

FAYETTEVILLE CITY COUNCIL
WORK SESSION MINUTES
LAFAYETTE ROOM
MARCH 3, 2014
5:00 P.M.

Present: Mayor Nat Robertson

Council Members Kathy Jensen (District 1)(arrived at 5:15 p.m.); Kady-Ann Davy (District 2); Mitchell Colvin (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, Jr. (District 9)

Others Present:

Theodore Voorhees, City Manager
Kristoff Bauer, Deputy City Manager
Rochelle Small-Toney, Deputy City Manager
Jay Reinstein, Assistant City Manager
Karen McDonald, City Attorney
Jeff Bradford, Assistant City Attorney
Lisa Smith, Chief Financial Officer
Dwayne Campbell, Chief Information Officer
Rusty Thompson, Engineering and Infrastructure Director
Scott Shuford, Development Services Director
Craig Hampton, Special Projects Manager
Michael Gibson, Parks, Recreation and Maintenance Director
Lee Jernigan, Traffic Engineer
Rebecca Rogers-Carter, Strategic Initiatives Manager
Nathan Walls, Public Information Officer
Wick Smith, PWC Commissioner
Carolyn Justin-Henson, PWC Public Information Officer
Pamela Megill, City Clerk
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: Council Member Mohn moved to approve the agenda, with the addition of Item # 4.10 – Closed Session

SECOND: Council Member Wright

VOTE: UNANIMOUS (10-0)

4.0 OTHER ITEMS OF BUSINESS

4.01 City of Fayetteville FY 2015 Strategic Plan

Mr. Warren Miller, President of Fountainworks, presented this item with the aid of a PowerPoint presentation and stated the City of Fayetteville is guided by a comprehensive strategic planning process. City Council meets annually to refine the items that comprise the City's strategic plan and to ensure that it is reflective of the changing needs of our growing community. The City's strategic plan is a critical component of a larger system of planning for the organization's success, which includes the annual budget process, citizen input, capital and technology prioritization, and financial planning. Fountainworks consulting firm met with City Council in a two-day strategic planning retreat February 7-8, 2014. The retreat included opportunities for Council to build upon ideas and interact in open conversation. City Council collaborated on the community vision statement which reflects a vibrant and engaged City of Fayetteville. Drawn from environmental scans, City Council determined the path our organization must follow in order to reach the community's vision and confirmed five year goals

and corresponding objectives that will advance the City toward each goal. In preparation for budget development, City Council focused on strategic priorities for the upcoming year and identified elements of a one-year action plan. These are the activities and policy development issues that Council and staff will spend a majority of time during the fiscal year, working hand in hand, to bring each to a successful conclusion.

Discussion ensued pertaining to values, goals and targets for action. Further discussion ensued pertaining to the incorporation of performance measures, building the bridge from the strategic planning process into the budget development cycle, and to build on the enthusiasm for the plan and support for adoption in June in conjunction with City Council's FY 2015 Budget. Mr. Miller concluded by stating the resulting strategic plan will translate the community's vision and City Council's goals into actions by the City, enabling the organization to better serve the City.

Consensus was to confirm the vision, mission, core values, goals and objectives, strategic priorities and FY 2015 Targets for Action

4.02 FY15 City Council Budget Guidelines

Mr. Ted Voorhees, City Manager, presented this item and stated the two largest sources of revenue to support General Fund operations are property taxes (43%) and sales taxes (24%). The City Council has full authority to set the City's property tax rate which is currently \$0.456 per \$100 of assessed valuation. Property listing, appraisal, and valuation are the responsibility of the Cumberland County Tax Administrator. The City Council has no authority to set the sales tax rate as it is determined by the General Assembly with few exceptions reserved to local option referenda by County Commissioners for limited defined purposes. The City Council also has the authority to set user fees for many of the individual services. These fees are an important part of paying for many City services, such as planning and permitting, parks and recreation, and other "fee for service" activities. However, the total revenue impact on the General Fund is less than 5%. In recent years, a sluggish economy has constrained economic activity and related City revenue growth. State leaders have pledged to minimize the impact of State budget shortfalls on local governments and have largely delivered on that pledge over the most recent biennium. Nevertheless, some actions of the General Assembly have taken place that has created some revenue uncertainty. In particular, the transition to "Tax and Tag Together" is anticipated to be an overall improvement in motor vehicle personal property tax collections; however, the transition leaves some uncertainty in the timing for receipt of revenues. Additionally, the net impact of the new sales tax on utilities which displaced the former utility gross receipts tax is also unclear at this time. Furthermore, several legislators are proposing a major overhaul of the Business License Tax laws that are likely to have an impact of approximately \$600,000 to our community alone. Based on current economic trends, it appears that residential real estate and personal property tax growth will remain very modest. As a result, increases in City spending will be limited in FY 2015 and must be targeted to high priorities. The City Council recently conducted its Strategic Planning retreat and determined that the top five priorities are as follows: (1) Police Staffing (2) Establish broader citywide economic development program/Local merchants (3) Parks and Recreation capital projects funding (sports complex)/bond/limited phase plan (4) Customer service initiative throughout the organization (5) Development of a Comprehensive Land Use Plan.

Mr. Voorhees continued, the City Council directs the City Manager to develop a budget for Fiscal Year 2015 that limits increases to what is needed to accommodate population growth and cost factors for existing service levels, clearly identifies funding requirements driven by State and/or federal mandates, and accommodates the City Council's top strategic initiatives.

Mr. Voorhees provided an overview of the sources of revenues and of expenditures:

REVENUES

Charges for Service

Other than standard water, sewer, and electric service rates, the City Manager should not budget for payments or presentation of charges from utility operations to the City's non-utility operations without prior coordination and agreement regarding an appropriate cost allocation

methodology as exists, for example, through the operational memoranda and practice for Purchasing and Fleet Maintenance operations.

Budget allocations for use of the City's fiber optic network shall be minimal, shall cover only the appropriate allocation for maintenance of service and shall not be based on commercial market rates or repayment of capital.

In light of the fact that a more detailed review of Planning and Development Fees and Transit Fares was conducted within the past two years, the City Manager should conduct a cursory review and discussion of opportunities for non-tax revenue enhancements such as user fees, transit fares, and similar charges for service.

Property Tax Rate

The City Manager should review the City's property tax rate in comparison to peer municipalities, begin to prepare the FY 2015 budget based on the existing tax rate of \$0.456, and evaluate where the City should focus resources consistent with the City Council's priorities. Should it become necessary to propose new revenues or to propose reductions in existing services to fund the City Council's top priorities, the City Manager should present the budget in such a manner that the City Council will be able to make comparative decisions between existing programs and between revenue options.

Existing Municipal Service District tax rates shall remain unchanged. An evaluation of MSD revenues and expenditures and long term viability of operations will be conducted and presented to the City Council prior to considering any future rate adjustments.

Sales Tax Distribution

The City Manager shall seek negotiations with Cumberland County for a replacement sales tax distribution agreement that more fairly allocates revenues to the City of Fayetteville in light of needs and the origination of such revenues.

Business License Tax

Replacement revenues should be identified to offset the impacts of General Assembly actions to reform North Carolina's Business License Tax.

Fund Balance Appropriation

Fund Balance shall be targeted to remain at the end of the 2015 Fiscal Year at 12% of General Fund Expenditures. Appropriation of fund balance shall be for "one time" purposes and not recurring obligations.

EXPENDITURES

In order that expenditures may be balanced against forecasted modest revenue growth, the City Manager shall diligently pursue focused discussions with City departments regarding program and service priorities, reorganization, and/or alternative service delivery models that provide the opportunity to address the performance and efficiency of City programs. Non-recurring funds shall not be directed toward recurring uses. Shared services delivery models with utility operations, other local governments, or the Army should be considered to eliminate duplication of service and administrative overhead, and improved efficiency. Fully fund all public safety, Police and Fire positions that are no longer supported by federal grants. New positions shall only be funded for a partial year when warranted by the timing of the actual operational impact on the budget. Continue to develop options for the creation of a revolving financial resource dedicated to neighborhood and corridor revitalization. Dedicate, at a minimum, 5.25 cents of the City's property tax rate to the city's Capital Funding Plan. Fund the Capital Improvement and Information Technology Plans as presented to Council during the Strategic Planning Retreat with any modifications clearly identified. Work towards reducing our paving cycle thru increased funding, including identification of alternative revenue sources or funding models. Service enhancements added to the current fiscal year shall generally be added to the base budget for FY2015 planning purposes.

Personnel

The City Council has made efforts over the past two fiscal years to advance the City's pay plan to be more comparable to similar positions in County government, and in the City's utility operations. In order to maintain this momentum relative to our market, structural adjustments to

the pay system should be considered to avoid “backsliding.” The amount budgeted for merit or performance pay adjustments and how the funding will be applied shall be clearly articulated in the budget document and relevant published personnel policies. Dialogue and efforts should continue to bring benefit programs into consistency and coordination with those provided the City employees assigned to utility operations. State law requires certain “asymmetrical” compensation policies, such as the mandatory 5% 401(k) contribution to sworn law enforcement personnel. Options to phase in such a deferred compensation or retirement benefit to the remainder of the workforce, including utility personnel, should be explored as a matter of equity and fairness. Consistent with open government and state laws, all compensation policies and procedures will be memorialized and available for review.

Best Practice Review

The City Manager is generally discouraged from seeking additional positions or revisions to existing positions in the operational areas or functions being studied under the “Best Practices Review” until such time as the analysis and recommendation has been completed, considered, and acted upon. Resolution 2013-052 shall guide the City Manager in taking action to increase, decrease, or realign resources across all City operations whenever necessary and appropriate to carry out the intent of the Resolution and the interests of the City Council. Resources should be included in the FY 2015 budget to continue the Best Practices Review process.

Capital Planning

The City Hall renovation project should include efforts to accelerate the up-fit of a 1st Floor “Design Center” to create an improved customer service environment for the development review and approval functions, including the Development Services, Engineering and Infrastructure, and Fire Departments. All utility capital projects should be fully supported by utility funds without contribution or set-off from the City’s General Fund. All utility costs associated with the City capital projects should be fully supported by utility funds, whether planned and included in the City’s adopted Capital Improvement Plan or unplanned due to emergency repair or infrastructure failure. Projects related to the provision of basic utility services should be prioritized over service enhancement or automation initiatives. Additional or expanded projects to hasten the provision of water and sewer service to current City residents should be a priority. In accordance with the Downtown Renaissance Plan, the draft CIP may be modified to accommodate and leverage public-private partnerships that will foster economic activity. The draft CIP may be modified to accommodate and leverage public-private partnerships that will foster economic activity in key corridors with an emphasis on those with adopted redevelopment plans. Capital Improvement Plans for all City operations, including utility operations, shall be presented to the City Council in advance of the general budget consideration with sufficient time and information to allow the City Council to take appropriate action prior to adoption.

Discussion ensued

Consensus of Council was to engage in further discussion during the March 19, 2014, Budget Work Session, and to place this item on the March 24, 2014, City Council regular meeting agenda.

4.03 PWC Budget Guidelines

Mr. Ted Voorhees, City Manager, presented this item and stated the City Council has appointed a Public Works Commission to manage the City’s water, sewer, and electric utilities in the best interests of the City of Fayetteville. The Council provides the following guidelines to assist the Commission in fulfilling its responsibilities:

CAPITAL PLANNING

The PWC should continue to develop options for revised financial and capital improvement plans to support the transition away from General Fund contribution (transfer payment diversion) to utility capital projects, while minimizing the impact on existing utility rate payers. The package of plan changes should be presented to Council in advance of finalizing recommended capital and operating budgets. Projects related to the provision of basic utility services should be prioritized over service enhancement or automation initiatives. Additional or expanded projects to hasten the provision of water and sewer service to current City residents in the Phase V

Annexation Area should be a priority. Options for revising the existing infrastructure installation plan should be presented to Council as part of the preliminary Capital Improvement Plan presentation. The utility Capital Improvement Plan will be presented to the City Council in advance of the general budget consideration with sufficient time and information to allow the Commission to consider Council comment prior to adoption and recommendation to Council as part of final budget review. Identify a process and funding to ensure that infrastructure enhancement funding, undergrounding of electrical distribution lines for example, is closely coordinated with Council strategic and capital planning in pursuit of targeted economic, community development, and revitalization plans.

PERSONNEL COSTS

Compensation for all City employees, including benefits, should be fair, based on the municipal employment market as established by the Council and uniform across all operations. The Commission is encouraged to transition employee benefit programs into consistency and coordination with those provided non-utility City employees in order to reduce costs through improved purchasing power, greater dispersion of risk, and reduced overhead. Consistent with open government and state law, all compensation policies and procedures will be memorialized and available for review. The amount budgeted for pay adjustments and how that funding will be applied shall be clearly articulated in the proposed budget document and personnel policies.

OPERATIONAL EFFICIENCY Resolution No. R2013-052 directs the following changes in accounting and operations that should be reflected in budget preparation:

- Transition of economic development resources and management;
- Distinguishing between spending for utility related education and community sponsorships, and revised administration of "community support" spending;
- Transition of legal spending to administration through the City Attorney's Office; and
- The transition of accounts and administration of financial resources to the City's Treasurer consistent with the Council's fiduciary responsibilities and the City Charter.

Plan for continued work to achieve greater operational efficiency through closer operational alignment and centralization of support services including information technology. Plan for utility contribution to City wide 800 MHz system upgrade and equipment necessary to utilize that system for efficient utility operations. The Commission should ensure that key infrastructure investments are coordinated with all City operations to avoid duplication and improve efficiency.

Discussion ensued pertaining to the timeliness of acting on the PWC budget guidelines. Consensus of Council was to engage in further discussion at one of the forthcoming budget work sessions.

4.04 Rescheduling Budget Workshops 2014

Mr. Ted Voorhees, City Manager, presented this item and stated that included in the 2014 meeting dates calendar are the budget meetings. At the Mayor/Mayor Pro Tem meeting held on February 17, 2014 it was suggested several Budget Work Sessions be rescheduled and offered there may be a need for additional budget meetings to be scheduled.

Discussion ensued.

Consensus of Council was to add Wednesday, March 19 @ 5:00 p.m. Budget Work Session (Economic Development follow up), add March 31 @ 5 p.m. Budget Work Session (PWC Budget), add Wednesday, April 16 @ 5:00 p.m. Budget Work Session (Parks and Recreation follow up), add Wednesday, May 7 @ 12:00 p.m., 2:00 p.m., 4:00 p.m. or 6 p.m. (4 Budget Briefings in small groups). Reschedule the Budget Kick-Off from Wednesday, April 2, 2014 to Saturday, March 29, 2014, and to note Monday, April 14 @ 7:00 p.m. Council Meeting (Budget Guidance Adoption).

4.05 Naming of City Property in Honor of Certain Individuals

Mr. Craig Hampton, Special Projects Director, presented this item and stated the Airborne and Special Operations Foundation Board of Directors (ASOMF) has submitted the attached letter to the city requesting consideration by City Council to honor Mr. Frederick A. "Fritz" Healy, Sr. and Mr. John Koenig for their contributions and work towards the creation and operations of the museum. The letter outlines the contributions of both individuals; each was a Founding

Board Member. Mr. Healy was instrumental in the creation of the museum and the placement in the downtown area. Mr. Koenig provided significant funding for the construction of the museum and actively helped manage the museum operations and special events through his service on the ASOMF Board since its inception. Staff has attached two maps showing the areas under consideration. The overall area is the connecting sidewalk between ASOM and Veterans Park with the General Shelton statute as the dividing point. The sidewalk section from the circle at ASOM to the statute is requested to be named in honor of Mr. Koenig; the sidewalk section from the statute to Walters Street is requested to be named in honor of Mr. Healy. City Council Policy #155.4 requires that a public hearing be held to consider such requests. The request for this meeting is to authorize the holding of the public hearing at the regular meeting on March 24, 2014. A public notice of the hearing and the purpose will be published at least 10 days prior to the meeting. After the hearing Council may act on the request.

Consensus of Council was to hold the Public Hearing for this item on March 24, 2014 at the City Council regular meeting.

4.06 Target for Action, Traffic Flow Improvement Strategy

Mr. Lee Jernigan, Traffic Engineer, presented this item with the aid of a PowerPoint program and stated the resident responses to the 2013 Resident Survey question about the overall flow of traffic in the City were dissatisfactory. Based on this response, Council's FY 2014 Strategic Plan included a Target for Action to develop a traffic flow improvement strategy. The Resident Survey did not provide specific concerns about traffic flow; therefore additional resident input was desired. Also, due to NCDOT maintaining most major roadways in the City, traffic flow strategies will involve multiple agencies. Mr. Jernigan provided an overview of the existing strategies and stated the recommendations for traffic flow are to utilize citizen feedback opportunities, inform motorists on traffic flow laws, advocate to FAMPO, and leverage NCDOT funding.

A brief discussion ensued.

Mayor Robertson and Council Members thanked Mr. Jernigan for his presentation.

4.07 Bicycle and Pedestrian Improvement Strategies

Mr. Phillip Hart, Transportation Planner, presented this item with the aid of a PowerPoint presentation and stated this is an informational item about strategies to improve bicycle and pedestrian accommodations in the City. The four improvement strategies include sidewalks, multi-use lanes, pedestrian traffic signals, and trails. The sidewalk manual was approved by Council in 2003 and is currently being updated to encompass these strategies. A draft comprehensive update to the manual will be presented by staff to Council in a work session within 6 months. There is currently funding outlined in the CIP to install projects for these strategies. Staff also coordinates pedestrian improvements on NCDOT projects. Staff presents these projects to Council on a case by case basis as they are scheduled by NCDOT.

Mayor Robertson and Council Members thanked Mr. Hart for his presentation.

4.08 Direction on Sports Sponsorship Signage

Mr. Scott Shuford, Development Services Director, presented this item and stated that some City Council members have suggested that a revision to the sign regulations be made to allow sports sponsorship signs to face outward so that they are primarily viewable from off the premises as opposed to facing inward toward the playing field or interior of the stadium. City staff does not regulate inward-facing sports sponsorship signs regardless of their visibility from off the property on which they are located. Mr. Shuford listed the pros and cons:

PROS

- It is likely that more frequent and more lucrative sponsorships will occur if the signs face outward since this provides the sponsoring individual, business or organization with greater exposure. Many athletic operations rely on sponsorships for substantial parts of their overall funding.
- Potentially reduces public costs in some cases where tax or fee support is replaced by sponsorships.

CONS

- There is the potential for a variety of appearance problems, ranging from sign clutter to improperly maintained signage.
- These signs can be construed as off-premise signage which is otherwise prohibited except for highly-regulated billboard signs.
- Possible additional enforcement workload.
- Many schools and recreational facilities are located in or near residential neighborhoods so this could be seen as commercial intrusion.

Mr. Shuford suggested three options: (1) Allow sports sponsorship signs to face outward without regulation (similar to how inward facing sports sponsorship signs are handled), (2) Continue to prohibit outward-facing sports sponsorship signs, (3) Provide regulatory management of outward-facing sports sponsorship signs, such as establishing limits on the size, height, and number of such signs and establishing standards for the type of material and for the maintenance of such signs.

Discussion ensued.

Consensus of Council was to select Option 3 - Provide regulatory management of outward-facing sports sponsorship signs, such as establishing limits on the size, height, and number of such signs and establishing standards for the type of material and for the maintenance of such signs, and for this item to be taken to the Planning Commission and returned to the City Council at a meeting in April 2014.

4.9 City Council Agenda Item Request - Reduced Parks and Recreation

Bond

Council Member Mohn presented this item and stated he would like to determine if Council wants to consider a reduced Parks and Recreation referendum vote in November 2014; therefore revisiting a funding plan for Parks and Recreation. Council Member Mohn said at the Strategic Planning session held on February 8, 2014 Council made Parks and Recreation their third priority, and placing a reduced Parks and Recreation bond referendum on the November 2014 ballot should have minimal impact to the upcoming FY 2014-15 budget.

Consensus of Council was to direct staff to prepare a presentation on this item for the April 16, 2014 Budget Work Session.

MOTION: Council Member Arp moved to go into closed session for consultation with the attorney for an attorney-client privileged matter.

SECOND: Council Member Mohn

VOTE: UNANIMOUS (10-0)

The regular session recessed at 8:05 p.m. The regular session reconvened at 8:35 p.m.

MOTION: Council Member Arp moved to go into open session.

SECOND: Council Member Hurst

VOTE: UNANIMOUS (10-0)

5.0 ADJOURNMENT

There being no further business, the meeting adjourned at 8:35 p.m.