

**FAYETTEVILLE CITY COUNCIL
BUDGET WORK SESSION MINUTES**

MAY 21, 2008

5:00 P.M.

LAFAYETTE ROOM

Present: Mayor Anthony G. Chavonne
Council Members Keith A. Bates, Sr. (District 1); Bobby Hurst (District 5);
Valencia A. Applewhite (District 7); Theodore W. Mohn (District 8)

Absent: Council Member Robert A. Massey, Jr. (District 3); Charles E. Evans
(District 2); Darrell J. Haire (District 4); William J. L. Crisp (District 6); Wesley A. Meredith
(District 9)

Others Present: Dale E. Iman, City Manager
Kyle Sonnenberg, Assistant 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
Steven K. Blanchard, PWC CEO/General Manager
Michael G. Lallier, Public Works Commission Chairman
Wilson A. Lacy, Public Works Commission Vice-Chairman
Dwight Miller, PWC Chief Financial Officer

Candice H. White, City Clerk
Press

Mayor Chavonne called the meeting to order at 5:15 p.m.

Steven K. Blanchard, Public Works Commission (PWC) CEO and General Manager, provided a brief overview of the PWC FY 2008-2009 recommended budget and highlighted budget inclusions directly impacting the City to include street lighting, annexation projects, DOT projects, water and sewer to Ft. Bragg, economic development, rate changes and personnel costs. Mr. Blanchard also provided an outline of the budget summary to include the electric fund, water and sewer fund, and fleet maintenance for a total FY 2008-2009 budget of \$265,780,880.

With regard to rate changes, Mr. Blanchard stated there were no electric rate increases in the proposed budget and water increases would be assessed this year possibly necessitating a budget amendment. Mr. Blanchard called attention to the FY 2008-2009 recommended budget ordinance and noted it was \$1,581,371 less than the prior year.

Mr. Blanchard responded to questions posed by Council Member Mohn regarding PWC pay scale surveys and CPI adjustments and noted it prevented raising pay scales 15% to 20% every four to five years. In response to a question posed by Council Member Applewhite, Mr. Blanchard explained PWC funding of the Cumberland County Business Council (CCBC) is in partnership with the City.

Dale E. Iman, City Manager, reviewed the internal budgeting process and budget schedule followed by an overview of decisions made to balance the FY 2008-2009 recommended budget, which included:

- o \$2.7 million reduction for replacement vehicles;
- o \$1.2 million cut from capital and small equipment;
- o \$673,000 reduced from various operating accounts;
- o \$500,000 cut from street resurfacing;
- o \$533,000 from reducing pay increases from 5% of midpoint to 4% of midpoint;
- o 11 vacant positions frozen and unfunded for FY 2009;
- o \$2.7 million of new initiatives not funded.

Mr. Iman followed with a review of proposed changes to the FY 2008-2009 recommended budget as requested by Council at the May 15, 2008 budget workshop, to include general fund expenditures and revenues totaling \$3,630 and transit operating fund expenditures and revenues separate from the general fund totaling \$19,648. Mr. Iman stated pending additional changes, the FY 2008-2009 budget was balanced.

Mr. Iman called attention to handouts containing budget questions posed by City Council and staff responses related to the general fund and City department budgets. Mayor Chavonne noted the ad valorem tax base had increased through revaluation, annexation and new construction. Mayor Chavonne spoke to Council's interest in tracking the tax base for residential and business/commercial properties relative to the strategic goal of a diverse tax base strategy. Doug Hewett, Assistant City Attorney, spoke to bulk mail rates in response to questions posed by Council Member Bates relative to the increased cost for postage and certified mailings. Council Member Mohn inquired about funding for an additional attorney. Mr. Iman referred to the list of FY 2008-2009 new position requests from departments and provided a brief review of the number of new positions requested and the number funded. Council Member Applewhite inquired whether there was still a need for an additional attorney. Following discussion, consensus was to revisit the request mid year.

Council Member Applewhite asked about the Downtown Development Manager position and a brief discussion ensued. Mr. Iman spoke to the continuity the position would provide to the downtown area in order to undertake new programs, address special needs and continue the tax base growth. Mr. Iman stated the position would be funded from the general fund.

Council Member Applewhite posed questions regarding the use of personal vehicles by city inspectors and whether guidelines regarding the use of city vehicles were consistently applied across the city. Mr. Iman advised the policy had recently been revised to reduce the areas eligible for take-home vehicles and the use of city vehicles had to be directly attributable to the work performed. Discussion followed regarding past decisions relative to the use of city vehicles and the possible reallocation of resources. Consensus was for an overall citywide policy and corrective steps necessary to achieve the same.

Discussion turned to questions and answers related to the Kaleidoscope Program, citizen survey, and formalization of a community report card under the Management Services Department.

Council Member Bates asked about the status of Council Chamber improvements. Mr. Hewett stated a request was soon to be issued for equipment, training and support. Mr. Hewett followed with a brief overview of enhancements that would lead towards a 24/7 government access channel. Mr. Hewett stated funds were budgeted and the hope was to bring the construction schedule to Council in two to three months.

Mayor Chavonne noted City Council continues to fulfill commitments to the Police Department regarding the compensation, recruitment and retention of police officers.

Mayor Chavonne requested additional information regarding the increase in the contingency fund. Lisa Smith, Chief Financial Officer, explained the City maintains steady contributions to the contingency fund to ensure sufficient budget to pay health insurance claims under both favorable and adverse claim experiences. Mrs. Smith noted resources also had to be accumulated for retiree healthcare commitments. In response to a question posed by Council Member Bates, Mrs. Smith stated the City has both special and aggregate stop loss insurance. Mayor Chavonne called attention to the further alignment and refinement of the Fire Department fee schedule and adjustments to the basis on which the fees are determined.

Mr. Iman spoke to the \$1 million budgeted for twenty-year old improvements at the Airport and noted that timely pavement improvements can conserve on costs. Mr. Iman recapped the upcoming budget schedule.

There being no further business, the meeting adjourned at 6:35 p.m.