

City of
Fayetteville
North Carolina



FY 2016

annual budget



RECOMMENDED



May 13, 2015 Budget Work Session

- General Fund Revenue Overview
- Other Fund Revenue Highlights
- Support Services and Administration Portfolio
Department Overviews
- Next Steps



General Fund Revenues

Revenues	FY2015 Original Budget	FY2015 Projected	FY2016 Recomm. Budget	% Budget Change
Property Taxes	\$ 67.6	\$ 68.3	\$ 68.3	1.1%
Other Taxes	2.3	2.2	1.2	(44.8%)
Intergovernmental	58.4	62.0	62.8	7.4%
Fees	6.5	6.1	6.5	0.2%
Miscellaneous	2.6	2.7	2.7	4.0%
Transfers/Financing	15.7	17.8	11.4	(27.1%)
Fund Balance	2.5	0.0	6.9	171.1%
Total	\$ 155.7	\$ 159.0	\$ 160.0	2.8%

(Millions)



General Fund Revenue Highlights

Ad Valorem Property Taxes

- General tax rate recommended to remain at 48.6 cents per \$100 value
- Current Year Tax Collection Projections
 - FY2015 current year taxes expected to be \$67.3 million, or 1.2% above \$66.5 million budget
 - Project FY2016 to be \$67.7 million, or 0.5% increase over FY2015 estimate
 - 0.3% estimated growth in real and personal property tax base
 - 0.5% excluding FY2015 late listings and discoveries
 - 3.0% estimated growth in motor vehicle tax base
 - Equivalent to \$1.39 million per penny of tax rate
- Prior year taxes and penalties projected to decline 35.6% in FY2016 due to improved collections under Tax and Tag Together program



General Fund Revenue Highlights

➤ Privilege Licenses

- FY2015 projection \$929,774 vs. FY2016 \$8,500
- Remaining licenses/permits for beer and wine vendors, solicitors, peddlers and regulatory licenses

➤ Sales Taxes

- Projections influenced by locally derived sales tax revenue through January 2015 and NCLM guidance for state-wide projections
- FY2015 revenues expected to be \$37.5 million, or 5.8% above original budget of \$35.4 million
- Project FY2016 revenues to be \$39.0 million, based on 4.0% economic growth over the FY2015 estimate
- FY2016 expenditure budget includes \$7.2 million in payments to Cumberland County and other municipalities for revenue losses due to past City annexations
 - FY2016 will be year 3 of the 3-year sales tax agreement



General Fund Revenue Highlights

➤ Utility Tax Distributions

- FY2015 reflects the conversion to a state-wide sales tax on electricity and natural gas sales in July 2014
- Overall, distributions of taxes on all utilities are projected to be \$12.8 million, or 15.0% above the FY2015 original budget of \$11.2 million
 - 27.7% increase in sales taxes on electricity
 - 36.6% decline in sales taxes on natural gas
- Project overall FY2016 revenues to be relatively unchanged based upon NCLM projections
 - 2% increase for electricity, offset by declines in natural gas, telecommunication and video programming



General Fund Revenue Highlights

➤ Functional Revenues

- Proposed fee adjustments for Engineering & Infrastructure
 - Development Plan Reviews and Infrastructure Permits (\$9,000)
 - Right of Way Excavation Permits and Degradation Fees (\$66,500)
 - Street Paving Assessments
- FY2015 revenues projected to be 7.1% below the original budget at \$6.1 million
 - Primarily reflected lower than expected building permit and inspection revenues
- FY2016 revenues projected to be in-line with original FY2015 budget at \$6.5 million
 - Reflecting slight rebound in building and inspection revenues and increased property leases (Festival Park Plaza)



General Fund Revenue Highlights

➤ Interfund Transfers

- Interfund transfer from the Electric Fund is projected based upon proposed City Charter change
 - \$9.5 million in FY2016 based upon 5.2% of metered, retail electric sales in FY2014

➤ Capital Lease Proceeds

- FY2016 proposed budget includes \$1.9 million in loan proceeds to purchase vehicles and equipment



General Fund Revenue Highlights

➤ Fund Balance Appropriation

- FY2016 projected at \$6.9 million, including:
 - \$1.2 million from County Parks and Recreation fund balance
 - \$2.2 million from Capital Funding Plan fund balance
 - \$2.5 million for Capital Improvement and Information Technology Plan projects
 - \$1.0 million for non-recurring expenditures, such as the bond referendum and education campaign, the economic development strategic plan, feasibility and redevelopment plans for Murchison Road catalyst site
- Expect to end FY2016 with \$20.1 million of unassigned fund balance, or 12.9% of FY2016 recommended budget
 - Council policy 10%, Goal 12%



Other Fund Revenue Highlights

- Municipal Service Districts – Property Tax Rates
 - Propose Central Business District remain unchanged at 10.0 cents per \$100 value
 - Lake Valley Drive Municipal Service District
 - Current rate is 24.5 cents per \$100 value
 - Propose 33.6 cents for FY2016
 - Required rate to repay loan over the six fiscal years remaining per the development agreement based upon projected taxable values

Other Fund Revenue Highlights

- Stormwater utility fee
 - Currently \$3.50 per month (ESU)
 - Proposed at \$3.75 per month
 - Annual increase of \$3 to produce an additional \$493K per year
 - Primary purpose of increase is to fund storm drainage system improvements and permit requirements
 - Three additional \$0.25 per month increases scheduled for FY2017, FY2018 and FY2019 as approved by Council with the FY16 budget guidance



Other Fund Revenue Highlights

- Environmental Services Fund
 - Annual increase of \$4 to produce an additional \$241K
 - Proposed annual solid waste fee of \$44
 - Equates to \$3.67 fee per month
 - Purpose of increase is to reduce subsidy from General Fund
 - Provides contribution toward curbside household and yard waste, recycling, bulky item, and containerized leaf collection

Other Fund Revenue Highlights

➤ Transit Fund

Item to be adjusted in proposed fee schedule

- Currently provide reduced price day passes (\$0.25 vs. \$3.00) for Sobriety Court participants
- Recent request received from the Court System to expand the reduced fares to include the Veterans Court and other County court programs
- Staff recommends adjusting the fee schedule to extend the preferred rate to all Cumberland County court programs, with a maximum of 500 reduced price day passes per month



Support Services and Administration Portfolio

➤ Department Overviews:

Budget & Evaluation

Finance

City Attorney's Office

Human Resource Development

City Manager's Office

Information Technology

Corporate Communications

Mayor, Council & City Clerk



Budget & Evaluation

- Budget: \$437,163
- FTEs: 5.1
- Highlights:
 - New department in FY15 (2 FTEs from Finance, 3 additions)
 - Annual Operating Budget Development and Administration
 - Capital Funding Plan Development
 - Budget and Capital Project Ordinance Preparation
 - Internal Consulting for Cost-Effectiveness/Efficiency
 - Developing project work plan for Summer/Fall 2015
 - Policy and procedure manual development



City Attorney's Office

- Budget: \$1,540,731
- FTEs: 9.0
- Highlights:
 - Open state/federal lawsuits are trending upward, increasing the workload for cases being represented in-house
 - Several claimants that filed employment claims at the local level have instituted lawsuits against the City at the state level
 - Recruiting for one additional Assistant City Attorney for the Police Dept.
 - Percent of documents being reviewed within 10 days is trending upward
 - Contract Services includes \$600,000 for Contracted Legal Fees
 - Budget continues the \$27,000 cost redistribution to PWC



City Manager's Office

- Budget: \$2,044,097
- FTEs: 17.9
- Highlights:
 - Oversight of the Customer Call Center (5.0 FTEs)
 - Phase I - Leveraging new technology
 - Phase II - Leveraging PWC staff during peak times
 - Newly formed Office of Internal Audit (3.1 FTEs)
 - Total increase of 10 FTEs; 6.5 transferred from other departments and 3.5 new FTEs
 - Deployment of Citizen and Council Facing Performance Dashboard
 - Policy and procedure manual development



Corporate Communications

- Budget: \$746,701
- FTEs: 9.5
- Highlights:
 - Fayetteville in FOCUS, Fayetteville in 5, Historic Happenings Productions
 - Frontline Employee Newsletter Production
 - Website Redesign of External City Site (with IT)
 - Go Red for Women & Anti-bullying Campaigns
 - Production of nine Public Service Announcements
 - Branding Campaigns: Core Values Award, FayFixIT and FayWorx apps, Fayetteville-Cumberland Youth Council
 - Expanded Social Media Presence & Management
 - PRM Bond Referendum education campaign, \$50,000 if Council elects to proceed

- Budget: \$5,935,299
- FTEs: 20.0
- Highlights:
 - Coordinate issuance of \$7 million in installment financing debt for vehicles, Fire Station 12 and a swimming pool
 - Transition purchasing function to Finance
 - Outsource administration of CD loans
 - Elimination of privilege license effective July 1, 2015
 - Implement Time and Attendance Program
 - Work with Support Services Portfolio to identify an ERP Solution
 - Policy and procedure manual development



Human Resource Development

- Budget: \$17,362,928
- FTEs: 19.0
- Highlights:
 - Personnel ordinance update
 - Policy and procedures manual development
 - Wellness initiatives
 - New 401(k) for non-sworn employees
 - Leadership program for mid-level managers and senior management
 - Diversity training for all employees
 - Benefit costs/analysis



Information Technology

- Budget: \$5,548,994
- FTEs: 27.0
- Highlights:
 - Database Administrator position for GIS
 - Shared GIS Enterprise License Agreement with PWC
 - Microsoft Exchange Upgrade to Exchange 2013
 - Managed Service Agreement (Tier I Support/Security)
 - Policy and procedure manual development
 - Information Technology Plan (ITP)
 - Body Cameras
 - FayWorx AMS (P&R, Fire)
 - Microsoft Azure Cloud Strategy
 - Website Project Phase II



Mayor, Council & Clerk

- Budget: \$1,154,676
- FTEs: 3.0
- Highlights:
 - Produced agendas and minutes for all City Council meetings
 - Appointed 53 members to the City's 24 Boards & Commissions
 - Reorganized Grove Street Facility records
 - Policy and procedure manual development
 - Budget includes \$235,000 to fund the 2015 City Council Elections & \$150,000 to fund costs for the PRM Bond Referendum should Council elect to proceed



Budget Process Next Steps

- Council budget questions
 - Forward to Tracey Broyles
- May 20th Work Session
 - Operations and Community Investment Portfolio Department Overviews
- May 26th Budget Public Hearing
- May 27th Work Session
 - Council Topic Requests?
- June 8th Budget Adoption

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Fayetteville
OUTFRONT

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