

**FY18 Budget Process
City Council Budget Questions
Group 4**

CIP Projects

- 39. There is \$543,456 projected to be spent in FY 2018 for the Hope VI project. What is to be funded with this amount?**

The projected expenditures of the remaining project appropriation for the Hope project relate to the City's commitment for the Center City Business Park, including acquisition of remaining parcels, design and possible infrastructure.

- 40. How did Council's decision to eliminate the \$3.6 million project to construct a parking deck impact overall contributions to CIP items?**

As noted in the materials provided for the June 5th work session for confirmation of changes to the recommended budget, debt service paid through the capital funding plan was reduced by \$166,031 due to the elimination of the planned debt issuance to fund the construction of the parking deck.

- 41. There is \$400,000 funded in FY 2018 to acquire a short-term parking location. How long will these parking spaces be needed? Is it possible to lease a location, instead of purchasing land?**

The purchase of the land for parking was intended to provide a location for staff to park pending construction of the parking deck behind City Hall. As that project has been eliminated from the CIP by Council, the parking location will now be needed indefinitely. The project is proposed to be funded using accumulated cash from the Capital Funding Plan.

- 42. There is \$1,135,000 to be appropriated from Capital Funding Plan fund balance to pay for supporting infrastructure surrounding the site for the stadium and other redevelopment projects. Can this be bond funded with the issuance of the limited obligation bonds for the stadium?**

The \$1,135,000 is currently proposed to be funded using accumulated cash from the Capital Funding Plan. Cheryl Spivey posed this question to our bond attorney and financial advisor, and both indicated that downtown public infrastructure in the area of the stadium, such as streets, stormwater, sidewalks, water and sewer could be included in the stadium financing.

- 43. There is \$996,380 proposed to be expended in FY 2018 for the next phase of City Hall renovations. Can this be delayed or cancelled?**

The funding plan for the remaining phases of the City Hall renovation is to borrow an additional \$1.9 million in May, 2018. All but \$484,000 of the funding for the remaining phases of the renovations has already been appropriated to the project. At the May 25th work session, Council provided consensus direction to continue with the City Hall renovations. Should Council wish to cancel the remaining renovations, the additional debt issuance planned for May, 2018 would be cancelled, resulting in additional future funding capacity in the Capital Funding Plan. There would be no impact to the recommended FY 2018 budget as the first debt service payments for this financing are not scheduled to begin until FY 2019.

44. There is \$620,802 proposed to be funded in FY 2018 for the next phase of Cape Fear River Trail. What is the source of funds for this item? Is this necessary this year?

The \$620,802 of additional funding for the Cape Fear River Trail project is proposed to be provided by a transfer from the General Fund from the use of funding capacity generated through the financing of motor vehicles, with the debt service for the vehicle financing funded through the Capital Funding Plan. Based upon the last agreements we have with NCDOT, the City has committed to having the project let by December, 2017. Also, the City recently received approval from CSX for the construction plans. As such, staff believes that this funding is necessary for fiscal year 2018. There may be potential for grant funding from the state to help offset the additional \$620,802 contribution planned from the General Fund.

45. The CIP includes \$1,548,147 for the City/County Emergency Communications Center for FY 2018, including \$465,371 from the General Fund. Is this project ready for allocation? Can this item wait until next fiscal year?

As noted in the response to Council budget question #34, the projected funding amount for FY 2018 is for an allocation of the design costs for the consolidated facility. It was noted that the cost, and allocations of costs for this project among the City, County and PWC, are subject to change as interlocal agreements with the County advance. The General Fund share for this project in FY 2018 is proposed to be funded from accumulated resources in the Capital Funding Plan. Council could choose to delay this project, however, completion of the design stage would be essential to moving forward with plans for a referendum for the issuance of public safety bonds.

46. There is \$218,000 of funding included for FY 2018 for the next phase of Police Department renovations. Is this project necessary this fiscal year?

The planned renovations for FY 2018 include expansion of the evidence storage area and enlarging the waiting in the front lobby by moving the ballistic window back. Proposed funding for this project stems from funding capacity created through the financing of motor vehicles, for which the debt service is funded through the Capital Funding Plan.

The Police Department advises that the impact of deferring or cancelling the planned building renovations for the expansion of the evidence storage area will be significant. The evidence section is running out of space to store evidence. By law, some evidence has to be maintained well after a case is disposed. The department is collecting more and more evidence to ensure proper preparation for prosecution of cases. The Forensics Unit has expanded its ability to gather and process evidence, which has increased our demand for storage space. The Forensics Unit expanded and space was assigned to accommodate the move.

The delay in the front desk renovations will not be a significant impact to the department. The renovations would enable the Central Records Unit to provide better customer service by allowing more privacy at the front for citizens; would present a more professional atmosphere; create a larger media room; and, provide space to display historical police artifacts.

47. There is \$396,118 of projected expenditures in FY 2018 for the computer replacement plan, of which \$360,516 is funded by a transfer from the General Fund. Is this project required this fiscal year?

IT staff reports that this project is required for this fiscal year. The City uses a planned “end of life” approach to PC replacement, with a 4-year computer replacement lifecycle, in an effort to mitigate damage from failures as well as minimize support cost. If the replacement funding were to be removed, we would expect repair costs to escalate, increased losses in productivity due to declining performance, and negative impacts to the degree of standardization in our environment and to the predictable, steady funding model for the replacement lifecycle process.

48. There is \$1.6 million of funding included in FY 2018 for the realignment of Legend Drive. How is this funded? Is this project required this fiscal year? Is there potential for this project to be delayed to allow for an opportunity to request funding through FAMPO for the State’s STIP? CM Mohn and MPT Colvin are members and could request that the project be added to the SPOT 5.0 project list.

The \$1.6 million of proposed funding for this project in FY 2018 stems from funding capacity created through the financing of motor vehicles, for which the debt service is funded through the Capital Funding Plan.

The new alignment will offer more direct connectivity to the Skibo Road corridor from Sycamore Dairy Road and will provide better traffic operations. The Legend Avenue / Skibo Road intersection is less than ideal due to the severely skewed alignment, the fact that it is only right-in/right-out, and is also located only a few hundred feet from the fully-signalized Walmart Supercenter intersection. It also has a very abrupt grade change which makes it difficult for truck access to serve the adjacent businesses. The proposed realignment will offer much better ingress and egress for traffic as it ties in at the existing signalized intersection for the Walmart Supercenter. The new alignment is expected to increase safety as vehicles will be able to access the full movement signalized intersection with separate turn lanes for each movement. Also, traffic is expected to increase approximately 20% to over 5,500 vehicles per day, which will offer additional economic benefit to the properties along Legend Avenue.

At the present time, \$218,815 has been expended on this project including design, right of way, and traffic signal improvements, with design plans currently at 90% completion.

There is a right of way agreement associated with this project in which the owners of the Barcelona Club provided the right of way for the road in exchange for relocation of their required stormwater pond. There is approximately one acre of right of way that the City needs to acquire for that stormwater pond. If the Legend Avenue road project is not completed by September, 2021, the right of way for the road would revert back to the owners of the Barcelona Club.

Additionally, the City has already collected funds for the construction of the sidewalk and driveway entrances for Caliber Collision. There is also another agreement with the hotel that is currently under construction at the corner of Sycamore Dairy to incorporate turn lanes,

sidewalk, and a driveway entrance into the road project, for which the costs will be reimbursed by the hotel if the project is started by Dec 2019.

Finally, staff does not believe that state funding could be acquired for the construction of Legend Avenue as the road is not a state maintained road.

49. Can the \$275,600 of funding for the Dr. E.E. Smith House Restoration be freed up for other uses as Council is split on its support for this project?

The design and restoration work is already underway.

50. Can the Capital Funding Plan now support funding a pool in western Fayetteville in FY 2019 or FY 2020?

The pool constructed at College Lakes cost approximately \$2.8 million. The Council removed the \$3.6 million project to construct a parking deck behind City Hall from the recommended CIP. Should Council wish to construct another pool and not plan to address the parking issue in next few fiscal years, there would be capacity in the Capital Funding Plan to issue debt to finance another pool over a 15 year period.

Other Expenditures

51. Has the Center for Economic Empowerment and Development (CEED) met all requirements for the City to make the planned \$350,000 contribution for the Culinary Incubator project?

Staff has received verbal confirmation from CEED representatives that they are ready to proceed with the project and expect to submit a letter requesting release of the funds on June 13th.

52. Does the City need to spend \$100,000 to continue our partnership with the County to fund strategies to assist homeless residents?

The City Manager recommends that this partnership and noted funding continue for fiscal year 2018.

Fee Structure

53. How much could the General Fund transfer to the Environmental Services fund be decreased if there was an additional \$100 increase in the residential solid waste fee?

Each dollar of the residential solid waste fee is projected to generate \$61,870 in fiscal year 2018. If the fee were to be increased by an additional \$100, the General Fund transfer to the Environmental Services fund could be reduced by \$6,187,000.

54. How much of an increase in the Solid Waste fee would be needed to maintain the current tax rate of 49.95 cents?

As presented at the May 25th budget work session, maintaining the current tax rate would result in a tax revenue shortfall of \$3,681,445. That is the equivalent of a solid waste fee increase of \$59.50. If the Council wished to maintain the current tax rate, the impact to the General Fund

could be offset by increasing the Solid Waste fee to \$108, as opposed to the \$48 fee included in the budget proposed for adoption.

55. How much could revenue could the City generate by offering green trash cans to businesses? That is, offer smaller businesses the option to elect to have City services as opposed to private trash services.

Staff is unable to provide a service plan for Council consideration in this limited timeframe.

56. How much could be generated by a motor vehicle tax increase of \$10 or \$15?

As amended effective July 1, 2016, state statutes permit municipalities to levy motor vehicle taxes of up to \$30 with the use of the proceeds specified as follows:

- i) General purpose - \$5
- ii) Public transportation - \$5
- iii) Public streets – Remainder of \$30

Fayetteville currently has two \$5 fees in place for general purposes and transit. That leaves \$20 of local authority remaining to levy a tax for “maintaining repairing, constructing, reconstructing, widening, or improving public streets in the city or town that do not form a part of the State highway system.”

It is estimated that the City’s current \$5 general purpose fee will generate \$626,840 in fiscal year 2018. Due to the approximate three month delay in billing a new fee through the NC DMV, it would be estimated that a new \$5 fee would generate approximately \$165,000 less, or approximately \$462,000 in the first year. A \$10 fee would be projected to generate approximately \$924,000, and a \$15 would be projected to generate approximately \$1.386 million. As the City’s funding for recurring street resurfacing and improvements is largely provided by Powell Bill funding, any new fees would need to be dedicated to additional expenditures for qualifying purposes.

Debt Retirement Options

Franklin Street Parking Deck

- Projected outstanding balance at June 30, 2017 \$3,371,667
- Interest Rate 5.1%, less approximately 42% IRS Interest Rebate 2.96%
- Stated goal is to terminate the interlocal agreement which directs increases in County, City and CBTD ad valorem taxes generated in the downtown MSD to repay the parking deck debt. Early repayment may negate the County’s payment participation in this debt service. Additionally, the County already agreed to provide financial support for the stadium project by isolating related development parcels from the existing agreement.
- The \$1.6 million of funding for the Legend Avenue project was to be funded through the use of proceeds from vehicle financings. The interest rate projected for this debt is 3.0%.

Interfund Loans

- Murchison Road Redevelopment Loan from RM - Balance at June 30, 2017 \$1,024,543 @ 2.75%
- Westover Pool Loan from RM – Balance at 6/30/17 \$177,658 @ 2.75%
- Cape Fear River Trail Loan from RM – Balance at 6/30/17 \$562,500 @ 2.75%
- Stadium Financing Model – Projected Balance at 6/30/17 \$1,049,182

Use of General Fund Fund Balance

Projected Available General Fund Fund Balance	\$20,160,685	
10% Policy	\$16,639,052	Excess: \$3,521,633
10.5%	\$17,471,005	Excess: \$2,689,680
11%	\$18,302,957	Excess: \$1,857,728
11.5%	\$19,134,910	Excess: \$1,025,775
12% Target	\$19,966,862	Excess: \$ 193,823