

FY 2018 Annual Budget

City of
Fayetteville
North Carolina

Recommended



May 8, 2017 Budget Presentation





- \$230,715,964 total expenditures across all funds
- \$170,378,517 General Fund expenditures
- 1.9% increase in General Fund
- Recommended tax rate 52.66 cents per \$100 valuation











Top Council Priorities

- Economic Development
- Public Safety
- Beautification/Greenways
- Infrastructure Investment
- Affordable Housing
- Parks and Recreation



Expenditure and Service Highlights

-  **Goal 1:** Safe and Secure Community
-  **Goal 2:** Diverse and Viable Economy
-  **Goal 3:** High Quality Built Environment
-  **Goal 4:** Desirable Place to Live, Work and Recreate
-  **Goal 5:** Sustainable Organizational Capacity
-  **Goal 6:** Resident Engagement and Partnerships



Goal 1: Safe and Secure Community

- Complete construction of relocated Fire Station 12
- Finance \$3.3 million for radio replacements
- \$465,000 for the City's share of design costs for the City/County Emergency Communications Center
- \$374,000 for design of permanent Fire Station 16
- \$219,000 for the next phase of renovations at the Police Administration Building
- \$25,000 for neighborhood traffic calming measures



Goal 2: Diverse and Viable Economy

- Funds significant downtown redevelopment
 - Construction of the baseball stadium to be financed in FY17
 - \$1.1 million for redevelopment site infrastructure
 - Finance \$3.6 million to construct a parking deck at City Hall
 - \$400,000 for land for a short term parking solution
- Continues \$100,000 annual support for FCEDC
- Funds an additional \$100,000 for the downtown MSD to transition to an arts and entertainment focus
- Repurposes \$200,000 to create a small business revolving loan fund
- Continues implementation and support of the LSDBE program



Goal 3: High Quality Built Environment

- \$4.15 million in annual street resurfacing funding
- \$2.26 million for stormwater drainage projects
- \$1.6 million to complete Legend Avenue
- \$950,000 to repair storm-damaged Sykes Pond Road
- \$650,000 for sidewalk improvements
- \$870,000 for transportation improvement agreements in partnership with the NC DOT, including:
 - \$300,000 for sidewalks on Raeford Road
 - \$200,000 for traffic signal at Strickland Bridge Road
 - \$95,000 for a bicycle master plan



Goal 3: High Quality Built Environment

- Funds an additional professional engineer position
- \$50,000 for a review of the Unified Development Ordinance
- \$10,000 for development of design guidelines for historic districts
- \$208,000 to continue development of the FayWorx system



Goal 4: Desirable Place to Live, Work and Recreation

- First Parks and Recreation bond issuance scheduled for September, 2017
 - Splash pads, existing park improvements, skateboard park and western senior center projects underway
- \$529,000 for operating costs for new downtown transit center
- \$260,000 additional funding for airport terminal renovation
- \$621,000 of additional local funding for Cape Fear River Trail
- \$100,000 for the affordable housing program
- \$100,000 to continue the partnership with Cumberland County to fund strategies to assist homeless citizens
- \$70,000 to fund an update of the P&R master plan



Goal 5: Sustainable Organizational Capacity

- Continuation of Police Officer, Fire Fighter, and Emergency Telecommunicator step pay plans
- 2% merit pay increases for employees not on step plans
- Funds required increases for employer contributions for pension and medical benefits
- Funds \$749,000 for a variety of technology projects, including \$361,000 for computer replacements
- Funds \$286,000 to sustain facility maintenance program
- Funds \$5.8 million for vehicle and equipment replacements



Goal 6: Resident Engagement and Partnerships

- Develops an ombudsman group to enhance service delivery and provide for focused resolution of community issues
- \$27,000 for the development of an enhanced mobile app to access the City's website
- \$23,000 to continue the youth internship program
- \$20,000 for biennial resident survey
- \$10,000 to convene a community anti-poverty summit
- Continue with next phases of City Hall renovation, including the first floor customer service areas



Revenue Highlights

- Property revaluation is the most important factor impacting revenues for fiscal year 2018
 - Revaluation is the process of reappraising all properties within the county for tax assessment purposes.
 - Goals:
 - Value properties at current market prices
 - Equitably distribute the cost of local government among property owners
 - Required to be conducted every eight years



Projected Taxable Values



Projected Taxable Values	Fiscal Year 2017	Fiscal Year 2018	Projected Variance
Real Property	\$12,204,952,924	\$11,642,978,146	-4.60%
Personal Property	593,793,108	604,184,487	1.75%
Public Service Property	190,188,185	190,188,185	0.00%
Motor Vehicles	1,377,789,803	1,426,012,446	3.50%
Total Projected Valuation	\$14,366,724,020	\$13,863,363,264	-3.50%



Revaluation Process and Revenue Neutral Tax Rate

- A revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced by the current tax rate if no reappraisal had occurred.
- A growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal is applied.
 - 1.72914% since last reappraisal for Fayetteville
- The recommended tax rate of 52.66 is the rate that staff has calculated to be the revenue neutral tax rate



Revaluation Process and Revenue Neutral Tax Rate

Estimated FY 2017 total taxable values	\$14,366,724,020
Calculated FY 2017 total levy @ 49.95 cents	\$71,761,786
Apply 1.72914% natural growth rate to levy	<u>\$73,002,648</u>
Estimated FY 2018 total taxable values	\$13,863,363,264
Revenue-neutral tax rate	52.66 cents
Calculated FY 2018 revenue-neutral levy	<u>\$73,004,471</u>
Three month lag to apply new tax rate to motor vehicles	(104,428)
Projected FY 2018 levy at 52.66 tax rate	\$72,900,043



Revenue Highlights

- Central Business Tax District tax rate recommended to remain at 10.0 cents
 - Revenue neutral tax rate is projected to be 10.26 cents
- Lake Valley Drive MSD tax rate recommended to increase from 33.6 cents to 39.4 cents
 - Projected 16.7% decline in taxable values following revaluation
 - Tax rate increase needed to generate revenues necessary to repay the General Fund loan by fiscal year 2021



Revenue Highlights

- Residential solid waste fee
 - Recommended to increase by \$4 to \$48 per year
 - Fee adjustment needed to fund the increase in the recycling collection contract is \$2.43 per year
 - Fee adjustment needed to offset declining revenues from sales of collected recyclables is \$0.92
- Stormwater fee
 - Recommended to increase by \$0.50 per month per equivalent residential unit to \$4.25 per month
 - Annual equivalent is a \$6 increase to \$51 per year



Revenue Highlights

- General Fund Intergovernmental Revenues
 - Sales Taxes
 - FY 2017 \$40,149,823 0.9% above budget
 - FY 2018 \$41,806,724 4.1% above FY17
 - Utility Taxes
 - FY 2017 \$13,724,100 4.9% below budget
 - FY 2018 \$13,748,600 0.2% above FY17



Revenue Highlights

- General Fund Intergovernmental Revenues
 - Public Works Commission
 - Payment In Lieu of Tax
 - FY 2017 \$ 9,966,765
 - FY 2018 \$10,428,117 (4.6% above FY2017)
 - Based upon 2.45% of Electric Fund Net Assets
 - Economic Development Payments
 - FY 2017 \$1,200,000
 - FY 2018 \$1,200,000
 - Payments to continue through FY 2021 for a total of \$6 million



Revenue Highlights

- FY 2018 includes \$4.9 M in planned loan proceeds for vehicle and equipment purchases in the General Fund and Environmental Services Fund
- FY 2018 includes \$5.7 M appropriation from General Fund fund balance for non-recurring uses
- Projected available General Fund fund balance at end of FY 2017 is \$20.4 M or 12.36% of FY 2018 budgeted expenditures
 - Council policy is 10.0%. Balance beyond 10% is \$3.7 million.
 - Goal is 12.0%. Balance beyond 12% is \$391,000.



Next Steps

- Council budget work sessions are scheduled on:
 - Thursday, May 11th
 - Thursday, May 18th
 - Thursday, May 25th
- Council is asked to set the public hearing on the budget for Monday, May 22nd
- The recommended budget is available for public inspection in the Office of the City Clerk and on the City's website at www.fayettevillenc.gov
- Council is scheduled to adopt the budget, CIP and TIP, strategic plan and fee schedule on Monday, June 12th

Questions?