

Added at Agenda
Session 2/28/12

**City of Fayetteville
Staff Review Form
City Council Agenda Items
or
Contracts**

3/6/2012

City Council Meeting Date

Paul A. Becker
Submitted By

Finance & Internal Services
Division

Finance & Internal Services
Department

Action Required:

A Budget Amendment for \$1,154,000 is requested Citywide for 2012 Employee Compensation Adjustments.

\$ 1,154,000

Cost of this request

\$ 42,466,864

Category / Project Budget

Personnel Services

Program Category / Project Name

XXXX.XXXX.51XX.XX

Account Number

\$ 6,735,626

Funds Used to Date

Citywide

Program / Project Category Name

\$ 35,731,238

Remaining Balance

Citywide

Fund Name

Project Number

Budgeted Item

Budget Adjustment Attached

Previous Ordinance or Resolution # _____

Paul A. Becker 2-24-2012
Department Director Date

Original Contract Date: _____

Kim J. [Signature] 2-24-2012
City Attorney Date

Original Contract Number: _____

Paul A. Becker 2-24-2012
Finance Director Date

Received in City Clerk's Office
02-23-12 P02:23 RCVD
Kim J.

Paul A. Becker 2-28-12
Mayor Date

Received in Mayor's Office

Comments:

[Empty box for comments]

CITY COUNCIL AGENDA MEMO

TO: Mayor Jordan and Members of the Fayetteville City Council

THRU: Don Marr, Chief of Staff *DM*

FROM: Paul A Becker, Finance Director *PAB*

DATE: 3/6/2012

SUBJECT: **Appropriation Authority for Employee Compensation Adjustments**

PROPOSAL:

As discussed during the 2012 Budget process, the Mayor is recommending a compensation package to the City Council based on the fiscal results of 2011 operations. The operating results from the fourth quarter of 2011 have been posted. The result for fiscal 2011 shows a net operating surplus of approximately \$1.4 million in the General Fund. The budget had been formulated on the use of \$449,000 from reserves. Thus, rather than incurring a deficit a surplus was experienced.

This surplus was achieved through a combination of revenue increases and expense control. The Administration was able, through good management, to hold expenditures \$600,000 dollars under budget. In addition revenues collected were well over budget.

Other operating funds such as the Street, Water and Sewer and Solid Waste also showed positive numbers for the year.

The Mayor's Guiding Philosophy

- Recommendation supports on-going funding without risking future layoffs.
- Address market pay for existing positions before any consideration of new positions.
- Employees with at least six (6) months of service to the City qualify for an appropriate increase in compensation.

Based on these results, the Mayor is recommending the following compensation package to the Council:

- The plan would provide for step increases for uniformed personnel beginning 3/19/2012 keeping everyone in a step.
- The plan would provide for merit increases for other employees comparable to the amount provided to uniformed personnel, to be distributed based on merit.
- Amounts to merit employees will be based on performance as determined by the appropriate department/division head. These raises will go into effect beginning 3/19/2012.
- Employees at the top of their ranges will be eligible for a single year discretionary bonus.
- To be eligible merit employees must have completed at least six (6) months of service as of 03/31/2012.
- Uniformed personnel must have completed at least one year of service as of 3/31/2012 to receive a step increase.
- The 2012 cost of this plan is projected to be \$764,000 in the General Fund. The 2012 cost for all funds would be \$1,154,000.
- The on-going cost of the plan in future years will be \$993,000 for the General Fund and \$1,500,000 for all funds.
- The 2012 pay plan cost plus use of reserves in the 2012 Budget is less than the 2011 surplus. $\$1,363,000 - \$764,000 - \$500,000 = \$99,000$.

RECOMMENDATION:

The Mayor's recommendation is for the City Council to appropriate funds to provide for the compensation package outlined above.

BUDGET IMPACT:

The impact of this proposal would be to increase the budgets for various funds as follows:

Funding Source	\$	Budget Adjustment
1010 - General	\$	764,000
2100 - Street		85,100
2130 - Parking		7,200
2180 - Community Development Block Grant		4,500
2250 - Parks Development		33,600
2930 - Drug Law Enforcement		7,500
5400 - Water & Sewer		136,500
5500 - Solid Waste		80,700
5550 - Airport		9,400
9700 - Shop		25,500
Grand Total	\$	1,154,000

RESOLUTION NO. _____

A RESOLUITON TO APPROVE A BUDGET ADJUSTMENT OF \$1,154,000.00 TO FUND A CITY-WIDE 2012 EMPLOYEE COMPENSATION ADJUSTMENT

WHEREAS, Mayor Jordan informed the City Council prior to its adoption of the 2012 Budget that he would present a comprehensive, compensation package for all employees with at least six (6) months service if the final results of the 2011 Budget justified such pay increase; and

WHEREAS, the City Administration and employees were able to hold expenditures to \$600,000.00 less than the authorized amount of the 2011 budget expenditures; and

WHEREAS, City revenues grew such that rather than the estimated required use of \$450,000.00 from reserves, a new surplus of about \$1,360,000.00 was achieved; and

WHEREAS, Mayor Jordan and his Administration recommend that this net surplus be used: (1) to replace the use of existing reserves (\$500,000.00) in the 2012 budget; (2) to fund step increases for fire and police and generally comparable merit raises for other General Fund employees in the approximate amount of \$764,000.00; and (3) to place about an additional \$100,000.00 in the General Fund Reserves; and

WHEREAS, non General Fund employees will receive approximately \$390,000.00 in generally comparable merit raises funded by other appropriate funds.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves the attached Budget Adjustment in the amount of \$1,154,000.00 and approves the Mayor's proposed Employee Compensation Adjustment Plan by providing funds for step increases for fire and police sworn personnel with at least one year of service to the City as of March 31, 2012 and merit increases (if authorized by supervisors) of non-uniformed city employees for qualified employees with at least six (6) months of service to the City as of March 31, 2012.

PASSED and APPROVED this 6th day of March, 2012.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
SONDRA E. SMITH, City Clerk/Treasurer

**City of Fayetteville, Arkansas
Budget Adjustment Form**

D. 4 V11.0222
Employee Compensation Adjustment
Page 6 of 6

Budget Year	Division: *ALL DIVISION(S) Department: Citywide	Request Date	Adjustment Number
2012		3/8/2011	

BUDGET ADJUSTMENT DESCRIPTION / JUSTIFICATION

\$1,154,000 in additional funding is requested Citywide in Salary Contingency for 2012 Employee Compensation Adjustments.

The \$1,149,500 will come from the Use of Fund Balance accounts Citywide and 4,500 will come from existing CDBG Budgeted Salary Contingency.

<u>Paul a. Behr</u> Division Head	<u>2-24-2012</u> Date	Prepared By: <u>Kevin Springer</u> kspringer
<u>[Signature]</u> Budget Director	<u>2/24</u> Date	Reference: _____
Department Director	Date	Budget & Research Use Only
<u>Paul a. Behr</u> Finance Director	<u>2-28-2012</u> Date	Type: A B C D E P
<u>[Signature]</u> Chief of Staff	<u>2-28-12</u> Date	General Ledger Date _____
<u>[Signature]</u> Mayor	<u>3/28/12</u> Date	Posted to General Ledger _____ Initial _____ Date _____
		Checked / Verified _____ Initial _____ Date _____

TOTAL BUDGET ADJUSTMENT		<u>1,149,500</u>	<u>1,149,500</u>	
		Increase / (Decrease)		Project.Sub
Account Name	Account Number	Expense	Revenue	Number
Use of fund balance	1010.0001.4999.99	-	764,000	.
Use of fund balance	2100.0910.4999.99	-	85,100	.
Use of fund balance	2130.0913.4999.99	-	7,200	.
Use of fund balance	2250.0925.4999.99	-	33,600	.
Use of fund balance	2930.0993.4999.99	-	7,500	.
Use of fund balance	5400.0940.4999.99	-	136,500	.
Use of fund balance	5500.0950.4999.99	-	80,700	.
Use of fund balance	5550.0955.4999.99	-	9,400	.
Use of fund balance	9700.0970.4999.99	-	25,500	.
Salary contingency	1010.6600.5100.01	764,000	-	.
Salary contingency	2100.4100.5100.01	85,100	-	.
Salary contingency	2130.9130.5100.01	7,200	-	.
Salary contingency	2180.4930.5100.01	(4,500)	-	.
Salary contingency	2180.4930.5100.01	4,500	-	.
Salary contingency	2250.9250.5100.01	33,600	-	.
Salary contingency	2930.2960.5100.01	7,500	-	.
Salary contingency	5400.4000.5100.01	136,500	-	.
Salary contingency	5500.5000.5100.01	80,700	-	.
Salary contingency	5550.3940.5100.01	9,400	-	.
Salary contingency	9700.1910.5100.01	25,500	-	.