

DRAFT

**FAYETTEVILLE CITY COUNCIL
BUDGET WORK SESSION MINUTES
COUNCIL CHAMBER, CITY HALL
MAY 21, 2026
10:00 A.M.**

Present: Council Members Stephon Ferguson (District 1) (departed at 1:30 p.m.); Malik Davis (District 2); Antonio Jones (District 3); D. J. Haire (District 4) (departed at 12:30 p.m.); Lynne Greene (District 5) (arrived at 10:02 a.m.); Derrick Thompson (District 6); Brenda McNair (District 7); Shaun McMillan (District 8); Deno Hondros (District 9)

Absent: Mayor Mitch Colvin

Others Present: Douglas Hewett, City Manager
Lachelle Pulliam, City Attorney
Jeffrey Yates, Assistant City Manager
Jodi Phelps, Assistant City Manager (arrived at 10:29 a.m.)
Michael Gibson, Interim Assistant City Manager
Roberto Bryan, Jr., Police Chief
Kevin Dove, Fire Chief
Willie Henry, Chief Information Officer
Tiffany Murray, Chief Financial Officer
Tyffany Neal, Transit Director
Rose Rasmussen, Internal Audit Director
Andrew LaGala, Airport Director
Jerry Clipp, Human Resources Director
John Jones, Office of Community Safety Director
Byron Reeves, Deputy Public Services Director
Brian McGill, Assistant Public Services Director
Michelle Brooks, Interim Budget Director
David Scott, Communications Manager
Andrew Mansell, Senior Assistant to the City Manager
Kimberly Toon, Assistant Finance Officer
Amanda Mott, Assistant Finance Officer
Jennifer Ayre, City Clerk
Members of the Press

1.0 CALL TO ORDER

Mayor Pro Tem Thompson called the meeting to order at 10:00 a.m.

2.0 INVOCATION

The invocation was offered by Council Member McNair.

3.0 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by the Mayor Pro Tem and City Council.

4.0 APPROVAL OF THE AGENDA

MOTION: Council Member Haire moved to approve the agenda.
SECOND: Council Member Jones
VOTE: UNANIMOUS (8-0)

5.0 CLOSED SESSION

MOTION: Council Member Davis moved to enter into closed session for Attorney-Client Privilege regarding *City v. PCH* and economic development pursuant to N.C.G.S. § 143 318.11(a)(3) and (4).
SECOND: Council Member Haire
VOTE: UNANIMOUS (8-0)

The regular meeting recessed at 10:02 a.m.

DRAFT

MOTION: Council Member Hondros moved to come out of closed session
SECOND: Council Member Haire
VOTE: UNANIMOUS (9-0)

The meeting reconvened at 10:36 a.m.

6.0 ITEMS OF BUSINESS

MOTION: Council Member Hondros moved to excuse Council Member Haire at 12:30 p.m.
SECOND: Council Member Davis
VOTE: UNANIMOUS (9-0)

6.1 Transparency and Engagement Tool

Ms. Priscilla Xayaphet, Budget Analyst, presented a new transparency and engagement tool available on the City's website. The website provides a Portable Document Format (PDF) of the Fiscal Year 2027 (FY27) recommended budget and Capital Improvement Plan (CIP). Ms. Xayaphet stated the budget challenge tool is available for residents to provide feedback and recommendations on the FY27 budget. Additionally, the transparency tool will allow residents to review the budget down to the line-item level. Council Member Haire requested a link to the transparency module be placed on the City website homepage.

Discussion ensued regarding how the transparency and engagement tool can be used. Mr. Jeffrey Yates, Assistant City Manager, stated the plan is to roll out the full capabilities in the new year.

6.2 Review of Budget Chronicles & Parking Lot Items

Mr. Jeffrey Yates, Assistant City Manager, stated based on Council's direction, the following items are in the parking lot, which are items requested by Council but not currently funded:

- Langdon Street Improvements estimated at \$350,000.00
- Housing Needs Assessment estimated at \$71,000.00
- Convention Center Study estimated at \$250,000.00
- 910 Fest estimated at \$350,000.00
- Dogwood Festival estimated at \$75,000.00
- Downtown Manager estimated at \$150,000.00

At the end of the Budget Work Sessions, the items will require Council action to either raise revenue or swap items.

Discussion ensued regarding the parking lot items. Dr. Douglas Hewett, City Manager, stated there will be a dedicated time to review and discuss each item. Mr. Yates stated the next two Budget Work Sessions will focus on discussing the parking lot items in detail.

Mr. Yates stated last week there were questions regarding the vacancy rates. The vacancy rate and vacancy savings are two different things. The vacancy rate represents the number of vacant positions against authorized positions. The vacancy savings is the amount of money saved from budgeted payroll against actual expenditure. \$8.9 million is the estimated vacancy savings for Fiscal Year 2027 (FY27). Discussion ensued regarding the Police Department vacancies.

Discussion ensued regarding the work completed prior to recommending a tax increase, which included assuming \$8.9 million in vacancy savings, \$1.2 million in early debt payoff, and identifying \$1.2 million in other limited reductions, which resulted in a recommended two-cent tax increase instead of six-cent and also includes \$26,000.00 for the residential survey.

Mr. Yates stated the Budget Department provides a targeted budget amount to each department, and the departments must review their current services and then provide a prioritized list of needs. Discussion ensued. Other appropriations are fund-level appropriations that are not funded directly to a department, such as transfers, salary increases, and vacancy savings.

Council Member Greene stated priorities are in place for a reason and public safety has continued to be the Council's number one priority. Public safety should be funded at the full amount, to include the 38 frozen positions, even if that means something else gets cut.

DRAFT

Mr. Yates stated the General Fund fund balance is calculated from the total assets, liabilities, and commitments, which creates an appropriable fund balance. Council made a policy of keeping 12 percent (%) fund balance and a floor of 10%. There is \$6 million from the fund balance committed to the Stadium View Project and is considered un-appropriable unless Council takes action. Discussion ensued regarding the fund balance.

6.3 Compensation Philosophy

Mr. Jerry Clipp, Human Resource Development Director, presented this item with the aid of a PowerPoint presentation and stated the foundational tool for the City is the "Employer of Choice" framework. A 2026 study from the Society for Human Resource Management stated there is a clear intention between retention and engagement. Pay and security is what keeps people in their roles and are also top factors on a workers' decision to join, stay, or leave an organization. To remain competitive in the job market, staff reviews 25% of positions in-house each year. This year, staff recommended 4 percent (%) of midpoint raise for all pay ranges and step increases for those in the step plan. A commissioned public safety salary study found that public safety salaries are approximately 6% below market, the study additionally provided options to maintain step plans or implement an open range pay plan.

Pay ranges for all employees have not been adjusted since 2022 and employees are approximately two pay ranges behind. Staff recommends considering adjustments to pay ranges in January and adjust pay ranges every year by 1% to get caught up or increase all salaries by 50% cost of living allowance (COLA) to keep up with market conditions.

Discussion ensued regarding the current public safety employees on step plans, which includes Fire, Police, and Telecommunicators. There is an issue with Police Department Lieutenants and staff are working to resolve it within the next month.

Discussion ensued regarding pay ranges and how they are adjusted overall.

6.4 Investment in Downtown – including Parking

Mr. Jeffrey Yates, Assistant City Manager, presented this item with the aid of a PowerPoint presentation and stated downtown investment aligns with all of the City's strategic goals and priorities. Currently, the City invests in events, dedicated public safety, landscaping, support staff, parking, utilities and stormwater, and capital improvements. All of these investments total \$5.6 million for Fiscal Year 2027 (FY27). Without \$554,000.00 from the General Fund, the parking fund will not be able to be operate at its current service level and historically the General Fund has supported the parking fund. There are two major costs associated with the parking fund, which includes payment for the operator and contract fees, and operation and maintenance fees. The City is reaching a point where downtown investment has matured to a level that Council needs to identify how to continue the service. This discussion serves as an introduction to the idea and does not require decisions at this time. Downtown investment is fragmented in how we are managing our downtown development.

Discussion ensued regarding the Municipal Service District (MSD), the parking fund, downtown investment, and the need for a downtown plan. Dr. Douglas Hewett, City Manager, stated staff is asking Council to commit to a parking philosophy, such as not subsidizing parking over a certain amount and then staff will provide recommendations on what that would look like and how to accomplish it. The City has had studies done before on parking, but because adjustments have been made based on feedback and conditions, the City now has a subsidized parking fund. Dr. Hewett recommended Council review the special event parking rate as there are an estimated 77 special events throughout the year.

Discussion ensued regarding the operating costs and capital related to downtown investment. The parking contract services were reduced to the level of contract the City can afford.

6.5 Transit Funding Sustainability

Mr. Jeffrey Yates, Assistant City Manager, presented this item with the aid of a PowerPoint presentation and stated the policy question is how the Fayetteville Area System of Transit (FAST) can be expanded and improved over the next 20 years to be reliable, affordable, and equitable for all residents and how much should the City rely on market forces. To help offset the transfer, staff are working on maximizing the apportionment. However, until the system and usage can be improved the City will not be able to reduce reliance on the use of the General Fund. Staff are recommending \$9.5 million transferred from the General Fund to the Transit Fund, while the total Transit budget is \$15,373,508.00. The contribution breakdown per ride includes \$1.00 from riders, \$4.00 from the Federal Transit Administration (FTA), \$6.81 from the General Fund per rider, and

DRAFT

an estimated 5 percent (%) in farebox recovery. An additional hub for western Fayetteville and additional amenities is not included in the recommended budget. Discussion ensued.

Ms. Tyffany Neal, Transit Director, stated there are currently 126 transit employees, with 170 positions budgeted. Discussion ensued regarding the cost of Transit personnel and how to utilize public-private partnerships.

Council Member Jones requested a budget proposal that does not include a tax increase and includes the funding of the 38 frozen police officer positions, build-out of the Office of Community Safety, increased Fire positions, and personnel salary 4% increase. Dr. Douglas Hewett, City Manager, stated if staff just funded the 38 officers, which would not include the required vehicles, it would be cost over \$4 million.

7.0 ADJOURNMENT

There being no further business, the meeting adjourned at 2:09 p.m.

Respectfully submitted,

JENNIFER L. AYRE
City Clerk
052126

MITCH COLVIN
Mayor

DRAFT