

The Morning News

Local News for Northwest Arkansas

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Fayetteville Officials Ponder Tough Fiscal Road

By [Dug Begley](#)

THE MORNING NEWS

FAYETTEVILLE -- The dry-erase board quickly filled with hopes and dreams as the Fayetteville City Council listed its priorities on Thursday. But the workshop wasn't all good news.

With an uncertain fiscal future, city staff and elected officials spent more than three hours brainstorming ideas for dealing with a loss of sales tax dollars as the city faces additional needs.

"None of this is pleasant," council member Brenda Thiel said.

Everyone agreed tough decisions and daunting challenges lie ahead. "Especially when it comes to sales tax losses," said Paul Becker, Fayetteville's finance director.

"We're going to have to either cut spending or find a new revenue source or do some shifting," he told the council.

Fayetteville is more than \$646,000 behind income expectations for the first four months of fiscal 2007, which began in December. Council members are concerned something needs to be done. City staff, meanwhile, have encouraged the council to use reserve funds to fill gaps in the 2007 budget.

Becker said leaving job positions unfilled is not wise, because it will reduce the city's ability to provide services. It also burdens the existing city staff, he added.

"In essence, you're asking less people to do more work or the same amount of work," Becker said.

No budget solutions were offered at the planning session, which was designed to give the council food for thought, said Gary Dumas, operations director for the city. The point was to approach things in terms of the current situation, Dumas said.

"I don't think you can understand any of the issues here apart from the budget," said Susan Thomas, Fayetteville's public policy director.

Council members also had a lengthy discussion of what the city and others can do to encourage job creation in Fayetteville.

"It seems like we are always in a reactive mode about sales taxes," said council member Kyle Cook. Cook suggested job creation will put more shoppers on Fayetteville's streets, but that requires encouraging business. "Quite frankly, I don't know what's going on with economic development," Cook said.

Steve Rust, president of the Fayetteville Economic Development Council, said he will update the council about business opportunities that could be coming Fayetteville's way, and what his group is doing to attract companies.

Dumas said the city's primary role in luring business is creating a "culture" businesses want to work with. "I was talking about the attitude of the community about growth and development," Dumas said, explaining what he meant.

The council also discussed other large projects under way in various city departments, including water and sewer rates.

The council voted last year to leave sewer rates unchanged until 2009, but increases could be coming for water service, Dumas said.

David Jurgens, water-wastewater director for the city, said improvements are needed to the water system not accounted for in customers' rates. A study will help the city come up with a new proposed rate. The City Council will then have to approve the change.

The council will also consider changes to Fayetteville's water and sewer impact fee, paid by developers and homeowners on new construction in the city. Tim Conklin, planning and development director for the city, said the goal is to examine what neighboring cities charge and then find out if major changes to Fayetteville's rates are needed.

"It will increase from where they are today," Conklin said of the water-sewer impact fee.

Economic development and changes to the rates and fees charged by the city were identified as priority issues by the city council for the rest of 2007.

"We can build our tasks and day-to-day activities around those goals," Thomas said. "It is important we have a plan and stay focused."

Top of the charts

The Fayetteville City Council identified numerous priorities Thursday they would like to address for the rest of 2007. The top six:

* Affordable housing

Encouraging developers and builders to create homes in the \$100,000 to \$150,000 price range is the top priority of the council, members said. The first step is quantifying exactly what the council means by affordable housing and the precise price range of the homes. Once they have a clear definition, the council will find ways to lure developers to build homes around that price. Council members told city employees they want to make progress by the end of the year.

* Water-sewer impact fee

Fayetteville has impact fees for new construction that go toward water and sewer improvements and expansions, but the figures need to be updated. Tim Conklin, planning and development director for the city, is overseeing a study that will guide the city council in establishing a new fee. The council should start discussing the updated fee in July, and is expected to approve a new amount in November.

* Road impact fee

Voters defeated a proposal to institute road impact fees in Fayetteville in April, but it remains a focus of the council. The fees would pay for street improvements, especially those needed on the fringes of the city where residential growth has clogged streets and required wider streets, some council members said. Council member Lioneld Jordan said he would like to discuss the issue in July and August.

* Water-sewer rate

The council has said repeatedly it will not raise sewer rates before 2009, but the city's water rate needs updating, Dumas said. As the street bond program voters approved last year moves forward, David Jurgens, water-wastewater director for the city, said water line improvements will also need to take place. A rate increase might be necessary to fund some of those upgrades. The city's water rate has not increased in three years, Jurgens said. A rate increase from the city's water supplier, Beaver Water District, will necessitate some rate hike, he added. A proposed rate change will be submitted to the council in July, and could be approved in November or earlier.

* Economic development

Creating jobs in Fayetteville requires luring business to the area, council members said. Economic development will always be a priority, but as sales tax collections in the city dwindle it will assume a greater role in city council decisions. Dumas encouraged the council to consider working with the University of Arkansas and Fayetteville Public Schools to create a city in which business owners looking to relocate will find attractive. Steve Rust, president of the Fayetteville Economic Development Council, said he would like to schedule an August meeting with the council to discuss economic development.

* Senior day care

A senior citizen day care is needed in Fayetteville, council member Brenda Thiel said. Working with social service agencies, the city could succeed in bringing one to Fayetteville. Mayor Dan Coody has proposed trying to locate a senior day care somewhere near the Fayetteville Senior Center, but the cost of the project could be prohibitive as the city faces funding challenges. Further discussion will be wrapped into the city's budget discussions, slated to start in September.

Source: Staff report