FY 2025 Recommended Operating and Capital Budget

City Council Regular Meeting
May 13, 2024

FAYETTEVILLE NC

Celebrating The Wins!

- Five-year anniversary of the opening of Segra Stadium, since then:
- Completion of 2016 Parks and Recreation Bond Projects
- Approval of a $97 million public safety, infrastructure and affordable housing bond referendum
- $96.3 million of competitive federal funding awarded, submitted and actively applying for since January 2024
- 3.78% growth in ad valorem value due to investment and new growth
- 1,646 new jobs created and $336 million of new investment
- Crime is at a seven-year low
- Point-in-time count shows a reduction in homelessness
- $7 million Day Resource Center

More than 1,800 full-time and part-time employees, have achieved all of this

Challenges and Opportunities

- Recruitment and Retention
- More than $9 million of net sales tax revenue lost
- Cost inflation in all areas of goods and services the City procures
- Aging infrastructure
- Economic pressures and the national and state political landscape

Bottom Line Up-Front

- Total recommended budget grew by $8.8 million, 2.83%
- $4 million of funding for the Office of Community Safety and related activities
- $.05 ad valorem tax increase to fund $8.3 million for public safety market adjustments and make compression adjustments
- 4% of mid-point, merit increase, honor public safety steps and a 1% 401K increase to recruit and retain employees
- $1 monthly increase in the Stormwater fee to fund the capital and operating program
- $10 annual increase to the solid waste fee is recommended to continue to provide Solid Waste services and leaf season
- $.111 MSD ad valorem rate increase to provide for the enhanced services in the Downtown Municipal Service District

The recommended tax rate and rate increases result in a **$6.00 monthly** increase for a house valued at $100,000.

The Key Highlights

- Assumed an 8% vacancy rate and a freeze of 35 terminally vacant positions, $10.6 million
- Moved the $341,900 for loose leaf collection to the Environmental Services Fund
- $747,587 of general fund balance to maintain inefficient routes while the City conducts a fare equity study
- Maintained funding for capital programs
- Maintained funding for community events through Cool Spring
- $750,000 of program fee increases throughout the general fund
- $8.1 million of other current operating requests not recommended
- Overall, strives to maintain the current service levels at a high standard

General Fund Sources

General Fund Sources		Actual FY 2023	Adopted FY 2024	Revised FY 2024	Recommended FY 2025	Change %
Ad Valorem Taxes	$	(73,696,590)	(82,133,807)	(84,720,847)	(91,595,422)	8.11%
Other Taxes		(1,516,634)	(4,165,700)	(1,578,660)	(4,360,228)	176.20%
Intergovernmental Revenues		(26,334,127)	(24,698,053)	(24,698,053)	(26,157,459)	5.91%
Sales Taxes		(63,591,544)	(67,546,074)	(67,546,074)	(64,500,275)	-4.51%
PWC Pilot		(11,072,379)	(10,243,713)	(10,243,713)	(12,243,713)	19.52%
Functional Revenues		(7,880,557)	(6,410,738)	(6,410,738)	(7,891,173)	23.09%
Other Revenues		(3,727,874)	(3,609,538)	(3,619,538)	(4,203,687)	16.14%
Investment Income		(2,421,460)	(1,161,300)	(1,161,300)	(3,986,225)	243.26%
Other Financing Sources		(2,822,865)	(4,297,449)	(4,297,449)	(993,000)	-76.89%
Appropriated/Used Fund Balance		(1,490,792)	(5,928,266)	(16,326,026)	(1,574,523)	-90.36%
Total Sources	$	(194,554,822)	(210,194,638)	(220,602,398)	(217,505,705)	-1.40%

The recommended tax Rate is $0.5895, up .05 from FY 2024.
Each .01 of the tax rate is estimated to yield $ 1,544,000.

General Fund Uses

General Fund Uses	Actual FY 2023	Adopted FY 2024	Revised FY 2024	Recommended FY 2025	Change %
Personnel Services	$ 113,644,490	132,034,956	129,769,715	142,256,645	9.62%
Operating Expenditures	24,919,634	25,531,144	26,682,826	25,311,738	-5.14%
Contract Services	8,072,430	7,690,696	8,986,466	7,340,376	-18.32%
Capital Outaly	6,896,594	6,292,698	15,888,879	4,229,098	-73.38%
Transfer to Other Funds	30,353,328	40,148,435	39,761,684	34,228,113	-13.92%
Debt Service	28,375	28,500	28,500	-	-100.00%
Other Charges	730,817	(18,532,501)	(17,516,382)	(5,570,034)	-68.20%
Annexation Payments	9,909,155	17,000,710	17,000,710	9,709,769	-42.89%
Contribution to Fund Balance	-	-	-	-	0.00%
Total Uses	$ 194,554,823	210,194,638	220,602,398	217,505,705	-1.40%

Office of Community Safety

OCS and OCS Activities		General Fund	ARPA Funding	Grants, Block Grants, and Settlement Funds	Total Funding
Office of Community Safety	$	1,500,000	-	-	1,500,000
Mental Health Response and Diversion					
Mental Health Liaison		103,374	-	-	103,374
Law Enforcement Diversion Program		-	-	100,000	100,000
Violence Prevention and Interruption					
PROOVE Project/CVIPI		-	220,000	-	220,000
Phoenix Center		-	75,000	46,173	121,173
SoundThinking Detection System		-	197,000	-	197,000
Homelessness Risk Reduction					-
Homeless Coordinator		89,560	-	-	89,560
Homeless Encampment Impact Reduction Program		-	140,000	-	140,000
Day Resource Center Operations		-	300,000	-	300,000
Victim Advocate		-	150,000	-	150,000
ECD Non-Profit Partners		-	-	223,000	223,000
Re-Entry Program		10,000	-	-	10,000
Youth Opportunities					
Police Athletic League		29,693	-	-	29,693
Educating Kids on Gun Violence		-	-	71,000	71,000
ECD Non-Profit Partners		373,000	310,000	20,000	703,000
Parks and Recreation Opportunities		-	-	-	-
Total OCS and OCS Activities	$	2,105,627	1,392,000	460,173	3,957,800

Public Safety Market Adjustments

- Increase Police Department step plan to market - $5.8 million
  - Increase from $43,860 to $50,555 for step 0, for Police Officer
  - Increase from $65,790 to $83,450 for step 10, for Police Officer
  - Increase from $37,740 to $40,948 for step 0, for Telecommunicator I
  - Increase from $55,982 to $60,740 for step 14, for Telecommunicator I
  - Increase from $40,392 to $43,219 for step 0, for Telecommunicator II
  - Increase from $61,713 to $66,033 for step 15, for Telecommunicator II
- Increase for Fire Department to Market – $2.5 million
  - Increase from $40,800 to $45,000 for step 0, for Fire Fighter
  - Increase from $63,954 to $76,620 for step 18, for Fire Fighter
  - Increase from $50,490 to $57,000 for step 1, for Fire Lieutenant
  - Increase from $71,910 to $86,850 for step 18, for Fire Lieutenant
- Adjust for compression, 30 Police Officers - $73,574

Stormwater Utility Fund

Stormwater Fund Summary		Actual FY 2023	Adopted FY 2024	Revised FY 2024	Recommended FY 2025	Change %
Sources						
Intergovernmental Revenues	$	18,234	-	-	-	0.00%
Functional Revenues		(11,530,386)	(11,716,604)	(11,716,604)	(13,676,155)	16.72%
Other Revenues		(3,070)	-	-	-	0.00%
Investment Income		(160,506)	(2,500)	(2,500)	-	-100.00%
Appropriated/Used Fund Balance		(4,652,970)	(8,341,661)	(4,348,273)	(72,420)	-98.33%
Total Sources	$	(16,328,698)	(20,060,765)	(16,067,377)	(13,748,575)	-14.43%
Uses						
Personnel Services	$	3,232,393	4,361,137	4,361,137	4,382,466	0.49%
Operating Expenditures		908,764	1,000,222	1,031,126	918,037	-10.97%
Contract Services		639,469	715,870	1,529,633	1,644,137	7.49%
Capital Outaly		1,404	1,300	1,300	772,400	59315.38%
Transfer to Other Funds		9,418,500	12,495,770	7,657,715	4,555,755	-40.51%
Debt Service		100,584	931,111	931,111	920,387	-1.15%
Other Charges		2,027,584	555,355	555,355	555,393	0.01%
Contribution to Fund Balance		-	-	-	-	0.00%
Total Uses	$	16,328,698	20,060,765	16,067,377	13,748,575	-14.43%
Monthly Residential Stormwater Rate	$	6.00	6.00	6.00	7.00	16.67%

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Environmental Services Funds

Environmental Services Fund Summary		Actual FY 2023	Adopted FY 2024	Revised FY 2024	Recommended FY 2025	Change %
Sources						
Intergovernmental Revenues	$	(517,433)	(481,315)	(481,315)	(481,315)	0.00%
Functional Revenues		(14,398,051)	(17,001,916)	(17,001,916)	(18,286,334)	7.55%
Other Revenues		(43,445)	(33,560)	(33,560)	(169,560)	405.24%
Investment Income		(261,258)	(16,000)	(16,000)	(16,000)	0.00%
Appropriated/Used Fund Balance		-	-	(846,547)	(569,909)	-32.68%
Total Sources	$	(15,220,187)	(17,532,791)	(18,379,338)	(19,523,118)	6.22%
Uses						
Personnel Services	$	5,713,429	6,134,322	6,129,772	6,764,013	10.35%
Operating Expenditures		4,514,909	4,314,144	4,506,256	3,918,088	-13.05%
Contract Services		2,532,432	2,979,222	3,067,985	3,677,540	19.87%
Capital Outaly		248	2,205,620	2,775,842	2,493,609	-10.17%
Transfer to Other Funds		139,144	-	-	870,009	0.00%
Debt Service		26,810	1,079,026	1,079,026	1,063,374	-1.45%
Other Charges		2,103,554	816,598	816,598	736,485	-9.81%
Annexation Payments		2,416	3,859	3,859	-	-100.00%
Contribution to Fund Balance		187,245	-	-	-	0.00%
Total Uses	$	15,220,187	17,532,791	18,379,338	19,523,118	6.22%
Annual Solid Waste Fee	$	225.00	265.00	265.00	275.00	3.77%

Transit Operating Fund (FAST)

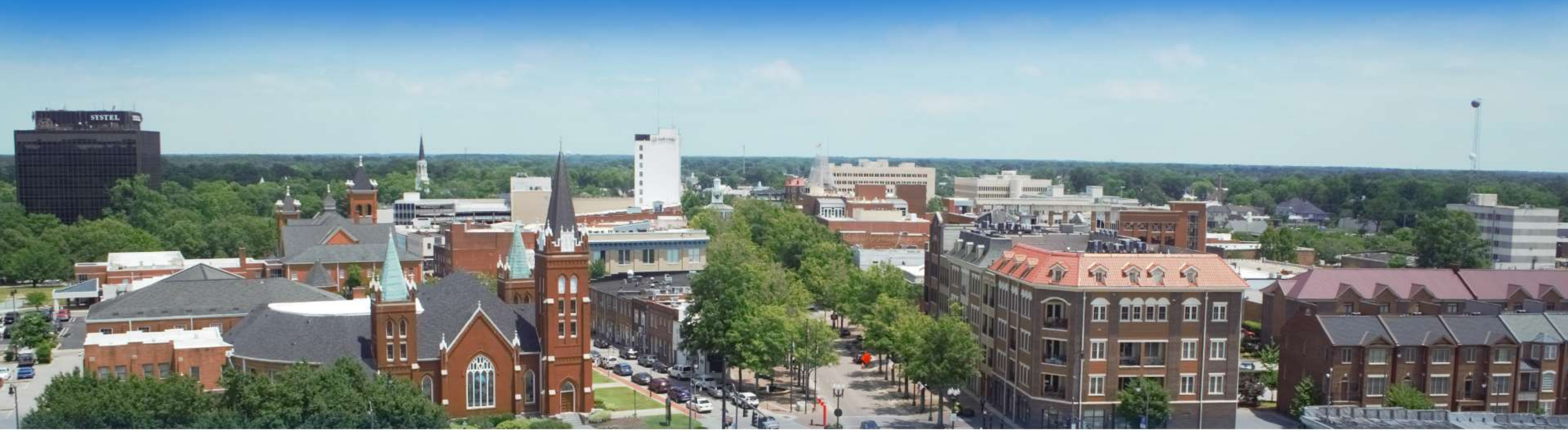
Transit Fund Summary		Actual FY 2023	Adopted FY 2024	Revised FY 2024	Recommended FY 2025	Change %
Sources						
Other Taxes	$	(649,744)	(653,550)	(653,550)	(689,658)	5.52%
Intergovernmental Revenues		(3,641,561)	(3,270,000)	(3,270,000)	(3,470,000)	6.12%
Functional Revenues		(102,878)	(1,162,700)	(1,162,700)	(992,363)	-14.65%
Other Revenues		(188,284)	(160,560)	(160,560)	(111,349)	-30.65%
Other Financing Sources		(10,578,460)	(8,223,160)	(8,223,160)	(8,775,286)	6.71%
Appropriated/Used Fund Balance		-	-	(230,756)	-	-100.00%
Total Sources	$	(15,160,927)	(13,469,970)	(13,700,726)	(14,038,656)	2.47%
Uses						
Personnel Services	$	8,503,703	9,029,550	9,050,176	9,632,284	6.43%
Operating Expenditures		2,439,395	2,662,705	2,830,240	2,857,658	0.97%
Contract Services		679,271	413,565	414,447	559,273	34.94%
Capital Outaly		4,524	16,000	57,713	121,000	109.66%
Transfer to Other Funds		980,325	794,650	794,650	48,441	-93.90%
Debt Service		1,316	-	-	-	0.00%
Other Charges		2,552,393	553,500	553,500	820,000	48.15%
Contribution to Fund Balance		-	-	-	-	0.00%
Total Uses	$	15,160,927	13,469,970	13,700,726	14,038,656	2.47%

Other Funds

All Other Fund Expenditures		Actual FY 2023	Adopted FY 2024	Revised FY 2024	Recommended FY 2025	Change %
Parking Fund	$	1,153,642	1,263,357	1,343,611	1,098,509	-18.24%
Central Business District		254,694	349,966	442,466	324,114	-26.75%
E-911 Fund		459,872	960,353	1,569,746	495,677	-68.42%
PWC Assessment Fund		1,760,227	890,000	890,000	1,635,000	83.71%
Safety and Worker's Compensation Fund		2,030,522	2,600,500	2,678,501	2,592,399	-3.21%
Porperty and Liability Fund		2,266,504	2,647,114	2,740,395	3,366,956	22.86%
Risk Management Fund		19,557,896	23,944,000	26,253,062	25,265,278	-3.76%
Airport Operating Fund		11,521,534	6,480,448	7,424,876	7,390,448	-0.46%
LEOSSA Fund		1,447,135	3,358,228	3,358,228	3,179,584	-5.32%
Fleet Management Internal Service Fund		7,973,031	7,306,812	7,409,332	9,750,053	31.59%
Total All Other Funds	$	48,425,057	49,800,778	54,110,217	55,098,018	1.83%

The Process

May 16th at 10:00 AM -	Budget work session: OCS, public safety, enterprise funds, Council questions and parking lot items
May 23rd at 10:00 AM -	Budget work session: general fund, CIP/TIP, Council questions and parking lot items
May 28th at 6:30 PM -	Required public hearing
June 3rd at 2:00 PM -	Budget work session: budget consensus direction, Council questions and parking lot items
June 10th at 6:30 PM -	Adoption



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