current fee:
 - o \$2.3 million projected in FY2008
 - o Estimate 72.8% is generated in Fayetteville and 27.2% in other areas of the County
 - o \$12 per year for residential properties and each equivalent service unit (ESU)
- Proposed City Fee:
 - o \$24 per year for residential properties and each ESU
 - o \$3.3 million projected in FY2008

Transit Revenues Assumptions

- Federal operating grant of \$1,038,260
- \$838,260 for "capital maintenance"
- \$200,000 for ADA services
- State operating grant of \$846,848
- Fares changes:
 - o Basic fare increases from \$.75 to \$1.00
 - o Transfer fare of \$.10 eliminated
 - o Service to Spring Lake continues
 - o Revenues budgeted at \$146,187
 - o General Fund subsidy of \$1,837,248

Mr. Iman and Mrs. Smith responded to additional questions regarding stormwater fees, funding for identified stormwater improvements and the public information and marketing component. A lengthy discussion ensued regarding the implementation date for the additional stormwater fee and budgeted stormwater revenue assumptions.

Council Member Haire and Council Member Gonzalez requested a bus route for the newly annexed area to the Raeford Road Wal-Mart. Mr. Iman noted there was no funding in the budget for proposed new routes and although the service level would not be expanded, \$1.8 million was coming from the general fund to subsidize general transit revenues. Discussion ensued regarding the status of the stated-funded countywide transportation consolidation study. Council requested additional information regarding the impact raising the general fare to \$2 would have on transit revenue assumptions. Staff was asked to explore the cost of extending a route to the Wal-Mart on Raeford Road.

Mr. Iman and Mrs. Smith called attention to the responses to questions posed by Council Members regarding the FY2008 recommended budget and noted that additional information was provided in attachments. Council Member Meredith asked staff to put together information on special event and cost recovery fees. The proposed scope of services to be performed by the Cumberland County Business Council for the City of Fayetteville contract was noted and Mr. William A. Martin, Cumberland County Business Council President, responded to questions. Mr. Iman noted he and the City Attorney had met with Cumberland County School Board superintendents and their attorney regarding the Safelight Program. He advised a letter had been sent to discontinue the program. Consensus of Council was to further review staff responses and bring follow up questions to the next budget session. A brief discussion ensued regarding memberships and dues budgeted for the Mayor and Council and what was received in exchange for the same.

Mayor Chavonne reminded Council Members of the BRAC Project Committee meeting to be held on May 22, 2007 at 7:30 a.m. Council Member Meredith requested that a breakdown of non-profit leases/rental rates and city maintenance costs be provided at the budget work session scheduled for May 17, 2007.

Mayor Chavonne stated expenses and responses to additional questions would be discussed at the May 17, 2007 budget work session. Mr. Iman noted the public hearing for the FY2007-2008 budget was set for May 29, 2007. By consensus, Council set a fourth budget work session for

Thursday, May 31, 2007 at 4:00 p.m.

There being no further business, the meeting adjourned at 6:55 p.m.