

FAYETTEVILLE CITY COUNCIL
SPECIAL BUDGET WORKSHOP MEETING MINUTES
CITY HALL COUNCIL CHAMBER
MAY 12, 2010
5:00 P.M.

Present: Mayor Anthony G. Chavonne

Council Members Keith Bates, Sr. (District 1))(departed at 5:45 p.m.); Kady-Ann Davy (District 2) (arrived at 5:50 p.m.); Robert A. Massey, Jr. (District 3) (arrived at 5:50 p.m.); Darrell J. Haire (District 4); Bobby Hurst (District 5); William J. L. Crisp (District 6); Valencia A. Applewhite (District 7) (arrived at 5:14 p.m.); Theodore W. Mohn (District 8); Wesley A. Meredith (District 9)

Others Present: Dale E. Iman, City Manager
Doug Hewett, Assistant City Manager
Kristoff Bauer, Assistant City Manager
Karen M. McDonald, City Attorney
Lisa Smith, Chief Financial Officer
Tracey Broyles, Budget and Evaluation Manager
Terri Hutaff, Human Resource Development Director
Tom Bergamine, Chief of Police
Benjamin Nichols, Chief Officer of Fire/Emergency Management
Jeffery Brown, Engineer & Infrastructure Director
Ron Macaluso, Transit Director
Jackie Tuckey, Public Information Officer
Rita Perry, City Clerk
Members of the Press

Mayor Chavonne called the meeting to order at 5:10 p.m.

1.0 City Council Budget Discussion FY 2010-2011

Mr. Dale Iman, City Manager, summarized the proposed agenda.

Ms. Karen McDonald, City Attorney, presented the City Attorney's budget as follows:

Services and Programs

- Legal advice and counsel
- Drafting of ordinances
- Enforcement of ordinance violations
- Draft and approve legal documents
- Review and approve contracts
- Assessment roll preparation
- Real estate support

Staff

- 4 Attorneys
- 3 Real Estate Positions
- 2 Administrative Support Positions
- 2 Positions budgeted in Police
- o 1 Attorney
- o 1 Paralegal

City Attorney's FY 2011 Budget

FY 2011 Personnel	\$ 785,934
FY 2011 Operating	44,730
FY 2011 Contract Services	<u>301,000</u>
Total	<u>\$1,131,964</u>

Council Member Meredith inquired whether the Police Attorney salary would be budgeted in the police budget. Ms. McDonald responded in the affirmative and stated the City Attorney's Office would be supervising the position.

Council Member Massey inquired if there were any vacancies and whether they were formulated into the budget. Ms. McDonald responded there was one vacancy in Real Estate which had been budgeted accordingly.

Mayor Pro Tem Haire inquired whether the Chief of Police would request additional funds should the attorney salary not be satisfactory. Ms. McDonald explained the recruitment process.

Council Member Massey inquired what process would be followed in the event the City could not contract a qualified attorney. Ms. Terrie Hutaff, Human Resource Development Director, explained that the City Manager could approve a salary within the range, however, there may be an additional level of an attorney which would require a new classification and that the City Manager approved those as well.

Mr. Iman referenced the handout for replacement Pages F9-F10 in the budget book.

Ms. Hutaff, Human Resource Development Director, presented the following budget information:

City Pay Plan Goals

- Bring pay ranges current with market
- Get all police officers on appropriate step
- Bring employees' pay competitive with the market (to midpoint in 7 years) (13-step pay plan)
- Continue to alleviate salary compression
- Implement pay for performance system

Current Gap on Pay

- General Employees and Upper Rank Police – Midpoint in 7 years
 - o On average, pay is 9% below market (including longevity)
 - o 43% (219) not at midpoint (7+ years)
 - o 57% (293) at or above midpoint (7+ years)
- Police Officers
 - 24% (68) not on step
 - 76% (221) on step

Ms. Hutaff stated 50 percent of employees were employed with the City five years or less.

Council Member Crisp inquired whether pay was the reason the City had lost police officers. Mr. Tom Bergamine, Chief of Police, responded there were various reasons such as career changes, advancements, and relocations.

Ms. Hutaff continued presenting budget information on pay recommendations as follow:

Pay Recommendations (due to limited funding)

- Maintain pay ranges to meet market - No adjustments recommended
- Continue police officer step plan
 - o Recommended 2% of base salary who meets or exceed expectations
 - o Step Plan: 13-step plan with 4% or 5% steps
 - o 14.5% on step; 87.5% off step
- Continue market competitive pay for general employees/upper rank police
 - o Recommended 2% of midpoint pay for performance for employees who meet or exceed expectations (2.2% average)
 - o After increase – Average employee pay 7% below the market

Ms. Hutaff clarified the amount of \$298,000.00 would be required to fund the police 5 percent step plan, in addition to budgeted funds. She continued presenting budget information on benefits as follows:

Benefits Information

- Mandated Retirement Changes
 - o City General – 4.89% to 6.44%
 - o City Sworn Police – 12.55% to 14.1%
 - o Employee Mandatory Contribution – 6%
 - o Retirement benefits for employees do not change – costs to provide current benefits have increased

o An employee benefits from City contribution only if employee retires

Mr. Iman explained the increased contribution would not increase the benefit. Ms. Hutaff further explained that employees were vested after five years, however, would only receive the City contribution if they retire.

Mayor Chavonne inquired how many years were required to retire. Ms. Hutaff responded 30 years. She stated vesting had certain rights wherein employees could leave the City's employment and still keep their money in the retirement system.

Mr. Iman stated employees could not draw a monthly benefit unless they were vested for five years and were 65 years old.

Ms. Hutaff continued presenting budget information on benefits as follows:

- Healthcare Changes
 - o Changed plan design last year – more out of pocket expenses for employee
 - o Made minor changes this year
 - o Increase to budget - \$1.1 million
- § City - \$769,000.00 (73%)
- § Employee - \$283,000.00 (27%)
- § Employee Premium Increase – \$0.00 - \$28.00/month

Longevity Plan				
	All Funds Long Only	All Funds Long w/Ben	GF Long Only	GF Long w/Ben
FY 2010	\$1,501,046	\$1,751,245	\$1,386,844	\$1,614,002
FY 2011	\$1,488,427	\$1,755,961	\$1,381,679	\$1,631,290
Difference	(\$12,619)	\$4,716	(\$5,165)	\$17,288

- Reduction due to tenured employees retirements
- Increase due to change in retirement and workers' compensation %
- Employees hired on or after 7/1/2009 not eligible for longevity

Pay Examples (Before Increase)

- Lowest Paid Employee
 - \$19,795.00 Annually
 - \$761.35 Biweekly
 - 5.75 Lowest Cost Employee Only Medical Plan
 - 45.68 Mandatory Retirement Contribution
 - 18.11 Federal Income Tax
 - 58.24 FICA
 - 38.00 State Income Tax
 - \$595.57 Biweekly Net Pay
- Average Hourly Employees (80% of workforce)
 - \$33,565.00 Gross Annual Pay
 - \$1,290.96 Gross Biweekly Pay
 - 5.75 Lowest Cost Employee Only Medical Plan
 - 77.46 Mandatory Retirement Contribution
 - 81.16 Federal Income Tax
 - 98.76 FICA
 - 72.00 State Income Tax
 - \$955.83 Biweekly Net Pay
 - \$742.00 Gross Annual 2% of Midpoint Pay Increase
 - \$28.54 Gross Biweekly 2% of Midpoint Pay Increase
- Average Police Officer
 - \$42,643.00 Gross Annual Pay
 - \$1,640.12 Gross Biweekly Pay
 - 5.75 Lowest Cost Employee Only Medical Plan

	98.41	Retirement Contribution
	130.39	Federal Income Tax
	125.47	FICA
<u>95.00</u>		State Income Tax
<u>\$1,185.10</u>		Biweekly Net Pay

Employee Years of Service
All Employees (Including Sworn)
7/1/2010

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Percentage of Employees</u>
0-5	686	49.1%
6-10	278	10.0%
11-15	209	14.9%
16-20	94	6.7%
20-25	76	5.4%
26+	56	4.0%

Council Member Meredith inquired whether the option to buy out employees who were close to retirement was reviewed. Ms. Hutaff responded that option would not save the City unless the positions were eliminated. Mr. Iman further informed Council that early retirement options would be reviewed next year, in which case the City would have to pay for vacation/sick leave and many of the positions may be essential.

Ms. Hutaff briefed Council on the reasons to approve an employee pay raise as follows:

Should Fund Pay Raise Plan

- Employees have performed and met expectation and deserve a raise
- The City pay rates are 9% below the market rate even when you include longevity
- Council made a commitment to employees
- To retain great employees. The City cannot keep them if it does not pay.
- Employees contribution to health care has been increased
- Last employee raise was July 2008
- Difficult to tell employees they are valued when new employees receive salary
- The City gave certain raises (Police/PWC)
- Unionization
- Makes good business sense to retain good employees

Ms. Lisa Smith, Chief Financial Officer, presented the changes in the Recommended CIP as follows:

Added

- \$93,000.00 for IT redundancy router
- \$90,000.00 for lighting at Tokay football fields
- \$297,691.00 for Communications phone system upgrade (E911 Budget)
- \$200,000.00 for Transit parking lot resurfacing (\$20,000.00 from General Fund)
- Reduced General Fund contribution for Phase V sewer projects by \$1 million each year in FY 2011 and FY 2012

Ms. Smith advised there would not be a delay in the project.

Recommended FY 2011-2015 CIP

Fiscal Year	Thru End FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Economic Devel	5,402,636	7,794,629	4,741,373	1,117,173	310,000	4,977,067
Facilities & Equipment	1,790,909	1,531,463	763,663	772,664	415,530	5,426,894
Infrastructure	21,033,693	5,121,270	5,514,682	8,143,713	8,818,339	9,757,156
Parks & Rec	9,972,245	11,510,868	373,341	866,341	3,886,341	1,254,318

Public Safety	8,512,934	3,361,291	5,526,671	0	0	0
Transit	2,858,495	2,208,750	170,000	150,000	16,537,500	50,000
Airport	14,959,854	8,338,290	2,973,000	6,414,211	240,000	4,420,000
Proposed Bond Refer.	0	0	0	0	0	15,000,000
Total	64,530,766	39,866,561	20,062,730	17,464,102	30,207,710	40,885,435
CIP Project Funding Total \$213,017,304						
Funding Source	Project Funding To Date		General Fund	Debt Financing Proceeds		Grants/Other Sources
Economic Development	6,874,761		2,751,067	11,286,050		3,431,000
Facilities & Equipment	1,418,091		2,518,118	5,000,000		1,764,914
Infrastructure	30,116,270		26,567,111	400,000		1,305,472
Parks & Rec	25,177,000		476,834	0		2,209,620
Public Safety	1,591,217		20,000	14,659,913		1,129,766
Transit	2,736,065		1,814,618	0		17,424,062
Airport	14,589,854		0	0		22,755,501
Proposed Bond Refer.	0		0	15,000,000		0
Total	82,503,258		34,147,748	46,345,963		50,020,335
CIP Project Funding Total \$213,017,304						

Mayor Chavonne requested clarification regarding the one-time expense via the fund balance and questioned whether it would have an impact on this year’s operational cost. Ms. Smith explained to use cash to fund a project whereas the City would normally finance and informed Council that some projects were already slated to be funded out of the fund balance.

Mayor Chavonne inquired whether the recommendation for 12 additionally officers would address the City’s needs given the department had 34 officer vacancies. Mr. Iman clarified 12 officers for six months based on the Police Executive Research Forum study would address part of the problem and the objective was to increase the size of the law enforcement training whereby the drop offs would not affect the number.

Mayor Chavonne questioned Chief Bergamine regarding his position on the step plan and the current budget not funding the step plan. Chief Bergamine stated the department philosophy was teamwork, both civilian and non-civilian, and the officers would say that Council was committed to a step plan.

Council Member Meredith questioned whether the step plan had helped with recruiting. Chief Bergamine replied in the affirmative.

Council Member Applewhite requested an opinion from Chief Bergamine regarding crime in Districts 6, 7, 8 and an additional police substation in western Fayetteville. Chief Bergamine stated the department was working with the CIP to implement a full service substation; however, it was a long-term plan based on growth and development in the area.

Council Member Massey inquired whether there was a coalition between a substation and the amount of crime. Chief Bergamine stated the advantages were community meetings, convenience, and engaged partnerships.

Council Member Crisp stated there were 291 sworn officers affected by the step plan and it was important to keep the sworn officers happy. He stated that should the City give a 2 percent rate to all employees it would not be equal because the sworn officers put their lives on the line.

Council Member Davy inquired whether there was adequate funding for demolition. Mr. Rob Anderson, Development Services Director, responded that according to the US Census data there were 10,000 vacant lots in the City.

A question and answer period ensued with Mr. Anderson responding to questions regarding the overall staff of the Development Services Department which includes Planning, Inspections and Code Enforcement.

Further discussion ensued on the topics of the police step plan, plan review fees, transit fares and recycling carts replacement cost.

Following discussion, an exercise ensued to compile items Council would like deleted (hit) or included (wish) from the budget, which resulted in the following Council member suggestions:

Hit	Wish
Kaleidoscope \$57.6k Downtown Manager	Planner \$74,000 Step Plan \$298k Substation/one-stop (western fay) Substation/one-stop (eastern fay) Restore non-profits \$76.7k CIP contracts for Fund Balance Get all Police to step Restore dress uniforms to fire w/5 years or more

Consensus of Council was to continue budget discussion at the Saturday, May 15, 2010 meeting.

There being no further business, the meeting adjourned at 7:42 p.m.