

FY2025 BUDGET IN BRIEF



What does it take to run the City?


A Message from the City Manager



Our City has seen incredible growth over the first half of this decade. Since the first pitch was thrown at the newly opened Segra Stadium in 2019, the Mayor and Council have been squarely focused on positioning our community to thrive in the years ahead. During this time, we've celebrated the completion of all the 2016 Parks and Recreation Bond projects, including the Bill Crisp Senior Center, Senior Center East, Jordan Soccer Complex, 14 splash pads, and various park improvements. Seeing these projects' tremendous impact on our community, our residents overwhelmingly voted in November of 2022 for a new \$97 million bond package to support public safety, infrastructure, and housing opportunity improvements. Despite our progress, there are increasing financial pressures beyond our control. Rising inflation, recruitment and retention pressures, and changes to the sales tax distribution have left a significant imbalance to address.

To that end, this budget was certainly not the one I preferred to present as the Manager; it is the one I responsibly presented to ensure our City's ability to meet the needs and expectations of our residents. To balance, we adopted a \$0.04 ad valorem tax rate increase dedicated entirely to addressing public safety personnel who keep our community safe and secure. It also includes a \$0.07 ad valorem tax rate increase for the Downtown Municipal Service District intended to support and continue existing services in Downtown Fayetteville, making the District sustainable. In addition to revenue increases, staff created more than \$8 million in efficiency savings, allowing our City to stay on the growth trajectory we've been on over the last 5 years. Our ability to succeed is only possible thanks to the hard work and dedication of the more than 2,000 full-time and part-time City of Fayetteville employees. The heart of our City has always been and will always be our people. That's why this budget continues our commitment to raising City employee salaries, increasing 401(k) contributions, and addressing recruitment and retention challenges. When we work together, our community will continue to be an attractive, culturally diverse, inclusive city that is safe, prosperous, innovative, and unified.

The adopted FY 2025 budget reflects our continued commitment to a vibrant, thriving City. We are dedicated to investing in our future, embracing opportunities, and meeting the challenges our community faces head-on. We are confident this budget aligns with the Council's strategic priorities and the needs of our residents while positioning Fayetteville for success. We look forward to shaping our community together, making our City a great place to live, work, and recreate.


Sincerely,
Douglas J. Hewett

FY2025 Total Operating Budget
(including intrabudget transfers)
\$320,987,096

Expenditure Highlights

The budget was adopted to meet the City Council's goals while maintaining current services, all while keeping revenue challenges and service demands at the forefront. The cost of current services has outpaced revenue growth. With the adopted tax rate increase (\$0.04) dedicated to the Public Safety market increases, the remainder of the general fund is balanced at a \$0.5795 ad valorem tax rate. The senior leadership found more than \$8 million in efficiencies, reducing operational costs while supporting investments in key areas aligned with the City's strategic goals and priorities outlined in the Strategic Plan.



Employees by Function



Public Safety
53.84%



Parks, Recreation and Maintenance
9.92%



Infrastructure
7.08%



General Government/Other
14.58%



Transportation
9.45%



Solid Waste
5.14%

City Council's Strategic Plan Goals

Budgetary Tactics and Initiatives

As the City of Fayetteville continues to grow and thrive, the City Council wants to establish a clear trajectory by means of a strategic plan that clarifies a forward-looking vision for our community's future, founded on principles of vitality and sustainability. A comprehensive strategic planning process serves as the guiding framework, with the City Council convening annually to refine and reinforce the various components that constitute the City's strategic plan, and to ensure that it remains responsive to the evolving requirements of our ever-growing community.

Goal I: Safe & Secure Community

- Funding to establish an Office of Community Safety (OCS)
- Public Safety Retention and Recruitment for Police, Fire and Emergency Communications employees by bringing up the 'step-pay plan' to market and adjust for known compression issues



Goal II: Responsive City Government Supporting a Diverse and Viable Economy

- Saves \$8.5 million from vacant positions and turnover in the general fund
- Funds projects at the Fayetteville Regional Airport, supporting expansion and growth
- Supports Fayetteville Cumberland Economic Development Corporation (FCEDC) and associated activities



Goal III: City Investment in Today and Tomorrow

- \$1 increase in the monthly stormwater rate allows the program to continue its operations and extensive capital program to address the City's stormwater needs
- Provides continued investment in streets and sidewalks
- Sustains housing opportunity programs to support homeownership and housing accessibility



Goal IV: Desirable Place to Live, Work and Recreate

- Provides transit route efficiency by supporting low-use routes and conducting an equity study to evaluate transit routes and the community's needs
- Loose-leaf collection program will move from Parks and Recreation to Solid Waste reducing the general fund's cost by \$341,900. Historically, this program has been supported by ad valorem taxes
- Provides funding for recreation facilities and programs, including New Year's Eve, Juneteenth, the 4th of July, and other community celebrations
- Continues supporting programs to address homelessness



Goal V: Financially Sound City Providing Exemplary City Services

- Provides all non-step employees with a 4% of midpoint salary increase and honor the sworn/rank step system. The City will also provide an additional 1% contribution to the 401k, bringing the total contribution to 3%. This is part of a multiyear recruitment and retention strategy to reach a total future goal of 5% to be competitive with other employers, municipalities and counties in North Carolina.
- \$10 annual (\$0.83 monthly) Solid Waste fee increase to support the rising cost of operations
- \$0.04 ad valorem tax increase is recommended to fund services in the downtown district
- Continues and completes identified capital and infrastructure projects



Goal VI: Collaborative Citizen and Business Engagement

- Continues support for community partners and programming, including Arts Council of Fayetteville/Cumberland County
- Supports increasing meaningful engagement and communication with residents



Revenue Highlights

Tax Rate:

- General property tax rate is at \$0.5795 cents per \$100 of assessed valuation, including:
 - \$0.0142 dedicated for parks and recreation projects and bond debt service
 - \$0.0507 dedicated to the general capital funding plan
 - \$0.0400 for the 2022 bond debt service
 - \$0.0400 dedicated for Public Safety salaries
 - \$0.346 for general city operations
- Property tax rate for the Central Business Tax District increases to \$0.17 cents per \$100 of assessed valuation

City Fee:

- Stormwater fee increases to \$7 per month or \$84 per year
- Residential solid waste fee increases to \$22.92 per month or \$275 per year
- Bus fares did not increase for FY25
- Other fee adjustments have been included to fire, development services, parks, recreation and maintenance, public services and transit

Cumberland County Sales Tax Agreement:

- FY25 sales taxes to grow by 8.09% compared to 2022, which is valued at \$13.1 million
- As part of the sales tax agreement all of the growth above the established FY22 sales tax baseline is returned to the County

Public Works Commission:

- Payment in lieu of taxes from the Public Works Commission (PWC) is projected to be \$12.2 million in FY25
- The 17.43% increase from FY24 payment of \$10.4 million is due to the estimated withholding of \$2 million to repay an advance on the PWC's payments made during the COVID-19 pandemic

Where does the money come from?

FY2025 General Fund Funding Sources

- Ad Valorem Taxes 28.05%
- Sales Tax 20.09%
- Functional Revenues 14.90%
- Interfund Transfers 14.69%
- Intergovernmental Revenues 13.38%
- Other Revenues 5.51%
- Other Taxes 1.66%
- Fund Balance Appropriation 1.40%



Expenditures by Function



Public Safety
35.11%
\$112,682,573



Parks, Recreation and Maintenance
7.49%
\$24,030,642



General Govt./Other
35.76%
\$114,785,331



Transportation
6.68%
\$21,429,104



Infrastructure
8.89%
\$28,536,328



Solid Waste
6.08%
\$19,523,118

Employees by Function



Public Safety
53.84%
912



Parks, Recreation and Maintenance
9.92%
168



General Govt./Other
14.58%
247



Transportation
9.45%
160



Infrastructure
7.08%
120



Solid Waste
5.14%
87



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