

City of Fayetteville
Fiscal Year 2014 Budget Questions
Group 1

General Fund Revenues

1. Q. What are the trends of property tax revenue over the past five years?

A. The table below provides comparisons of actual taxable values from fiscal years 2008 to 2012, and the projected taxable values for fiscal years 2013 and 2014.

City of Fayetteville, North Carolina
Ad Valorem Tax Base and Revenue History and Projections

Fiscal Year Ended June 30	Taxable Real Property	Personal Property	Public Services Property	Total Assessed Value	City General Tax Rate	Growth In Assessed Value	Current Year Tax Collection
2014 Projected	11,644,696,807	1,828,610,379	166,500,205	13,639,807,391	\$0.456	1.8%	\$ 60,723,891 *
2013 Projected	11,456,812,335	1,777,907,223	166,500,205	13,401,219,763	\$0.456	2.0%	\$ 59,840,373 **
2012	11,266,321,496	1,705,019,913	167,761,204	13,139,102,613	\$0.456	2.0%	\$ 58,593,009
2011	11,086,569,089	1,628,238,092	161,145,492	12,875,952,673	\$0.456	1.1%	\$ 57,406,499
2010	10,929,960,838	1,638,183,540	162,847,740	12,730,992,118	\$0.456	22.0%***	\$ 57,126,776
2009	8,586,552,403	1,699,962,644	144,941,408	10,431,456,455	\$0.530	2.1%	\$ 53,901,099
2008	8,360,950,339	1,699,309,481	156,856,864	10,217,116,684	\$0.530	3.2%	\$ 52,738,807

* Excludes estimated collection of \$1,569,938 from motor vehicle taxes due to four-cycle overlap for transition to Tax and Tag Together program

** Excludes estimated collection of \$257,614 of FY2012 taxes for Gates Four annexation.

*** FY2010 growth in tax base includes growth due to the property revaluation process. The sales assessment ratio at the end of FY2009 was 81.72%.

2. Q. How have we treated the potential elimination of privilege fees from internet cafes in the proposed budget?

A. There are no revenues projected for privilege license fees from internet cafes in the FY2014 recommended budget. This impact is reflected in the projected decline in privilege license tax revenues from \$2,455,148 in FY2013 to \$1,037,200 in FY2014.

3. Q. Aside from the increases that have been discussed for the stormwater and solid waste fees, are there any other fee changes proposed for FY2014?

A. A listing of fee changes proposed for the coming fiscal year is provided in the recommended budget document on pages J-17 through J-37 in the column labeled "Proposed FY14 Changes". The fees proposed to change include sign placement permits, payments in lieu of parkland and tree save areas, utility excavation permits,

degradation fees, rollout cart exchange and delivery fees, parking violations and fees, special event permits and transit bus interior banner advertising fees.

Compensation

4. Q. What are the total expense and the percentage of the proposed salary increase? Does that include benefits?

- A. Across all annually budgeted funds, a total of \$2,858,438 was added to the recommended budget for fiscal year 2014 for employee pay adjustments, before projected vacancy savings reductions. This total includes \$859,533 for the police officer step-plan, \$319,352 for police upper ranks and \$1,679,553 for all other employees for Phase II implementation of the compensation study and merit adjustments. This cost is inclusive of associated benefit costs.

In addition to the implementation of Phase II of the pay study and a 2% upward adjustment of the police step plan, employee pay adjustments proposed include Police Officer step plan increases of 4% to 5%, and merit increases for qualifying employees based upon 2.5% of pay grade midpoints.

5. Q. How much expense does the longevity pay included in the budget amount to? Does this include payroll taxes? What percentage of payroll does it represent?

- A. The recommended fiscal year 2014 budget includes a projection of \$1,646,107 for longevity pay expenditures across all funds, plus an estimated \$286,752 for associated benefit costs. The total of \$1,932,859 represents approximately 2.03% of the total projected personnel budget for all affected funds.

6. Q. How many positions remain budgeted but unfilled in the proposed budget? How long have the positions been vacant?

- A. As of May 14, 2013, there are currently 61 authorized, regular full-time and part-time positions and 14 authorized over-hire positions that are vacant. In addition, there are 33 regular full-time and part-time positions that are currently frozen and unfunded, or are planned to be eliminated with the coming budget and, therefore, also unfilled.

The number of vacancies and the periods for which the positions have been vacant varies since it is a dynamic situation that is constantly changing. When resignations occur, a position's knowledge, skill, and ability requirements typically influence how long the vacancy is posted. The resulting applicant pool may or may not meet the needs of the department, occasionally requiring the vacancy to be re-posted. Some positions may also remain vacant for a period of time as departments evaluate ongoing staffing needs and consider restructuring opportunities.

7. Q. Identify any new positions in the proposed budget.

A. The recommended budget includes net decreases of three regular full-time positions and two regular, part-time positions as compared to the fiscal year 2013 original budget. The changes include:

Full-Time Position Changes

City Manager's Office	1	Deputy City Manager
Corporate Communications	1	Corporate Communications Director
Environmental Services	-1	Energy Efficiency Engineer
	-9	Solid Waste Collectors
	-3	Equipment Operator II's
Finance	1	Office Assistant I
	1	Payroll and Liabilities Manager
	1	Risk Coordinator
Human Resources Development	1	Human Resources Specialist
	1	Office Assistant I
	1	Wellness Coordinator
	1	Safety Officer
	1	Office Assistant II
Police	-1	Assistant Police Chief
	-1	Police Records Clerk
	2	Police Captains
	1	Police Lieutenant
	3	Police Sergeants
	-1	Installation Technician (Previously Frozen)
	1	Juvenile Program Assistant (Grant Funded)
Risk Management	-4	Pos'ns reallocated to Finance and Hum Res Dev

Part-Time Position Changes

Development Services	-1	Office Assistant I
Human Resources Development	-1	Office Assistant I

8. Q. Does the City use industry-standard benchmarks to provide estimate of cost-of-living changes?

A. Through various sources, one being the North Carolina League of Municipalities (NCLM) annual survey, the City does review what other organizations are doing with regard to annual compensation adjustments. The City does not provide a COLA but

rather a performance increase for eligible employees. The amount of the performance increase proposed is based upon a review of the market as well as what has been funded previously.

Expenditures

9. Q. What is the net financial impact of the Festival Plaza building in the proposed budget? Please provide a summary of City revenues and expenditures related to the Festival Park Plaza building since it was acquired.

- A. Expenditures totaling \$637,922 are included in the recommended budget for fiscal year 2014 for the Festival Plaza building. These expenditures include operating and management costs for the building and debt service. Tenant lease revenues for fiscal year 2014 are projected to total \$462,000, resulting in a net financial impact of \$175,922 for the General Fund for the fiscal year.

The City acquired the Festival Park Plaza building in June 2011. For fiscal year 2012, expenditures for debt service and other expenditures to operate the building totaled \$684,636, as compared to \$476,082 in lease revenues received. For fiscal year 2013, projected expenditures total \$696,977 as compared to \$478,000 in projected lease revenues.

10. Q. How can the City provide funding for the community investment project when storm water and solid waste fee increases are proposed?

- A. The \$1 million included in the FY2014 budget for the community investment initiative is funded from General Fund fund balance as it is a one-time use of funds. The increase proposed for the solid waste fee is needed to provide on-going revenues to fund recurring expenditures. Stormwater operating and capital costs are funded by the stormwater fee. The proposed fee increase for stormwater is recommended to fund drainage improvements and recover the cost of street sweeping operations.

11. Q. What has the City budgeted for the government access channel for the upcoming year? What staffing, if any, does it include?

- A. For FY2014, a public information specialist position previously assigned to the Police Department has been reallocated to the Corporate Communications Department to assume primary responsibility for Government Access Channel operations. Total personnel costs for this position are estimated at \$58,664 for FY2014. The FY2014 base budget also includes \$4,127 in funding for equipment and editing software. This is in addition to an estimated \$16,000 of equipment that will be purchased in the current fiscal year to initiate the new channel.

The total funding request to PWC for FAY-TV 7 is \$81,791 to fund a Government Access Channel coordinator, including personnel costs, supplies, etc. This was originally included as a new initiative that would have been funded contingent upon

decisions regarding payments to the Utility. However, the City Manager has since removed this from the New Initiatives list to be funded directly by PWC. Therefore, the combined funding from PWC and the General Fund will pay for two positions and some equipment for FY2014.

General

12. Q. Please provide a reconciliation between the proposed budget with the transfers to Enterprise Funds and the method we used for the current year budget. For example, what are total salaries regardless of whether they are in a General Fund account or an Enterprise Fund account?

A. The table on the following page provides a comparison between the FY2013 original budget for General Fund expenditures and what the total projected General Fund expenditure budget for FY2014 would have been had the Street Sweeping and Environment Services functions not been transitioned to the Stormwater and Environmental Services Enterprise Funds.

Question 12 Table

	FY2013	FY2014	Sweeping in Enterprise Fd for FY2014	Env. Svcs. in Enterprise Fd for FY2014	Adjustments for General Fd vs. Enterprise Fd (See Below)	FY2014 Recommend Comparable to FY2013 Budget
General Fund Expenditures	Budget	Recommend				
Salaries & Wages	61,169,567	60,730,561	326,203	2,540,550	0	63,597,314
Social Security & Pension	10,439,916	10,725,879	48,033	373,746	0	11,147,658
Insurance & Benefits	10,988,848	10,934,054	64,008	525,930	0	11,523,992
Temporary Services	478,222	575,874	0	344,599	0	920,473
Personnel Services	83,076,553	82,966,368	438,244	3,784,825	0	87,189,437
Utilities	1,981,977	1,912,579	1,800	37,210	0	1,951,589
Supplies	3,550,958	3,264,980	7,280	341,306	0	3,613,566
Small Equipment/Computers	390,955	280,038	0	10,320	0	290,358
General Maintenance	2,211,403	2,486,121	0	11,750	0	2,497,871
Vehicle Maintenance	4,945,399	3,310,710	226,900	1,288,548	0	4,826,158
Vehicle Fuel	3,141,673	2,241,009	63,630	701,612	0	3,006,251
Communications	1,790,667	1,795,848	50	79,091	0	1,874,989
Travel and Development	676,633	759,312	1,650	7,840	0	768,802
Memberships and Dues	191,349	222,486	0	4,171	0	226,657
Insurance	1,297,482	1,264,479	0	93,863	0	1,358,342
Other Services	1,168,587	1,167,355	0	0	0	1,167,355
Operating	21,347,083	18,704,917	301,310	2,575,711	0	21,581,938
Accounting, Auditing & Legal	521,181	623,864	0	0	0	623,864
Medical Services	105,776	154,978	600	1,656	0	157,234
Other Contract Services	13,009,895	13,522,828	128,750	42,100	0	13,693,678
Professional/Cont Services	13,636,852	14,301,670	129,350	43,756	0	14,474,776
Land	0	0	0	0	0	0
Buildings	23,134	0	0	0	0	0
Improvements	94,000	165,000	0	0	0	165,000
Equipment - Office	96,616	44,549	0	0	0	44,549
Equipment - Other	383,060	180,326	0	0	0	180,326
Equipment - Motor Vehicles	4,681,000	2,745,200	0	1,155,000	206,000	4,106,200
Infrastructure	5,100	5,100	0	0	0	5,100
Capital Outlay	5,282,910	3,140,175	0	1,155,000	206,000	4,501,175
Other Charges	840,393	309,363	1,350	3,520	0	314,233
Indirect Cost Allocation	133,589	129,344	0	314,527	-314,527	129,344
Non-Profit/Gov't Agencies	322,075	315,875	0	0	0	315,875
Debt Service/Capital Fd'g Plan	7,558,031	7,019,621	0	0	0	7,019,621
Inventory	1,714,800	1,734,500	0	0	0	1,734,500
Cost Redistribution	-1,966,378	-1,973,030	0	0	0	-1,973,030
Other Financing Uses	13,025,715	25,926,272	206,000	360,000	-6,764,550	19,727,722
Other Charges	21,628,225	33,461,945	207,350	678,047	-7,079,077	27,268,265
Total Expenditures	144,971,623	152,575,075	1,076,254	8,237,339	-6,873,077	155,015,591
					206,000	
					-314,527	
					-206,000	
					-6,558,550	
					-6,873,077	