

City of Fayetteville

433 Hay Street
Fayetteville, NC
28301-5537
(910) 433-1FAY (1329)

Meeting Agenda - Final City Council Work Session

Thursday, May 10, 2018

5:00 PM

Lafayette Conference Room

BUDGET

1.0 CALL TO ORDER

2.0 INVOCATION

3.0 APPROVAL OF AGENDA

4.0 OTHER ITEMS OF BUSINESS

4.01 [18-225](#) Overview of Major Revenue Trends and Discussion of Fee Change
Proposals for FY 2019

Attachments:

[Budget Worksession PowerPoint May 10 2018](#)

[FY2018 and Preliminary FY2019 Tax and Fee Comparisons](#)

[History of Funding Sources for Transit Operations](#)

4.02 [18-226](#) City Manager's Administrative Updates

5.0 ADJOURNMENT

CLOSING REMARKS

The City of Fayetteville will not discriminate against qualified individuals with disabilities on the basis of disability in the City's services, programs, or activities. The City will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities so they can participate equally in the City's programs, services, and activities. The City will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all City programs, services, and activities. Any person who requires an auxiliary aid or service for effective communications, or a modification of policies or procedures to participate in any City program, service, or activity, should contact the office of Human Relations, ADA Coordinator, e-mail: YNazar@ci.fay.nc.us, 910-433-1696, or the Office of the City Clerk at cityclerk@ci.fay.nc.us, 910-433-1989, as soon as possible but no later than 72 hours before the scheduled event.

City of Fayetteville

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City Council Action Memo

File Number: 18-225

Agenda Date: 5/10/2018

Version: 1

Status: Agenda Ready

In Control: City Council Work Session

File Type: Other Items of
Business

Agenda Number: 4.01

TO: Mayor and Members of City Council

THRU: Telly C. Whitfield, Ph. D., Assistant City Manager

FROM: Tracey Broyles, Budget and Evaluation Director

DATE: May 10, 2018

RE:

**Overview of Major Revenue Trends and Discussion of Fee Change Proposals for
FY 2019**

COUNCIL DISTRICT(S):

All

Relationship To Strategic Plan:

GOAL V: Fayetteville will have unity of purpose and sustainable capacity across the organization.

OBJECTIVE: To ensure strong financial management with fiduciary accountability and plan for the future resource sustainability by aligning resources with City priorities.

Executive Summary:

For the first of the three scheduled budget work sessions, staff will provide a presentation for discussion of major revenue assumptions for the General Fund and proposed fee schedule changes for Fiscal Year 2019.

Background:

The Local Government Budget and Fiscal Control Act (LGBFCA) requires submission of a balanced, recommended budget for the upcoming fiscal year to the governing board not later than June 1st each year.

The City Manager's Recommended Budget for Fiscal Year 2019 was made available to City Council on May 4, 2019. The formal budget presentation will be made by the City Manager at the May 14th regular Council meeting.

Three budget workshops have been scheduled on consecutive Thursdays - May 10th, May 17th and May 24th, 2018.

Issues/Analysis:

To be discussed and deliberated during scheduled budget workshops.

Budget Impact:

The budget impact will be discussed and deliberated during scheduled budget workshops.

Options:

No action requested at this time.

Recommended Action:

None required at this time.

Attachments:

Presentation of Major Revenue Trends and Fee Change Proposals for FY2019
FY2018 and Preliminary FY2019 Peer City Tax and Fee Comparisons
History of Funding Sources for Transit Operations

FY 2019 ***RECOMMENDED*** ***ANNUAL BUDGET***



City of
Fayetteville
North Carolina

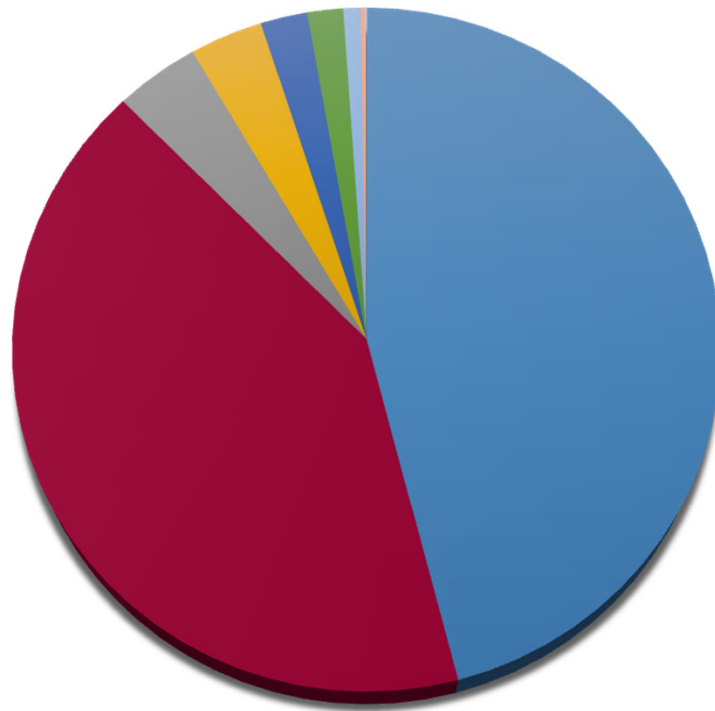


May 10th Worksession Agenda

- Overview of Major General Fund Revenue Trends
- Recommended Fee Adjustments
 - Solid Waste
 - Stormwater
 - Parks & Recreation
 - Transit
- Peer City Comparative Data



FY2018 General Fund Revenues and Other Financing Sources



- Intergovernmental Revenues 46.0%
- Ad Valorem Taxes 41.6%
- Functional Revenues 4.0%
- Fund Balance Appropriation 3.4%
- Other Financing Sources 2.2%
- Other Revenues 1.7%
- Other Taxes 0.8%
- Investment Income 0.2%
- Interfund Transfers 0.1%



Taxable Property Values

- Taxable property growth has slowed
 - Average annual percentage increase in the tax base from January 2009 to January 2017 was 1.73%
 - For Fiscal Year 2018, total taxable values are projected to be \$71.3 million or 0.5% below original budget estimates, primarily due to licensed motor vehicle valuations.
 - Estimated growth from FY 2018 year end projections to FY 2019 recommended budget is 0.71%
 - Estimated growth from FY 2018 original budget to FY 2019 recommended budget is 0.2%



Projected Taxable Values



Projected Taxable Values	Fiscal Year 2018 Year End Projection	Fiscal Year 2019	Projected Variance
Real Property	\$11,674,149,335	\$11,757,950,846	0.72%
Personal Property	561,343,000	562,465,686	0.20%
Public Service Property	196,690,912	196,690,912	0.00%
Motor Vehicles	1,348,467,394	1,361,952,068	1.00%
Total Projected Valuation	\$13,780,650,641	\$13,879,059,512	0.71%

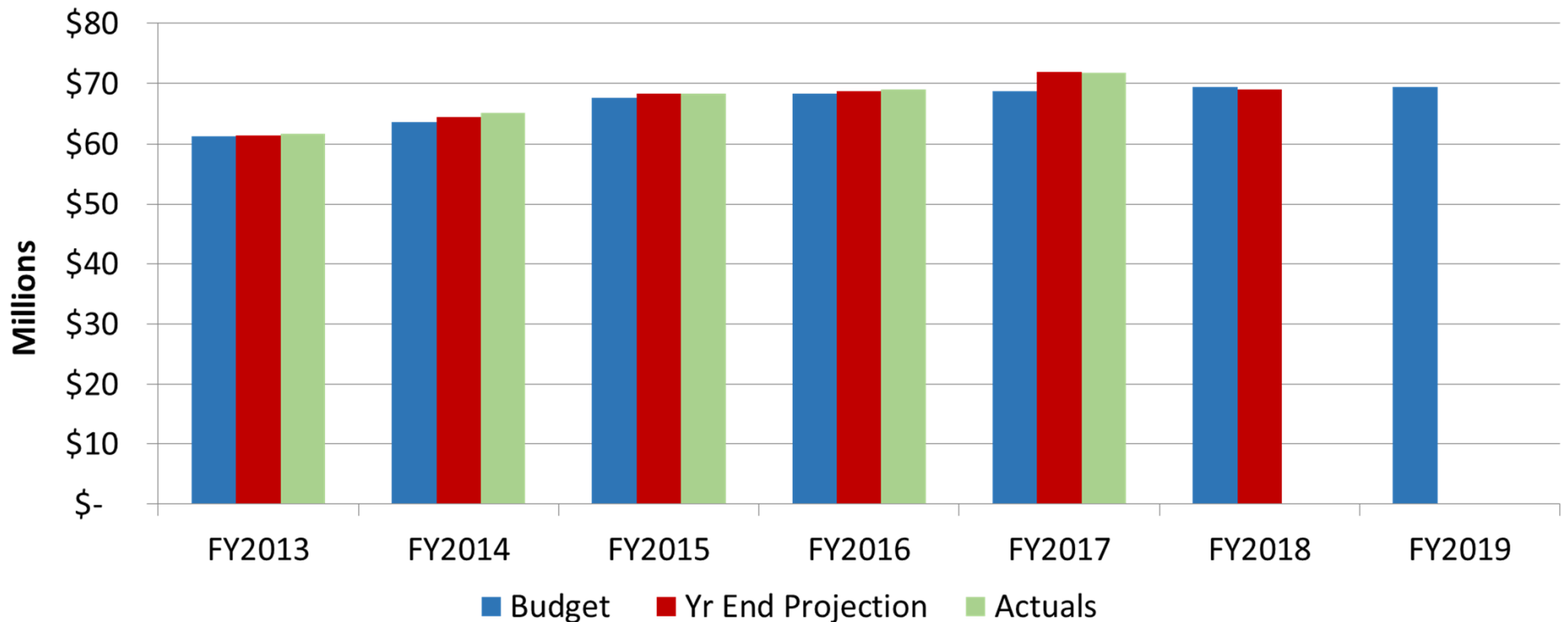


Property Tax Revenues

- FY 2018 year end revenue projections are \$323,000 below budget
- General tax rate proposed to remain at 49.95 cents per \$100 of property valuation for FY 2019
- First year property tax collections are projected to be \$68,864,043
 - Increase of 0.1% over FY 2018 budget
 - Increase of 0.6% above FY 2018 projection



Property Tax Revenues

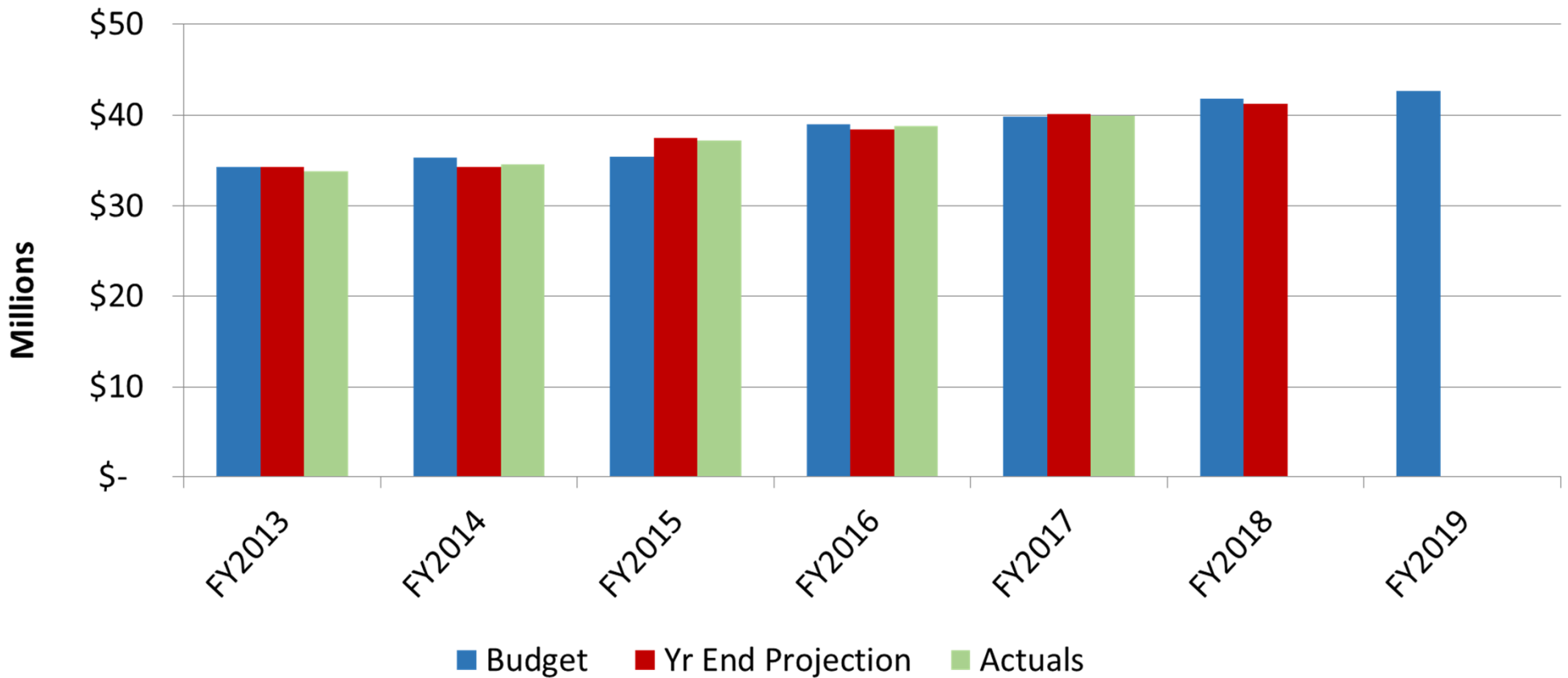




- FY 2018 \$41,237,922 3.3% above FY 2017
1.4% or \$587,000 below budget
- FY 2019 \$42,618,815 3.3% above FY 2018 projection
1.9% above FY2018 Budget
- Two Factors Impacting Revenues
 - Declining per capita share of taxes based on state-wide revenues
 - Lower taxable sales growth in Cumberland County as compared to state-wide growth



Sales Tax Distributions

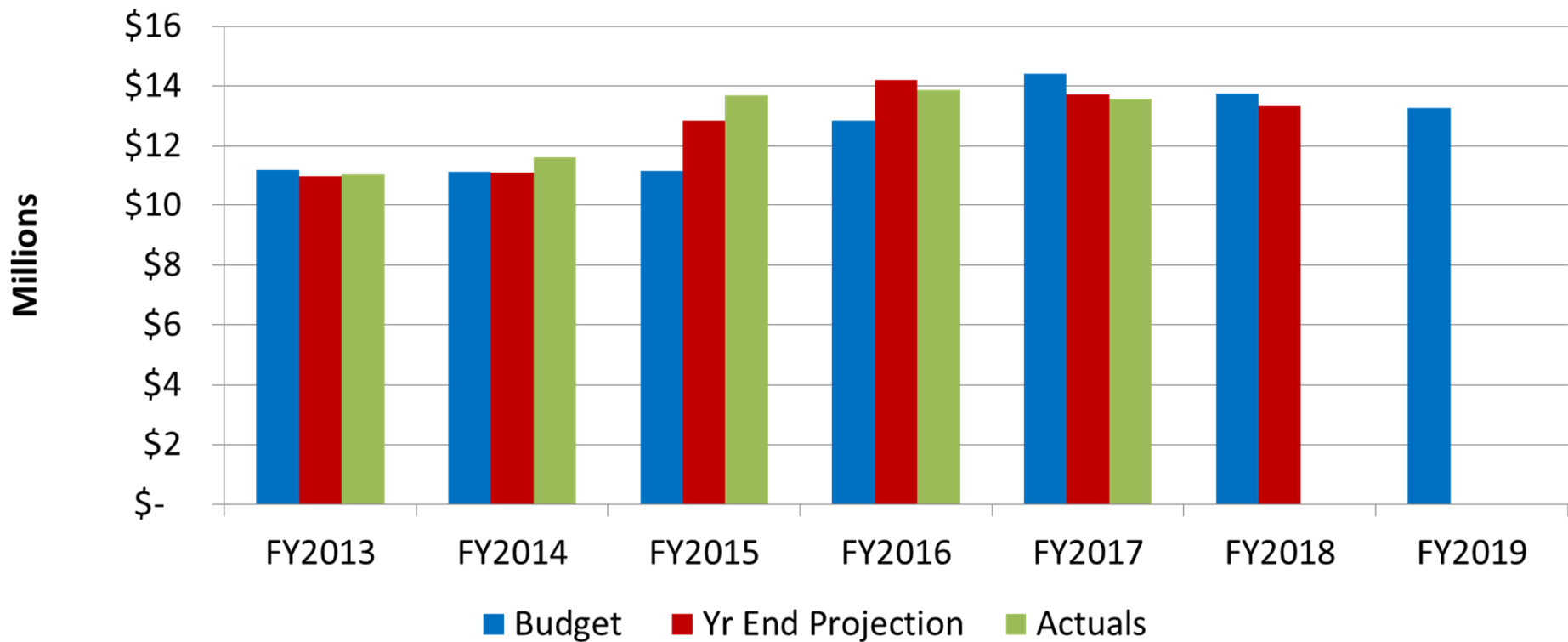




- FY 2018 \$13,337,600 1.6% below FY 2017
3.0% or \$411,000 below budget
- FY 2019 \$13,257,500 0.6% below FY 2018 projection
3.6% below FY2018 Budget
- Factors Impacting Revenues
 - Significant decline in taxes on electricity sales – lower than usual demand for cooling days
 - Continuing declines on telecommunications and video programming taxes – technology shifts



Utility Tax Distributions





General Fund Fund Balance

- FY 2019 includes \$4.8 M appropriation from General Fund fund balance for non-recurring uses
 - \$1.3M for the regular Capital Funding Plan Fund Balance
 - \$652K for the stadium funding plan
 - \$896K is for planned CIP/TIP projects
 - \$1.9M is for other non-recurring expenditures
- Projected available General Fund fund balance at end of FY 2018 is \$21.3 M or 13.1% of FY 2019 budgeted expenditures
 - Council policy is 10.0%. Balance beyond 10% is \$4.9 million.
 - Goal is 12.0%. Balance beyond 12% is \$1.6 million.



Solid Waste Fee Proposal

- FY 2018:
 - Current fee is \$108 per single family residential unit
 - Requires \$4.6 million of operating support from the General Fund
- FY 2019:
 - Proposed fee is \$190 per single family residential unit
 - Increase of \$82 per year
 - Projected General Fund support for solid waste services is \$0.76 million, solely to fund debt service for prior loans



Stormwater Fee Proposal

- Recommended to increase by \$0.25 per month per equivalent residential unit to \$4.50 per month
- Annual equivalent is a \$3 increase to \$54 per year
- \$0.25 increase in the fee provides roughly \$460,000 per year in revenues
- Current CIP plan includes one additional \$0.25 fee increase in FY 2020



Peer City Comparisons – FY2018

Municipality	FY18 Tax Rate	FY18 Annual Stormwater Fee	FY18 Annual Vehicle License Tax	FY18 Annual Solid Waste Fee	Median Value of Owner Occupied Home	Annual Cost based on Median Value Home and 2 Vehicles	Rank (Low to High)	Annual Cost based on \$150,000 Home and 2 Vehicles	Rank (Low to High)
Charlotte	0.4787	123.36	30.00	39.00	178,000	1,180	4	1,046	5
Raleigh	0.4253	60.00	30.00	186.60	218,200	1,328	7	1,038	3
Greensboro	0.6325	32.40	30.00	0.00	148,500	1,171	3	1,180	7
Durham	0.5786	81.00	15.00	90.00	183,900	1,392	9	1,196	8
Winston-Salem	0.5974	54.00	15.00	60.00	142,400	1,126	2	1,172	6
Fayetteville	0.4995	51.00	10.00	108.00	127,500	926	1	1,038	4
Cary	0.3500	0.00	15.00	192.00	309,800	1,383	8	824	1
Wilmington	0.4834	97.32	15.00	315.48	224,300	1,633	10	1,274	9
High Point	0.6475	48.00	20.00	168.00	142,700	1,322	6	1,370	10
Asheville	0.4289	55.56	30.00	168.00	212,000	1,287	5	1,021	2
Average	0.5122	60.26	21.00	132.71	188,730	1,275		1,116	
Median	0.4915	54.78	17.50	138.00	180,950	1,305		1,109	



Parks & Recreation Fee Proposals

- Increases proposed for fees for use of facilities, youth athletics, summer camp and afterschool programs
- In total, fee increases projected to provide \$212,000
- Details of proposed fee increases provided in fee schedule
- Fee comparisons for youth athletics, after-school and summer camp fees follow



Athletic Program Fees

Municipality	Resident	Non-Resident
Asheville	\$25	\$30
Cary	\$50	\$75
Charlotte-Mecklenburg County	\$45	\$45
Durham	\$28	\$43
Fayetteville (Current)	\$20	\$40
Fayetteville (Proposed)	\$25	\$50
Greensboro	\$35	\$35
High Point	\$30	\$30
Raleigh	\$36	\$51
Wilmington	\$30	\$30
Winston-Salem	\$25	\$25

- For fiscal year 2017, staff estimates that current fees covered 24% of direct costs, including:
 - Full-time and temporary staff
 - Contracted Officials
 - Field Utilities
 - T-Shirts
 - Equipment



After-School and Summer Camp Fees

	After School	Summer Camp
City Current	\$25/wk	\$55/wk
City Proposed	\$35/wk	\$65/wk
CCS PrimeTime	\$55/wk	\$100/wk
YMCA of Sandhills	\$49/wk	\$129/wk
Snyder Memorial Baptist Church	\$245/mo	\$155/wk
FTCC Children's Center	\$245/mo	\$160/wk

- Staff has also proposed adding staffing for capacity expansion for after-school programs at 3 centers, and for summer camp at 11 centers based upon current enrollment data



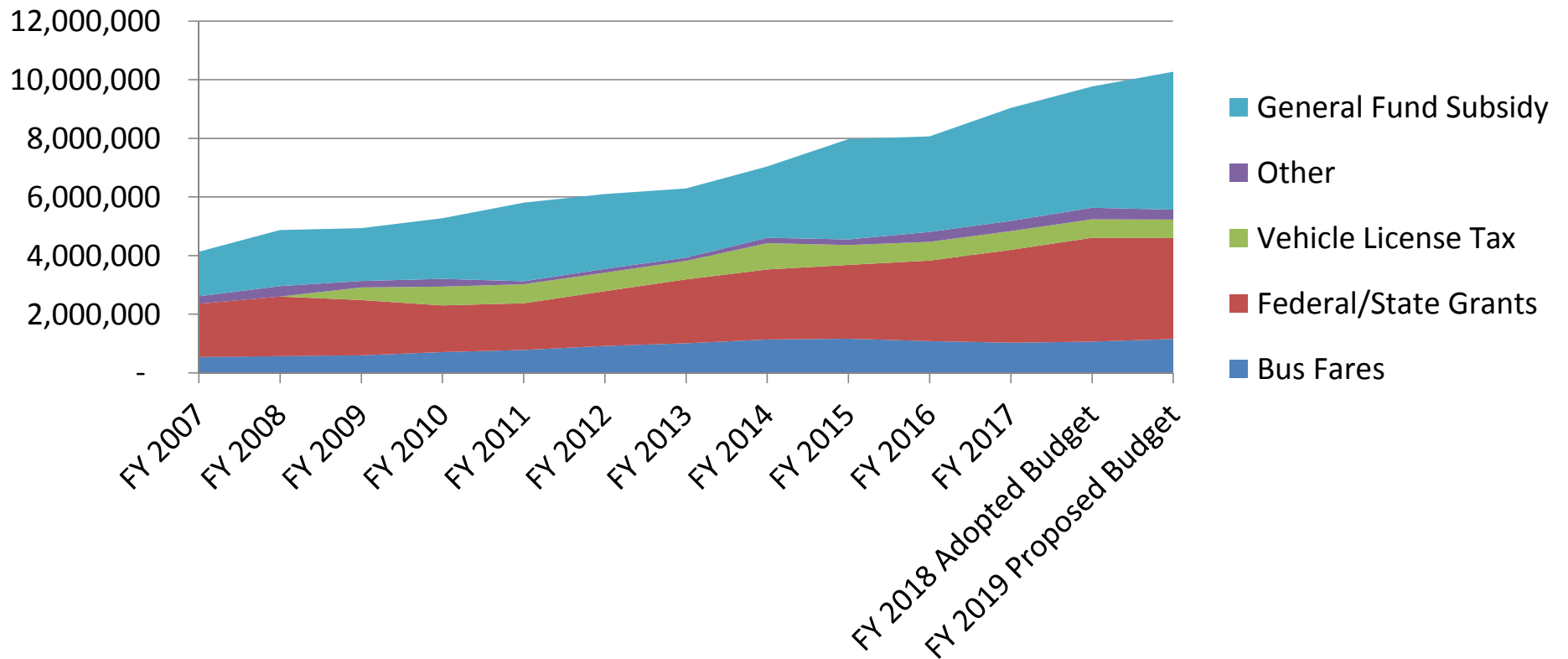
Transit Fee Proposals

- Staff has proposed an increase in the base adult fare from \$1.25 to \$1.50
- Other fares and pass fees are recommended to adjust commensurate with that increase
- Fare increase projected to provide \$134,000



History of Funding for Transit Operations

FY 2007 - FY2017 Actual, FY 2018 - FY2019 Budget





City of
Fayetteville
North Carolina



433 Hay Street
Fayetteville, NC 28301-5537
www.FayettevilleNC.gov

Ten Largest NC Municipalities
Fiscal Year 2018 Taxes and Fees

Municipality	Population	FY18 Tax Rate	Rank (Low to High)	FY18 Annual Stormwater Fee *	Rank (Low to High)	FY18 Annual Vehicle License Tax	Rank (Low to High)	FY18 Annual Solid Waste Fee **	Rank (Low to High)	Median Value of Owner Occupied Home (2016, American Community Survey, US Census Bureau)	Rank (Low to High)	Annual Cost based on Median Value Home and 2 Vehicles ***	Rank (Low to High)	Annual Cost based on \$100,000 Home and 2 Vehicles***	Rank (Low to High)	Annual Cost based on \$150,000 Home and 2 Vehicles***	Rank (Low to High)	Annual Cost based on \$200,000 Home and 2 Vehicles***	Rank (Low to High)	Annual Cost based on \$250,000 Home and 2 Vehicles***	Rank (Low to High)
Charlotte	830,258	0.4787	4	123.36	10	30.00	7	39.00	2	178,000	5	1,180	4	806	3	1,046	5	1,285	4	1,524	4
Raleigh	448,706	0.4253	2	60.00	7	30.00	7	186.60	8	218,200	8	1,328	7	825	5	1,038	3	1,251	3	1,463	3
Greensboro	284,343	0.6325	9	32.40	2	30.00	7	0.00	1	148,500	4	1,171	3	864	6	1,180	7	1,497	8	1,813	9
Durham	255,397	0.5786	7	81.00	8	15.00	2	90.00	4	183,900	6	1,392	9	907	8	1,196	8	1,485	7	1,775	8
Winston-Salem	240,603	0.5974	8	54.00	5	15.00	2	60.00	3	142,400	2	1,126	2	873	7	1,172	6	1,470	6	1,769	7
Fayetteville	208,729	0.4995	6	51.00	4	10.00	1	108.00	5	127,500	1	926	1	788	2	1,038	4	1,288	5	1,538	5
Cary	155,079	0.3500	1	0.00	1	15.00	2	192.00	9	309,800	10	1,383	8	649	1	824	1	999	1	1,174	1
Wilmington	117,255	0.4834	5	97.32	9	15.00	2	315.48	10	224,300	9	1,633	10	1,033	9	1,274	9	1,516	9	1,758	6
High Point	110,244	0.6475	10	48.00	3	20.00	6	168.00	6	142,700	3	1,322	6	1,046	10	1,370	10	1,693	10	2,017	10
Asheville	91,929	0.4289	3	55.56	6	30.00	7	168.00	6	212,000	7	1,287	5	807	4	1,021	2	1,236	2	1,450	2
Top Ten Average		0.5122		60.26		21.00		132.71		188,730		1,275		860		1,116		1,372		1,628	
Top Ten Median		0.4915		54.78		17.50		138.00		180,950		1,305		845		1,109		1,379		1,648	

*For municipalities with tiered rate structures, used rate applicable to 2,455 sq. ft. of impervious surface as used for comparisons for UNC Environmental Finance Center annual survey

** For Durham and Winston-Salem includes annual cost for one yard waste collection cart only

*** Motor vehicle values estimated at \$11,000 per vehicle based upon Fayetteville projected FY2018 values

Ten Largest NC Municipalities

Fiscal Year 2019 Proposed Taxes and Fees

Increase proposed for FY19

Proposed budget not yet available

Municipality	Population	Proposed Tax Rate	Rank (Low to High)	Proposed Annual Stormwater Fee *	Rank (Low to High)	Proposed Annual Vehicle License Tax	Rank (Low to High)	Proposed Annual Solid Waste Fee **	Rank (Low to High)	Median Value of Owner Occupied Home (2016, American Community Survey, US Census Bureau)	Rank (Low to High)	Annual Cost based on Median Value Home and 2 Vehicles ***	Rank (Low to High)	Annual Cost based on \$100,000 Home and 2 Vehicles***	Rank (Low to High)	Annual Cost based on \$150,000 Home and 2 Vehicles***	Rank (Low to High)	Annual Cost based on \$200,000 Home and 2 Vehicles***	Rank (Low to High)	Annual Cost based on \$250,000 Home and 2 Vehicles***	Rank (Low to High)
Charlotte	830,258	0.4887	5	129.24	10	30.00	6	46.06	2	178,000	5	1,213	4	832	4	1,076	4	1,320	4	1,565	4
Raleigh	448,706	0.4253	2	60.00	7	30.00	6	186.60	7	218,200	8	1,328	7	825	3	1,038	3	1,251	3	1,463	3
Greensboro	284,343	0.6325	9	32.40	2	30.00	6	0.00	1	148,500	4	1,171	3	864	5	1,180	7	1,497	8	1,813	9
Durham	255,397	0.5786	7	81.00	8	15.00	2	90.00	4	183,900	6	1,392	8	907	8	1,196	8	1,485	7	1,775	8
Winston-Salem	240,603	0.5974	8	54.00	4	15.00	2	60.00	3	142,400	2	1,126	2	873	6	1,172	6	1,470	6	1,769	6
Fayetteville	208,729	0.4995	6	54.00	4	10.00	1	190.00	8	127,500	1	1,011	1	873	7	1,123	5	1,373	5	1,623	5
Cary	155,079	0.3500	1	0.00	1	30.00	6	204.00	9	309,800	10	1,425	9	691	1	866	1	1,041	1	1,216	1
Wilmington	117,255	0.4884	4	98.28	9	15.00	2	315.48	10	224,300	9	1,647	10	1,040	9	1,284	9	1,528	9	1,772	7
High Point	110,244	0.6475	10	48.00	3	20.00	5	168.00	5	142,700	3	1,322	6	1,046	10	1,370	10	1,693	10	2,017	10
Asheville	91,929	0.4289	3	55.56	6	30.00	6	168.00	5	212,000	7	1,287	5	807	2	1,021	2	1,236	2	1,450	2
Top Ten Average		0.5137		61.25		22.50		142.81		188,730		1,292		876		1,133		1,389		1,646	
Top Ten Median		0.4941		54.78		25.00		168.00		180,950		1,305		868		1,147		1,422		1,696	

*For municipalities with tiered rate structures, used rate applicable to 2,455 sq. ft. of impervious surface as used for comparisons for UNC Environmental Finance Center annual survey

** For Durham and Winston-Salem includes annual cost for one yard waste collection cart only

*** Motor vehicle values estimated at \$11,000 per vehicle based upon Fayetteville projected FY2018 values

History of Funding Sources for Transit Operations FY 2007-2017 Actuals, FY2018 and FY2019 Budget															
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Adopted Budget	FY 2019 Proposed Budget	Increase from FY 2007 to 2019	
Total Transit Expenditures	4,133,902	4,719,652	4,938,112	5,181,050	5,774,774	6,094,540	6,291,606	6,969,179	7,942,353	8,050,599	8,962,206	9,767,815	10,271,597	6,137,695	148%
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Adopted Budget	FY 2019 Proposed Budget	Increase from FY 2007 to 2019	
Bus Fares	541,068	573,625	597,399	707,872	785,391	921,155	1,012,201	1,136,235	1,162,622	1,086,456	1,025,728	1,064,924	1,152,818	611,750	113%
Federal/State Grants	1,816,011	2,033,670	1,886,787	1,589,483	1,592,548	1,868,894	2,178,568	2,394,974	2,518,693	2,740,670	3,172,280	3,545,045	3,450,492	1,634,481	90%
Vehicle License Tax	-	-	432,465	649,160	645,605	625,282	625,955	891,432	682,610	639,714	639,699	632,035	628,290	628,290	
Other	260,119	351,812	215,462	259,019	106,063	126,550	114,329	181,158	191,133	342,294	350,332	392,697	340,206	80,087	31%
General Fund Subsidy	1,516,704	1,910,441	1,805,999	2,073,707	2,677,864	2,555,640	2,360,553	2,435,089	3,419,033	3,260,854	3,848,497	4,133,114	4,699,791	3,183,087	210%
	4,133,902	4,869,548	4,938,112	5,279,241	5,807,471	6,097,521	6,291,606	7,038,888	7,974,091	8,069,988	9,036,536	9,767,815	10,271,597	6,137,695	148%
% Funding from Fares	13%	12%	12%	13%	14%	15%	16%	16%	15%	13%	11%	11%	11%		
% Funding from GF Subsidy	37%	39%	37%	39%	46%	42%	38%	35%	43%	40%	43%	42%	46%		

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City Council Action Memo

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File Type: Other Items of
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Agenda Number: 4.02

TO: Mayor and Members of City Council

THRU:

FROM: Douglas Hewett, ICMA-CM, City Manager

DATE: May 10, 2018

RE:

City Manager's Administrative Updates

COUNCIL DISTRICT(S):

ALL

Relationship To Strategic Plan:

Executive Summary:

Background:

Issues/Analysis:

Budget Impact:

Options:

Recommended Action:

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