



# FY 2026 Recommended Operating and Capital Budget

*City Council Meeting  
May 12, 2025*



- City Council Priorities:
  - A continued commitment to a comprehensive approach to community safety
  - Advancing revitalization efforts and addressing housing needs
  - Expanding Parks and Recreation opportunities to promote youth engagement and interaction
  - Fostering economic growth throughout the city
  - Enhancing transportation and connectivity options for residents
- Budget Principles
  - Focus on employees
  - Focus on maintaining services and commitments
  - Focus on high-value, high-impact additions



- Total recommended budget is down by \$8.5 million a reduction of 2.64%
- \$4.6 million for employee compensation, assuming a vacancy rate of 7.4%
  - \$2.5 million for 4%, \$800,000 for FPD Steps, \$650,000 for FFD Steps, \$50,000 for Telecommunications Steps, and \$625,000 for 1% 401k increase
- \$.4495 Recommended Ad Valorem Rate
  - Lost sales tax revenues, with a net impact of \$3.1 million
  - Reduced motor vehicle ad valorem tax revenue \$2.4 million
  - Compensation increases for employees \$4.6 million
  - Annual funding for the FPD axon technology and video storage \$2.6 million
  - New Investments of \$3.1 million, with \$1.3 million of identified service reductions
- No recommended Stormwater or Solid Waste Rate Increases
- Maintain Current Fares at FAST
- \$.1489 CBTD Revenue-Neutral Ad Valorem Tax Rate

# Recommended Tax Rates

Tax Rate Break Down in Pennies	Adopted FY 2025	Revenue Neutral	Recommended FY 2026	Rate Change	Rate % Change
Operating Rate	48.96	32.75	38.52	10.44	-21.32%
Parks and Recreation GO Bond Rate	1.42	0.95	0.83	0.59	-41.77%
Public Safety and Housing GO Bond Rate	2.50	1.67	1.60	0.90	-36.00%
Dedicated Capital Improvement Rate	5.07	3.39	4.00	1.07	-21.10%
Total Recommended Tax Rate	57.95	38.76	44.95	13.00	-22.44%

## Recommended New Investments

- \$1,910,000 Investment in Goal 5: The City of Fayetteville will be a financially sound city providing exemplary city services.
- \$130,000 investment in Goal 6: The City of Fayetteville will continue to have a collaborative citizen and business engagement base.
- \$422,000 investment in Priority 1: A continued commitment to a comprehensive approach to community safety.
- \$692,000 investment Priority 2: Advancing revitalization efforts and addressing housing needs.

# General Fund Sources

Description		Actual FY2022	Actual FY2023	Actual FY2024	Budget FY2025	Recommended FY2026	Change from FY25 to FY26
Ad Valorem Taxes	\$	86,263,640	86,411,713	94,255,866	106,789,542	104,850,886	-1.82%
Other Taxes		13,708,564	14,278,469	14,461,293	14,000,209	14,858,218	6.13%
Intergovernmental Revenues		7,221,462	6,933,421	7,027,664	6,808,461	2,420,970	-64.44%
Sales Tax		59,244,980	63,591,544	64,130,538	64,500,275	51,489,950	-20.17%
Functional Revenues		11,577,371	13,086,472	11,852,448	13,262,069	13,087,090	-1.32%
Other Revenues		734,788	661,305	1,574,725	3,620,290	1,378,340	-61.93%
Investment Income		142,090	3,509,744	2,992,236	3,965,225	3,475,000	-12.36%
Other Financing Sources		19,480,001	1,498,174	3,460,848	1,574,523	5,238,500	232.70%
Interfund charges		4,554,967	4,201,874	3,980,645	4,058,135	8,606,865	112.09%
<b>Sources Total</b>	<b>\$</b>	<b>202,927,863</b>	<b>194,172,717</b>	<b>203,736,262</b>	<b>218,578,729</b>	<b>205,405,819</b>	<b>-6.03%</b>

# General Fund Uses

Description		Actual FY2022	Actual FY2023	Actual FY2024	Revised FY2025	Recommended FY2026	Change from FY25 to FY26
Personnel Services	\$	105,100,558	113,597,426	118,065,761	143,996,224	148,617,374	3.21%
Operating Expenditures		25,098,530	26,520,746	25,497,274	29,937,917	31,160,164	4.08%
Contract Services		7,485,143	7,090,008	7,840,762	6,006,663	12,795,382	113.02%
Capital Outlay		17,768,344	6,896,594	7,343,103	2,225,598	368,739	-83.43%
Transfer to Other Funds		31,004,980	30,353,328	32,400,809	35,165,058	18,040,242	-48.70%
Debt Service		4,250,986	28,375	232,963	-	-	0.00%
Other Charges		562	112,126	7,896	(8,462,500)	(5,576,082)	-34.11%
Annexation Payments		9,709,769	9,909,155	9,555,310	9,709,769	-	0.00%
<b>Uses Total</b>	<b>\$</b>	<b>200,418,873</b>	<b>194,507,759</b>	<b>200,943,878</b>	<b>218,578,729</b>	<b>205,405,819</b>	<b>-6.03%</b>

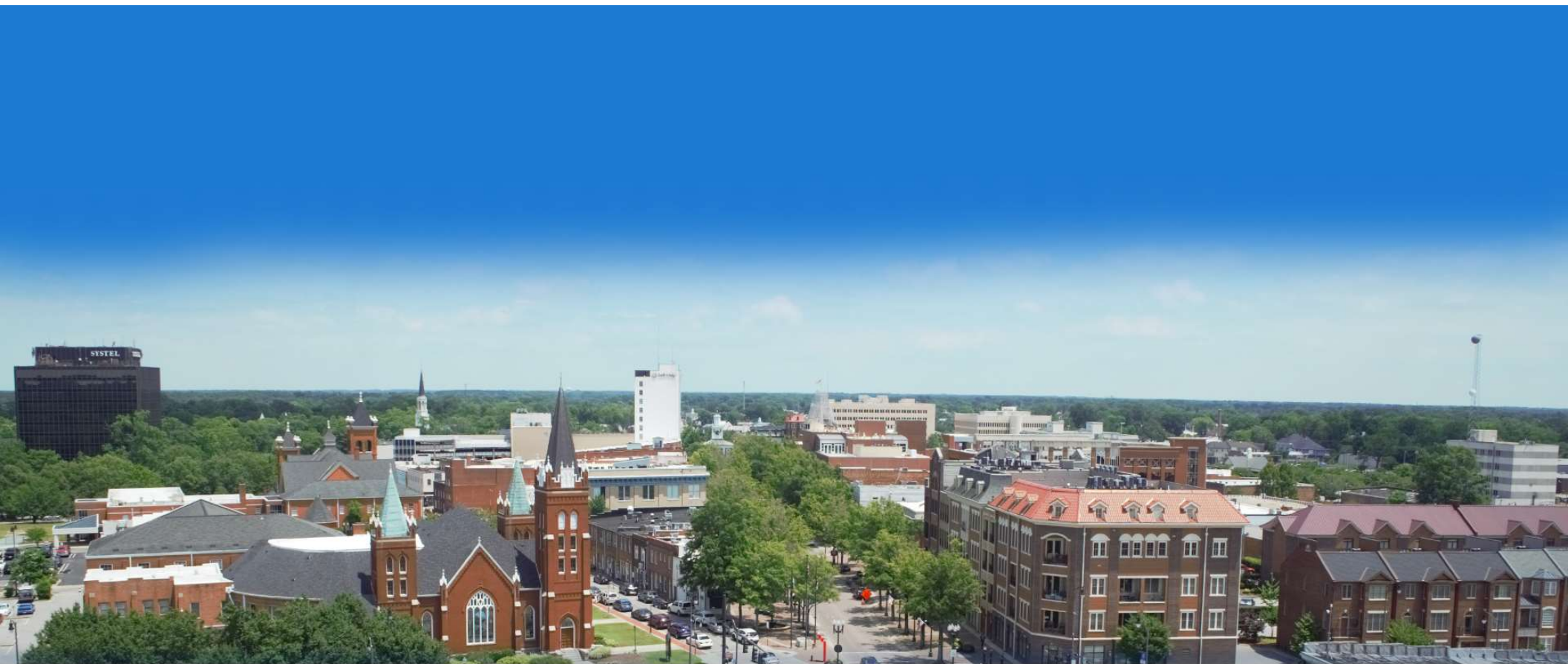
By Department	Actual FY2022	Actual FY2023	Actual FY2024	Budget FY2025	Recommended FY2026	Change from FY25 to FY26
Non-Departmental	\$ (39,734,896)	(59,154,583)	(45,861,379)	-	-	0.00%
Mayor, Council, City Clerk	991,151	1,187,520	1,416,694	1,235,551	1,530,275	23.85%
City Managers Office	5,229,018	8,229,214	7,691,238	3,239,561	13,445,572	315.04%
Marketing & Communications	1,486,298	916,997	985,891	1,180,678	1,280,926	8.49%
Budget & Evaluation	564,253	495,432	587,991	582,918	701,463	20.34%
Other Appropriations	49,963,596	51,208,530	42,987,001	53,409,721	30,155,943	-43.54%
City Attorneys Office	1,737,321	2,010,772	2,050,954	2,290,876	2,507,854	9.47%
Finance	12,922,566	15,553,143	16,959,336	19,351,150	18,982,375	-1.91%
Human Resource Development	21,512,669	21,528,696	22,327,011	27,575,399	24,800,368	-10.06%
Human Relations	269,613	247,586	303,318	356,183	367,406	3.15%
Information Technology	17,620,373	9,645,926	10,345,590	8,836,550	8,819,219	-0.20%
Police	60,116,804	60,434,774	59,638,986	65,727,631	71,731,563	9.13%
Fire	33,044,159	37,924,264	37,677,871	35,507,835	39,696,479	11.80%
Development Services	5,057,216	5,091,482	5,403,062	6,002,554	6,675,497	11.21%
Public Services	61,211,216	59,952,391	61,943,288	47,335,937	43,465,108	-8.18%
Parks, Recreation & Maintenance	32,609,868	29,970,684	32,090,602	24,030,642	24,158,256	0.53%
Economic & Community Development	4,478,995	5,491,821	2,187,470	2,894,806	1,774,476	-38.70%
Airport	18,618,215	10,158,799	9,883,696	7,390,448	8,226,830	11.32%
Transit	15,443,081	14,279,234	14,674,016	14,038,656	14,200,561	1.15%
<b>Total</b>	<b>\$ 303,141,516</b>	<b>275,172,682</b>	<b>283,292,636</b>	<b>320,987,096</b>	<b>312,520,171</b>	<b>-2.64%</b>

- Parking Study ~ \$150,000
- Additional Public Safety Cameras \$TBD
- BriefCam AI Software (FPD) \$TBD
- Festival Park Security Upgrades \$TBD
- ROW Maintenance Temp Staffing (above required) ~\$440,000



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|------------------------------------|--|
| May 15 <sup>th</sup> at 10:00 AM - | Budget work session: Operating Budget and Tax Rate Discussion                      |
| May 22 <sup>nd</sup> at 10:00 AM - | Budget work session: Capital Improvement Program and Public Safety Discussion      |
| May 27 <sup>th</sup> at 6:30 PM -  | Required public hearing  |
| May 29 <sup>th</sup> at 10:00 AM - | Work session: budget consensus direction, Council questions, and parking lot items |
| June 2 <sup>nd</sup> at 2:00 PM -  | Work session: budget consensus direction, Council questions, and parking lot items |
| June 9 <sup>th</sup> at 6:30 PM -  | Possible Adoption  |





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