

City of Fayetteville
Fiscal Year 2015 Budget Questions
Group 1

Many of the Group 1 questions requested comparisons of Fayetteville revenue sources and expenditures to those of our peer cities in North Carolina. Each municipality in North Carolina is required to submit financial information at the conclusion of each fiscal year to the North Carolina State Treasurer in a report called the Annual Financial Information Report or AFIR. The most recent data available for comparison is for the fiscal year that ended June 30, 2012.

The spreadsheet attached includes excerpts of revenue and expenditure data from the FY2012 AFIR for the ten largest municipalities in North Carolina. The responses to the questions below will refer to the data presented in the attached spreadsheet. In order to facilitate comparisons between municipalities that may or may not offer electric, water, sewer or storm water utilities or airport or mass transit services, revenues and expenditures for those functions have been deducted to calculate comparable adjusted total revenues and expenditures.

Revenue Questions

1. Please provide an analysis of our major revenue sources (for example, property tax, sales tax, and service fees) compared to our peer cities.

A. Rows 35 through 37 of the attached spreadsheet provide comparisons as to the % of total adjusted revenues derived from property tax, sales tax and sales and service revenues for Fayetteville and the other nine peer cities.

- Fayetteville generates the lowest % of total revenues from property taxes at 37.8%. The comparative data for the peer cities ranges from 41.6% to 47.9%.
- Sales taxes constitute 17.4% of total revenues for Fayetteville, which is the highest % for the ten peer cities. The comparative data for the peer cities ranges from 11.7% to 15.8%.
- Sales and service revenues comprise 4.9% of adjusted total revenues for Fayetteville. Comparative data for the peer cities ranges from 2.8% to 16.8%.

Rows 41 through 43 of the attached spreadsheet provide comparisons as to per capita revenues derived from property tax, sales tax and sales and service revenues for Fayetteville and the other nine peer cities.

- Fayetteville generates \$288.24 per capita from property taxes, the lowest of peer cities. The comparative data for the peer cities ranges from \$434.96 to \$578.25. If the estimated population on Fort Bragg (24,909) is excluded from the total Fayetteville population (207,996), Fayetteville's per capita property tax revenue calculates at \$327.46.

- Fayetteville generates \$133.00 per capita from sales taxes, the second lowest of peer cities. The comparative data for the peer cities ranges from \$126.96 to \$186.86. Excluding the estimated population on Fort Bragg, Fayetteville's per capita sales tax revenue calculates at \$151.09.
- Fayetteville generates \$37.07 per capita from sales and service fees, the second lowest of peer cities. The comparative data for the peer cities ranges from \$32.53 to \$193.46. Excluding the estimated population on Fort Bragg, Fayetteville's per capita sales and service fee revenue calculates at \$42.10.

2. Does our City generate a higher percentage of its revenue from property taxes compared to its municipal peers?

A. Please see response to Question 1.

3. How much of our revenue is generated from service charges (inspection fees, parking fees, licensing fees, recycling fees, storm water fees, commercial trash collection fee-currently outsourced, etc.)?

A. Please see response to Question 1.

4. How much revenue per capita does the Council have to invest in providing service to its citizens and how does that compare to the nine peer cities in NC?

A. Row 45 of the attached spreadsheet provides comparisons as to per capita total adjusted revenues for Fayetteville and the other nine peer cities.

- Fayetteville generates \$762.45 per capita in total adjusted revenues, the lowest of peer cities. The comparative data for the peer cities ranges from \$1,040.10 to \$1,239.50. Excluding the estimated population on Fort Bragg, Fayetteville's per capita total adjusted revenue calculates at \$866.18.

Expenditures

5. Please provide a breakdown of Police Department Expenditures.

A. The table below provides a breakdown of the adopted budget for Police Department General Fund expenditures for fiscal year 2014, and was included as page I – 32 in the 2013-2014 Adopted Annual Budget document.

Police

	FY 2012	FY 2013	FY 2013	FY 2014	FY 2014
Description	Actual	Budget	Estimate	Recommend	Adopted
Salaries & Wages	24,806,587	25,990,675	26,123,881	27,082,077	27,050,606
Social Security & Pension	5,185,935	5,496,701	5,474,422	5,833,629	5,826,477
Insurance & Benefits	4,004,995	4,415,548	4,369,133	4,530,269	4,529,367
Temporary Services	156,025	140,724	169,268	167,206	167,206
Personnel Services	34,153,542	36,043,648	36,136,704	37,613,181	37,573,656
Utilities	196,692	215,761	193,430	203,898	203,898
Supplies	767,054	917,802	978,858	1,035,993	1,035,993
Small Equipment/Computers	147,181	148,713	223,692	65,603	65,603
General Maintenance	301,990	348,555	391,389	478,768	478,768
Vehicle Maintenance	1,294,581	1,347,700	1,367,557	1,340,709	1,204,059
Vehicle Fuel	1,343,234	1,522,267	1,340,000	1,369,650	1,369,650
Communications	708,089	704,427	746,259	800,138	800,138
Travel and Development	128,574	145,104	197,405	154,242	154,242
Memberships and Dues	6,164	7,354	8,458	8,043	8,043
Insurance	0	0	0	0	0
Other Services	215,954	228,758	217,076	225,171	225,171
Operating	5,109,513	5,586,441	5,664,124	5,682,215	5,545,565
Accounting, Auditing & Legal	3,920	3,821	5,574	5,741	5,741
Medical Services	28,331	26,164	38,160	40,160	40,160
Other Contract Services	246,796	230,060	298,798	247,393	247,393
Professional/Cont Services	279,047	260,045	342,532	293,294	293,294
Land	0	0	0	0	0
Buildings	0	0	0	0	0
Improvements	0	0	5,750	0	0
Equipment - Office	57,967	24,695	23,194	11,549	11,549
Equipment - Other	757,223	349,650	179,167	30,000	30,000
Equipment - Motor Vehicles	784,491	839,000	1,066,708	1,345,000	1,345,000
Infrastructure	0	0	0	0	0
Capital Outlay	1,599,681	1,213,345	1,274,819	1,386,549	1,386,549
Other Charges	102,533	112,778	111,607	111,616	111,616
Indirect Cost Allocation	0	0	0	0	0
Non-Profit/Gov't Agencies	3,000	3,000	3,000	3,000	3,000
Debt Service	0	0	0	0	0
Inventory	0	0	0	0	0
Cost Redistribution	(6,124)	(8,005)	(8,094)	(8,730)	(8,730)
Other Financing Uses	32,918	50,000	50,000	37,825	37,825
Other Charges	132,327	157,773	156,513	143,711	143,711
Total Expenditures	41,274,110	43,261,252	43,574,692	45,118,950	44,942,775

6. Please provide an analysis of our public safety spending compared to our peer cities.

- A. Rows 75 and 77 of the attached spreadsheet provide comparisons as to the % of total adjusted expenditures for public safety for Fayetteville and the other nine peer cities. It is important to note that the AFIR public safety expenditure classification includes expenditures for Police, Fire, Rescue, Building Inspections, Emergency Communications, Courts, Jails and Law Enforcement Separation Allowance.

For Fayetteville, 46.9% of the adjusted total expenditures for fiscal year 2012 were expended for public safety, which was the highest of the ten municipalities. For the nine peer cities, those percentages ranged from 28.69% to 39.97%.

On a per capita basis, Fayetteville expended \$343.14, which was the second lowest of the peer cities. For the nine peer cities, per capita spending for public safety ranged from \$336.40 to \$521.86. Excluding the estimated population on Fort Bragg, Fayetteville's per capita public safety expenditures were \$389.82.

7. Is it accurate that the City is spending nearly 43% of its budget on public safety before the increase in positions compared to our peers who are averaging about 10% to 20% less? (Winston- Salem-23%, Greensboro-27%, Wilmington 29%, Raleigh-38%, Durham 48%).

- A. Please see response to Question 6.

8. How much would the City's General Fund save if the City withheld 30% of its Phase V sewer extension contribution for FY2015?

- A. The planned contribution from the City to the Phase V sewer extension project for FY2015 is \$3,142,600 based upon the transfer discussions at the April work session. If that contribution were reduced by 30%, the General Fund would retain \$942,780 in FY2015.

9. How much would the City save in FY2015 if the City offered a one-time bonus of 1%, not to exceed \$500, rather than providing merit increases/pay adjustments in FY2015?

- A. If all employees received 1% bonuses, not to exceed \$500, budget reductions across all funds as compared to the City Manager's recommended budget would total \$988,773.

If general employees received 1% bonuses, not to exceed \$500, and police officers and upper ranks received increases as recommended in the City Manager's budget, budget reductions across all funds would total \$678,362.

10. How much would the City save in FY2015 if the City placed an immediate freeze on all positions not related to police until July 1, 2015?

- A. Listed below are the current vacant regular positions, excluding sworn police positions and positions funded by the County Parks & Recreation District. Across all funds, an estimated \$2,354,000 has been included in the fiscal year 2015 budget for these positions. For some positions, such as bus operators, the City would not reduce costs by keeping a position vacant unless the service provided were also reduced.

Department	Job Title	# of vacancies
Airport	Airport Maintenance Supv.	1
Airport	Custodian	1
Corp. Comm	Public Information Officer	1
Dev. Services	Plans Examiner	1
Dev. Services	Electrical Inspector	1
E&I	Equipment Operator II	1
E&I	Engineer III	1
Env. Services	Env. Services Collector	2
Env. Services	Equipment Operator II	4
Finance	Collections Division Supv.	1
Finance	Accounting Technician	1
Finance	Treasurer	1
HRD	HRD Director	1
HRD	Wellness Coordinator	1
Police	Installation Tech	1
Police	Latent Print Examiner	1
Police	Forensic Video Tech	1
Police	Crime Analyst	2
Police-Comm	Public Safety Dispatcher	3
Police-Comm	Public Safety Call Taker	5
PR&M	Sr. Skilled Trades Tech	2
PR&M	Equipment Operator II	1
PR&M	Parks Division Manager	1
PR&M	Equipment Operator I	2
PR&M	Recreation Center Supv.	1
PR&M	Asst. Rec. Center Supv.	1
PR&M	Business Manager	1
Transit	Safety/Training Coord.	1
Transit	Transit Supervisor	1
Transit	Transit Dispatcher	1
Transit	Bus Operator	1
Transit	Transit Analyst	1

45

Utility

11. Please provide an analysis of our water and sewer revenues compared to our peer cities?

- A. Row 44 of the attached spreadsheet provides comparisons for per capita water/sewer operating revenues for Fayetteville and the nine peer municipalities. For fiscal year 2012, Fayetteville generated \$340.95 per capita in water/sewer revenues as compared to peer city per capita revenues ranging from \$330.41 to \$427.49. Excluding the estimated population on Fort Bragg, Fayetteville's per capita water/sewer revenues would have been \$387.33.

While this is a statistic maintained by the State Treasurer's Office, a more appropriate comparison may be an analysis based on the number of customers and type of customer base for Fayetteville and our peer cities.

The UNC Environmental Finance Center maintains the North Carolina Water and Wastewater Rates Dashboard which may provide better comparison data for this question. The dashboard may be accessed at the following IP address:

<http://www.efc.sog.unc.edu/reslib/item/north-carolina-water-and-wastewater-rates-dashboard#>

12. Please provide an analysis of electric revenues that ties to the annual audit and what portion of those revenues would have been subject to the former 5% Electric Sales transfer calculation as stated in PWC's presentation on March 31.

- A. The attached spreadsheet summarizes electric revenues as reported in the City's FY2013 comprehensive annual financial report. The underlying data was provided by PWC's Finance Department. The 5% calculation was based only on billed "residential, commercial and industrial" electric sales in each fiscal year. Note that year-end accounting accruals were not factored into the calculation. In addition, other items such as area lighting sales, street lights, city sales and other revenues were not considered in the 5% calculation. Some limited evidence of this fact is reflected in the transfer arrangement (by reference to "electric sales") executed by the City and its Public Works Commission in 2008. A copy of the arrangement was provided to each of the Council members in a separate communication on April 14. Please note that a comparison of the two methods is provided at the bottom of the spreadsheet for the 2-year period.

NC Department of State Treasurer
Annual Financial Information Report Data for the Fiscal Year Ending June 30, 2012

	A	B	C	D	E	F	G	H	I	J	K	L
			Fayetteville	Charlotte	Raleigh	Greensboro	Durham	Winston-Salem	Cary	Wilmington	High Point	Asheville
1			207,996	751,999	412,311	272,190	231,730	232,143	139,169	108,333	105,493	85,339
2												
3		Revenues										
4												
5		Property Taxes	59,952,814	374,397,000	189,485,533	143,678,533	129,027,719	100,971,990	70,312,076	52,869,871	61,001,315	46,536,750
6												
7		Sales Tax	27,662,750	140,520,000	67,827,670	38,727,451	32,587,810	29,472,383	22,735,106	16,543,702	14,930,500	13,697,260
8												
9		Sales & Services										
10		Airport	5,253,664	220,335,000	0	0	0	0	0	0	0	0
11		Mass Transit	1,025,180	26,508,000	5,216,041	0	3,531,091	3,104,580	288,179	0	582,012	800,712
12		All Other	7,709,638	24,460,000	67,012,509	52,656,871	26,124,249	30,728,841	16,013,865	17,348,926	12,699,131	15,162,319
13												
14		Utility										
15		Water & Sewer	70,915,208	292,836,000	170,451,982	89,935,487	79,319,802	76,744,707	59,493,635	0	43,314,099	34,019,686
16		Electric	197,656,327	0	0	0	0	0	0	0	112,805,454	0
17		Stormwater	5,183,444	52,075,000	15,520,724	9,913,140	12,556,333	10,322,694	0	7,748,266	2,450,155	3,032,527
18		Other	0	0	0	0	0	0	0	0	0	0
19												
20		Intergovernmental (Fed, State, Local)										
21		Airports	6,506,701	5,144,000	0	0	0	0	0	0	0	0
22		Mass Transit	5,483,851	62,689,000	13,871,136	2,652,210	9,504,792	3,677,365	1,343,140	175,114	3,320,426	2,922,046
23		Water & Sewer	316,162	0	0	0	54,028	0	239,324	0	0	657,878
24		Electric	157,800	0	0	0	0	0	0	0	0	0
25		All Other	38,438,968	168,036,000	79,781,891	55,644,087	39,516,693	47,090,750	15,347,672	24,635,289	18,849,790	21,423,148
26												
27		Debt Proceeds	0	102,324,000	165,492,083	10,310,000	17,811,126	20,176,990	1,334,927	718,973	7,422,272	18,251,710
28												
29		Other Miscellaneous	24,822,170	179,284,000	51,877,270	23,594,079	43,137,897	33,188,366	43,890,943	12,044,091	19,987,924	8,957,823
30												
31		Total Municipal Revenues By Source	451,084,677	1,648,608,000	826,536,839	427,111,858	393,171,540	355,478,666	230,998,867	132,084,232	297,363,078	165,461,859
32												
33		Adjusted Total Revenues: Exclude Debt Proceeds and Revenues Associated with Utilities, Airports, Mass Transit	158,586,340	886,697,000	455,984,873	314,301,021	270,394,368	241,452,330	168,299,662	123,441,879	127,468,660	105,777,300
34												
35	Question 1	Property Tax as % of Adjusted Total Revenues	37.8%	42.2%	41.6%	45.7%	47.7%	41.8%	41.8%	42.8%	47.9%	44.0%
36		Sales Tax as % of Adjusted Total Revenues	17.4%	15.8%	14.9%	12.3%	12.1%	12.2%	13.5%	13.4%	11.7%	12.9%
37		Sales & Service Revenues as % of Adjusted Total Revenues	4.9%	2.8%	14.7%	16.8%	9.7%	12.7%	9.5%	14.1%	10.0%	14.3%
38		Intergovernmental Revenues as a % of Total Revenues	24.2%	19.0%	17.5%	17.7%	14.6%	19.5%	9.1%	20.0%	14.8%	20.3%
39		Other Miscellaneous as % of Total Revenues	15.7%	20.2%	11.4%	7.5%	16.0%	13.7%	26.1%	9.8%	15.7%	8.5%
40												
41	Question 1	Property Tax Per Capita	288.24	497.87	459.57	527.86	556.80	434.96	505.23	488.03	578.25	545.32
42		Sales Tax Per Capita	133.00	186.86	164.51	142.28	140.63	126.96	163.36	152.71	141.53	160.50
43		Sales & Service Revenues Per Capita	37.07	32.53	162.53	193.46	112.74	132.37	115.07	160.14	120.38	177.67
44	Question 10	Water/Sewer Revenues Per Capita	340.95	389.41	413.41	330.41	342.29	330.59	427.49	-	410.59	398.64
45	Question 4	Adjusted Total Revenues Per Capita	762.45	1,179.12	1,105.92	1,154.71	1,166.85	1,040.10	1,209.32	1,139.47	1,208.31	1,239.50

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	A	B	C	D	E	F	G	H	I	J	K	L
			Fayetteville	Charlotte	Raleigh	Greensboro	Durham	Winston-Salem	Cary	Wilmington	High Point	Asheville
1			207,996	751,999	412,311	272,190	231,730	232,143	139,169	108,333	105,493	85,339
2												
46		Expenditures										
47												
48		Utility										
49		Water & Sewer	100,006,680	222,543,000	148,368,224	112,883,067	45,517,882	71,895,244	98,171,698	0	32,017,368	23,424,403
50		Stormwater	7,942,191	52,908,000	13,686,134	2,375,733	9,044,954	14,550,915	0	10,783,401	11,276,923	3,058,626
51		Electric	172,157,541	0	0	0	0	0	0	0	209,507,760	0
52		Other	0	0	0	0	0	494,493	0	0	7,303,640	466
53												
54		Debt Service										
55		Water & Sewer	19,081,259	122,322,000	60,918,907	20,502,154	18,853,129	34,337,710	0	5,104,566	16,296,788	6,089,578
56		Electric	2,546,515	0	0	0	0	0	0	0	0	0
57		All Other	8,886,339	227,894,000	52,661,624	30,342,943	55,727,120	42,702,885	26,059,972	15,950,220	11,999,798	4,307,523
58												
59		Transportation										
60		Airport	11,201,174	171,248,000	0	0	12,500	0	0	0	0	0
61		Mass Transit	9,703,036	156,773,000	36,486,970	0	20,415,479	13,338,510	3,624,159	1,201,399	4,643,843	5,528,683
62		All Other	15,508,219	120,837,000	37,768,365	43,585,113	34,778,297	22,633,218	12,238,700	17,971,085	15,317,777	21,434,457
63												
64		General Government										
65												
66		Public Safety*										
67												
68		Other										
69												
70		Total Municipal Expenditures By Function	474,825,550	1,710,109,000	733,012,841	499,806,585	378,331,658	398,856,024	264,974,222	140,621,934	398,617,908	154,889,881
71												
72												
73		Adjusted Total Expenditures: Exclude Expenditures Associated with Utilities, Airports, Mass Transit	152,187,154	984,315,000	473,552,606	364,045,631	284,487,714	264,239,152	163,178,365	123,532,568	117,571,586	116,788,125
74												
75	Question 6	Public Safety Expenditures as % of Adjusted Total Expenditures	46.90%	36.34%	33.14%	31.47%	30.84%	37.40%	28.69%	36.07%	39.97%	38.13%
76												
77		Public Safety Expenditures per Capita	343.14	475.63	380.58	420.97	378.62	425.68	336.40	411.34	445.43	521.86
78												
79												
80												
81		* Note - Public Safety expenditure classification includes expenditures for Police, Fire, Rescue, Building Inspections, Emergency Communications, Courts, Jails and Law Enforcement Separation Allowance.										