AGENDA

Meeting Type:	SPECIAL
Date:	02/10/1999
	BUDGET WORKSHOP

City of Charlotte, City Clerk's Office

City of Charlotte

FY2000 Budget Half-Day Retreat
February 10, 1999
2:00 pm - 6:00 pm
Room: 267

2 00 p m	Opening Comments	Pam Syfert
2 15 p m	Mid-Year Status of the FY99 Budget	
	- Financial Status	Ann White
	- Major New Projects Status	
	• West Side Strategy Plan	Debra Campbell
	• Trolley	David Meachum
	• State Roads	David Meachum
	• I-277 Loop Landscape Maintenance	David Garner
3 30 p m	Employee Compensation and Benefits	
	- Compensation	Bill Wilder
	- Benefits	Tim Mayes
5 00 p m	Street Resurfacing Cycle	
	- Funding	Curt Walton
	- Street Conditions	Jim Humphrey
5 45 p m	March 10th Half-Day Retreat Preview	Curt Walton
6 00 p m	Adjourn	

Distribution	Mayor and City Council Leadership Team Key Business Executives Budget and Evaluation Staff

City of Charlotte
FY99 Mid-Year Report
February 1999

Following is an overview of the City's mid-year budget status for the FY99 Operating and Capital Budgets. The budget report shows the City to be in a good financial position. A common trend throughout the report is the majority of savings are generated by salary savings from vacancies. Similar to the employment market condition in our overall economy, the City continues to experience difficulty in hiring qualified employees.

Attached for your information is the City's Vacancy Report for November 30, 1998.

Operating Budget Status

General Fund

- $273 2 million was appropriated for use in FY99 The appropriations have increased to $276 9 million primarily from bringing forward $3 5 million in Police's prior-year grants and asset forfeiture funds dedicated to projects including
  - Block Grants- funding Assistant District Attorneys, technology enhancements, nuisance remedy initiatives, and crime prevention programs,
  - Regional Community Policing Training Institute- emphasizing GIS mapping techniques for problem solving, and
  - Future Alert Contact Network (FALCON)- developing crime-specific database applications accessible by officers at any location
- Key Businesses estimate they will spend $272 8 million in FY99 and project savings of approximately $4 2 million
  - Most of the savings ($3 4 million) will be salary savings from vacant positions The General Fund includes 3,976 50 authorized full- and part-time authorized positions As of November 30th, 365, or 9 2%, of these positions were vacant 291, or 80%, of these positions are under active recruitment

The remaining savings of approximately $800,000 include

- $465,395 in the Council's Contingency, $100,000 of which is included on the February 8 Council Agenda to fund a portion of the Center City Plan, and
- $311,000 savings in the Annexation Reserve account

- The General Fund revenues are projected to exceed estimates by approximately $2 million, primarily from Utility Franchise Taxes ($1 5 million)

- Expenditure savings of $4 2 million and the additional revenue of $2 million are projected to produce $6 2 million that should be available in the General Fund for reprogramming in FY2000

Enterprise and Other Funds

- Of the $220 5 million appropriated for FY99 in Enterprise and Other Funds, expenditures of $227 5 million are projected Expenditures in excess of these budgets are primarily due to the Water and Sewer Fund for reasons detailed below

- There are 1,148 authorized full- and part-time positions in enterprise and non-General Fund operations As of November 30th, 147, or 12 8%, of these positions were vacant The vacancies are expected to produce savings of $660,000

- Projected overruns totaling $7 million are detailed below, and will be addressed in the Mid-Year Budget Ordinance

Fund	Revised Budget*	Estimated Expense*	Savings/ (Overruns)*
Water & Sewer	$105.5	$110.7	($5.2)
Aviation	30.8	33.7	(2.9)
Neighborhood Development	7.4	6.8	.6
Public Transit	39.4	38.8	.6
Risk Management	1.2	1.2	-
Storm Water	16.8	16.9	(1)
Powell Bill	19.4	19.4	-
Total	$220.5	$227.5	($7.0)

*millions

- **The Water and Sewer Fund** is projecting expenditures of $110 7 million, creating a $5 2 million overrun when compared to existing appropriations of $105 5 million Savings identified in this review ($1 1 million) partially offset this shortfall, however, the remainder will require action in the Mid-Year Budget Ordinance Details of the needed changes follow

  - Water and sewer variable usage fees are estimated to exceed the original projections by $6 million

  - Water and sewer connection requests have exceeded original projections, causing an overrun of approximately $2 million for the additional labor and materials required A corresponding increase in the revenue estimated to be available from connection fees would fund this growth

  - Wastewater collection and treatment activities require an additional $ 9 million This increase is attributed to environmental regulations compliance which requires additional chemicals and electricity for pumping

  - Interest earnings that are transferred to support the Water and Sewer Debt Service Fund are projected to be less than anticipated The shortfall requires additional fund balance to be transferred from the Operating Fund to Debt Service ($3 4 million)

- **The Storm Water Fund** projects $880,000 in additional revenues Expenditures are estimated to exceed appropriations by approximately $78,000 which will be addressed in the Mid-Year Budget Ordinance This overrun primarily is due to unanticipated expenditures for

  - legal fees for the Watershed Management Agreement and the accompanying Interlocal Agreement,

  - an increase in the US Geological Survey contract fee, and

  - hazardous material cleanup charges from Mecklenburg County's Department of Environmental Protection

- **The Aviation Fund** projects revenues in excess of budget of $4 8 million, and expenditures in excess of budget totaling $2 9 million These overruns are due primarily to

  - the planned implementation of enhanced security measures at the Airport as recommended by the President's Council on Security ($100,000 will be included in the Mid-Year Budget Ordinance),

  - planned expansion of surface parking on Old Dowd and Little Rock Roads ($2 million is included on the February 8 Council Agenda), and

  - an upgrade and expansion of the Airport's revenue control system for parking ($800,000 will be included on a future Council Agenda with the contract award)

- **The Public Transit Fund** is projecting expenditure savings of $600,000 However, the Transit system operating revenues are currently projected to be $700,000 less than budgeted No action will be taken in the Mid-Year Budget Ordinance, but the Fund's status will be monitored closely

  - The Special Transportation Services (STS) Division is projecting savings of $350,000 in contractual services due to difficulty in hiring temporary drivers to expand services

  - Fuel savings of $218,000 are attributed to favorable market prices as well as less mileage being driven due to the shortage of drivers

  - Vehicle maintenance expenses are projected to be approximately $210,000 less due to the addition of new vehicles with warranty coverage

  - Overruns in printing and advertising ($200,000) are related to expenditures incurred for informational materials regarding the new ½ cent Sales Tax for Transit For FY99 expenditures for the new Transit Program are estimated to total $725,000

- **The Neighborhood Development Funds** are projecting savings of approximately $600,000

  - Vacancies are estimated to produce $350,000 in savings As of November 30th, 12 of the KBU's 102 positions were vacant

  - Additional savings of $265,000 are expected due to estimated grant funds exceeding the amounts actually received during the year These funds will be held in an unexpendable account for the remainder of the fiscal year

- **The Powell Bill Fund** is projecting savings of $5,578 While this saving is minimal, shifts in available resources will enable the Street Maintenance Division to increase the planned resurfacing schedule to an average of 12 years by applying an additional $1 7 million to the Contracted Resurfacing Program Descriptions of these shifts are as follows

  - Annexation projects completed by City forces have produced $875,000 in savings

  - Savings of $600,000 in City forces' resurfacing are expected Fewer miles of paving were completed due to the high number of vacancies

  - A fewer number of citizens than expected have responded to the City's enhanced sidewalk construction program Therefore, resources originally dedicated to this program are available

  - Revenues from the State's Gas Tax refund have exceeded the original budget estimate by $669,000, for a total refund of $15 9 million

City of Charlotte
Vacancy Report
for November 30,1998

Fund/KBU	Number Vacant @11/30/98	Filled Before Report Submitted Number	Filled Before Report Submitted Salary	To Be Traded for Another Position FY00 Number	To Be Traded for Another Position FY00 Salary	Vacant Under Active Recruitment Number	Vacant Under Active Recruitment Salary	Vacant Work Performed by Contract/Temp Number	Vacant Work Performed by Contract/Temp Salary	To Remain Vacant/ Unfunded FY00 Number	To Remain Vacant/ Unfunded FY00 Salary
Aviation	27	1	$ 18 371		-	9	$ 274 836	17	$ 449 744		
Salary	$ 742 951										
w/fringes	$ 779 455		$ 20 658				$ 309 053		$ 449 744		
Neigh Devel	12	1	$ 33 125	5	$ 137 495	4	$ 142 080			2	$ 94 980
Salary	$ 407 680										
w/fringes	$ 458 436		$ 37 249		$ 154 613		$ 159 769				$ 106 805
CMUD	92	1	$ 21 447	4	$ 137 351	28	$ 906 309	55	$ 1 066 831	4	$ 99 908
Salary	$ 2 231 846										
w/fringes	$ 2 376 890		$ 24 117		$ 154 451		$ 1 019 144		$ 1 066 831		$ 112 347
Transit	12					11	$ 174 557	1	$ 14 040		
Salary	$ 188 597										
w/fringes	$ 210 329						$ 196 289		$ 14 040		
Stm Water	4	3	$ 134 064			1	$ 81 492				
Salary	$ 215 556										
w/fringes	$ 242 393		$ 150 755				$ 91 638				
General Fund											
BSS	$ 31	2	$ 118 503			18	$ 971 493	8	$ 386 870	3	$ 99 606
Salary	$ 1 576 472										
w/fringes	$ 1 724 577		$ 133 257				$ 1 092 444		$ 386 870		$ 112 007
Attorney	$ 1		-	1	$ 30 300						
Salary	$ 30 300										
w/fringes	$ 34 072				$ 34 072						
CDOT	$ 55					41	$ 855 230	14	$ 220 556		
Salary	$ 1 075 786										
w/fringes	$ 1 182 262						$ 961 706		$ 220 556		
EPM	$ 21					21	$ 666 371				
Salary	$ 666 371										
w/fringes	$ 749 334						$ 749 334				

City of Charlotte
Vacancy Report
for November 30,1998

Fund/KBU	Number Vacant @11/30/98	Filled Before Report Submitted Number	Filled Before Report Submitted Salary	To Be Traded for Another Position FY00 Number	To Be Traded for Another Position FY00 Salary	Vacant Under Active Recruitment Number	Vacant Under Active Recruitment Salary	Vacant Work Performed by Contract/Temp Number	Vacant Work Performed by Contract/Temp Salary	To Remain Vacant/ Unfunded FY00 Number	To Remain Vacant/ Unfunded FY00 Salary
General Fund (continued)											
Finance	$ 9					5	$ 146 454	4	$ 150 190		
Salary	$ 296 644										
w/fringes	$ 314 878						$ 164 688		$ 150 190		
Hum Res	$ 1					1	$ 57 500				
Salary	$ 57 500										
w/fringes	$ 64 659						$ 64 659				
City Mgr	$ 3					3	$ 147 126				
Salary	$ 147 126										
w/fringes	$ 165 443						$ 165 443				
Planning	$ 4	1	$ 22 185			3	$ 110 872				
Salary	$ 133 057										
w/fringes	$ 149 623		$ 24 947				$ 124 676				
SWS	$ 39	1	$ 24 000			7	$ 143 907	31	$ 799 334		
Salary	$ 967 241										
w/fringes	$ 1 049 294		$ 26 988				$ 161 823		$ 860 483		
Police	$ 190										
Sworn	$ 111					109	$ 2 721 403		$	2	
Civilian	$ 79					72	$ 1 805 256	5	$ 114 500	2	
Salary	$ 4 641 159										
w/fringes	$ 9 865 331						$ 9 742 072		$ 123 259		
Fire	$ 11										
FF s	$ 5					5	$ 172 576				
Other	$ 6					6	$ 141 170				
Salary	$ 313 746										
w/fringes	$ 355 655						$ 355 655				
Total Gen Fund	$ 365										
Salary	$ 9 905 402	4	$ 164 688	1	$ 30 300	291	$ 7 939 358	62	$ 1 671 450	7	$ 99 606
w/Fringes	$15 655 128		$ 185 192		$ 34 072		$13 582 499		$ 1 741 358		$ 112 007

Capital Investment Plan (CIP) - Status 1999

This report focuses on the financial and programmatic status of individual capital projects administered by Key Businesses

Purpose
The information received from this periodic monitoring of capital projects identifies

- problem areas that may need to be addressed in the Mid-Year Budget ordinance, and
- surplus funding from completed projects that can be reprogrammed in the upcoming Capital Investment Plan

Project highlights of the major programs are described below

Methodology
Information requested from Key Businesses included

- the project's development phase and an estimated completion date,
- estimated savings/overruns for individual projects, and
- information on project appropriations, estimated balances at year-end and a determination if a project can be closed

General Government Bond Status

- The voters approved $98 3 million in Street Bonds in November 1998 The bonds are comprised of $88 3 million for State roads and $10 million for sidewalks None of the bonds have been issued On November 13, 1998, City Council appropriated $2 2 million for engineering services to implement the projects These funds were advanced from the City's cash pool until issuance of the Street Bonds

- City Council approved $20 5 million in 1998 Two-Thirds Bonds as part of the FY99-03 CIP These funds are dedicated to West Side and center city projects City Council appropriated $8 7 million of the bonds in the FY99 Budget Ordinance The remaining $11 8 million is scheduled to be appropriated over the next two fiscal years All of the Two-Thirds Bonds were issued in July 1998

- The voters approved $66 4 million in Street Bonds and $32 million in Neighborhood Improvement Bonds in November 1996 $40 million of the bonds have been issued ($20 million in Street Bonds and $20 million in Neighborhood Improvement Bonds) City Council has appropriated $44 3 million of the Street Bonds and $29 1 million of the Neighborhood Improvement Bonds $33 4 million of the bonds appropriated are covered by advances as needed from the City's cash pool until additional bonds are issued

- The voters approved $27 million in Environmental Protection (EP) Bonds in November 1993 $9 3 million of the bonds have been issued (for projects such as rehabilitation of underground storage tanks and Statesville Avenue Landfill), leaving $17 7 million remaining to be issued Staff and an environmental attorney have completed an analysis of eligible uses of the remaining bonds The bonds are capable of funding new environmental projects, or the bond capacity could be used for other purposes (pending voter and/or Council approval) Unless the City requests from the North Carolina Local Government Commission an extension of the authority for issuance of the bonds, a decision will need to be made on their disposition prior to November 2000

- All of the 1988 Street Bonds have been issued and appropriated by City Council $3 million in 1988 Street Bonds remain unexpended, but encumbered, in municipal agreements with the State

Engineering and Property Management

- Status of the environmental protection projects

1 The Fire Pits project balance is $1 5 million The City has submitted a site closure plan to the State for approval The City is currently applying lime and fertilizer to the site to reduce/eliminate petroleum levels in the soil The State needs to provide direction to the City for further action

2 The York Road Landfill project account balance is expended Testing and monitoring expenses were determined to be maintenance costs and not EP bond-eligible $110,000 was included in the Engineering and Property Management FY99 operating budget for recurring expenses These include venting and monitoring methane gas and ground water testing Periodic surface grading will also be necessary at the site to ensure adequate fill cover, however, these expenses were determined to be remedial costs and thus EP bond-eligible

3 The Underground Storage Tank project balance is $2 5 million All City tanks have been either upgraded or eliminated Several sites (Including the Old LEC surface lot, fire stations and a CMU site) require continuing cleanup On-going testing and monitoring will be required The remaining completed work will be inspected by the State

4 The Statesville Avenue Landfill project balance is $450,000 State and Federal environmental agencies are not considering any actions for the site A study has determined that City-owned land along the perimeter of the landfill could be sold This study was presented to the Asset Management Committee on November 24, 1998 Additional research is being conducted to ascertain if city facilities could be located at the site

- Thirty-two major road projects (including all West Side Strategy Area projects) were reviewed All West Side projects are in the preliminary planning development phase All 1996 Street Bond projects are in the design phase, with the exception of Colony Road Widening - Phase II which is in construction All 1998 Street Bond projects are in the preliminary planning phase

  Savings of $2 3 million are projected from the Colony Road Widening Phase II and Carmel Road Widening projects These savings are recommended for transfer in the Mid-Year Budget Ordinance to the Beatties Ford/Sunset Road Intersection ($2 1 million) and the Hoskins Road Widening ($200,000) projects An additional $500,000 is needed for the Hoskins Road Widening project, bringing the total supplemental appropriation to $700,000 The additional $500,000 is recommended to be transferred from savings identified in two other transportation projects (please see Transportation section of this report)

  The Beatties Ford/Sunset Road Intersection and the Hoskins Road Widening projects have experienced increases in their scopes after initial planning was conducted The Hoskins Road Widening project also has experienced escalating real estate costs for right-of-way

  The status of other major 1996 Street Bond roadway projects include

  - Bridge over Rail Line at Mt Holly Road is projected to be $5 5 million over the original cost estimate of $5 7 million The project was originally conceived to be an underpass, however, an underground stream was discovered and an overpass must be constructed Staff will be conducting a cost-benefit analysis and reviewing options A recommendation will be provided in the FY2000 CIP

  - Prosperity Church and Johnston Roads require an acceleration of funding due to planning/design contracts awarded earlier than planned The Mid-Year Budget Ordinance includes a $2 million acceleration in funding from 1996 Street Bonds (moving planning/design funding from FY2000 to FY99) to cover these costs

  - Hoskins Road Widening, in addition to the supplemental appropriation of $700,000 (described above), will need accelerated funding of $500,000 (moving funding from FY2000 to FY99) to award a construction contract earlier than planned

- Thirteen major intersections are in various development phases One intersection has been completed - South Boulevard/Archdale Three intersection projects (Providence/Sharon Amity, Central/Kilborne, and Monroe/Sharon Amity) have additional funding needs Staff will be reviewing funding options and provide recommendations in the FY2000 CIP

- Thirty-six minor roadway projects (such as Sedley Road, Arrowood/ Nations Ford, West Trade Street Realignment) are in various development phases Four projects (Chantilly

Street Closing, Sugar Creek Relocation, Beatties Ford/Oaklawn, and several smaller projects grouped into one package) have been completed Several minor roadway projects have identified funding needs Staff will be reviewing funding options and provide recommendations in the FY2000 CIP

- Thirty building projects (such as Annexation Fire Stations Numbers 31 and 32, First Ward Infrastructure, and Radio Communications Tower) are in various development phases Project savings identified in the NFL Stadium project ($2 9 million in Pay-As-You-Go funding) will be considered for reprogramming in the CIP Savings from Fire Station Number 31 - Highland Creek ($250,000) have been transferred to a new station, Fire Station Number 33, to be located in the Northwoods area This transfer will provide funding for architectural services

  Two building projects require supplemental funding

  - The Fire Station Female Bathrooms project will need a supplemental appropriation of $100,000 in the Mid-Year Budget Ordinance due to higher than estimated construction costs and expanded scope of this phase of the project Final project completion is scheduled for Summer 2000

  - The Americans With Disabilities Act (ADA) project requires a supplemental appropriation of $300,000 in the current year The budget ordinance and contract award are scheduled for Council's February 8 Agenda

    The additional funding requirements for ADA are due to changes in the building code and increasing construction costs above the original cost estimates performed for the program in 1993 This action will increase the planned appropriation level in FY2000 from $300,000 to over $1 million

- The Business Corridor Program annual appropriation of $1 million is estimated to be fully expended at year-end Projects are currently scheduled for North Tryon Street, South Boulevard, Wilkinson Boulevard, Beatties Ford Road, West Boulevard and North Davidson Street

- Current Storm Water projects are projected to have year-end balances totaling $14 million Flood Control ($4 million), Neighborhood Improvement ($4 million), Economic Development ($2 million), Pollution Control ($450,000), Repairs to Existing Storm Drains ($2 million) and Channel Improvements ($1 5 million) Storm Water projects are not progressing at the intended pace due to the complexity of larger projects and considerable community input The FY2000 Storm Water CIP will be adjusted to reflect these estimated project balances

Transportation

- Twenty-seven projects were reviewed, including eight municipal agreements with the State of North Carolina Seven of the municipal agreements are awaiting invoicing from the State and one agreement has been completed (Monroe Road) Thirteen of the remaining projects are on-going, four projects have been completed (two signal system projects, one neighborhood project, and one railroad signals project), two projects (Safer Roads and Railroad Preemption) will have savings of $800,000 These funds are recommended for transfer to the Hoskins Road Widening project ($500,000) in the Mid-Year Budget Ordinance, with the remaining funds ($300,000) reprogrammed in the FY2000 CIP

- The Sidewalk Program appropriation level was increased in FY99 from $2 million to $4 million from Street Bonds The Sidewalk Program balance is $3 6 million, $3 3 million is projected to be expended or encumbered by year-end

- The Public Transportation Capital Project Fund currently has an unexpended balance of $4 2 million $2 2 million of the balance is composed of Federal and State grant funding approved for several projects which are underway, including rehabilitation of the Transit Maintenance Center's Parking Lot, an automatic vehicle locator system, and design of a Suburban Transit Center Other pending projects include an environmental assessment/preliminary engineering for the South Transit Corridor ($700,000), bus route mapping software ($235,000), and additional vehicles for expansion of Special Transportation Service ($240,000) Remaining funds are from previous grants to be closed

Neighborhood Development

- Community Development Block Grant and HOME Grant Programs are projecting year-end balances of $612,000 and $2 5 million, respectively These funds support the relocation programs (CDBG) and the Wingate (HOME) projects Both of these initiatives will carry over into FY2000

  Year-end balances are also projected in the Innovative Housing Program ($823,000), the Neighborhood Matching Grants Program ($200,000), and the Infrastructure Grant Program ($100,000) The Development and Revitalization project and the In Rem Remedy project are projected to be fully expended at year-end

- The 18 neighborhoods identified for funding from the 1996 Neighborhood Improvement Bonds are in the following development phases

Design	Bid	Construction	Complete
Beatties Ford/Trinity Park	Grier Heights	Choyce Avenue	Lincoln Heights
City View	Hidden Valley	Druid Hills	Reid Park
Moores Chapel	Plaza Midwood	Lakewood	Wingate
Oakhurst	Wilmore	Villa Heights	
Orchard Park			
Sterling/Sterling Forest			
Wilora Lake			

- Lead-Base Paint Removal funding totals $4 9 million $2 2 million is projected to be expended by year-end, with 150 houses abated Remaining program funds ($2 7 million) are projected to be expended by September 2000

Water

- There are 84 active water projects with combined project balances of $116 5 million Savings from completed projects are estimated at $3 4 million and will be reprogrammed in FY99 and the FY2000 CIP

- Sixty-five percent (65%) of the currently available resources are programmed for continued expansion and rehabilitation of the water distribution system (Street Main Extension Program and Raw Water Pump Station Upgrade) Twenty ($20%) is dedicated to the completion of water plant constructions and expansions currently underway (rehabilitation and upgrade projects at Franklin Water Plant and the Catawba Pumping Station) Approximately 8% is associated with water storage facility rehabilitation, relocation or new construction The remaining 7% is dedicated to improvements necessary to comply with regulations, residuals disposal, and special studies associated with future improvements

Sewer

- There are 88 active sewer projects with combined project balances of $219.2 million Savings from completed projects are estimated at $5 1 million and will be reprogrammed in FY99 and the FY2000 CIP

- Fifty-six percent (56%) of the sewer capital investment activities are focused on the wastewater collection system (Irwin Creek Relief Sewer, Rocky River Outfall, and Street Main Extension Program) Thirty-five percent (35%) is dedicated to wastewater treatment plant rehabilitation, improvements and expansions in response to growth and regulatory requirements (Mallard Creek Wastewater Treatment Plant Expansion) The remaining 9% is associated with residuals management, regulatory compliance, and special studies for future improvements

Aviation

The Airport has 16 active capital projects These projects include 3 airfield improvement projects, 6 land acquisition/noise containment projects and 7 airport development projects

- Major projects involving Federal Aviation grant funding include
  - taxiway and ramp construction totaling $25 million (90% complete), and
  - home buy out and sound installation projects totaling $52 million expended (to date)

- Special Facility Revenue Bond projects totaling $19 million have recently been completed These include an $11 million Aircraft Maintenance Shop on Wilkinson Boulevard and

renovations to over 130,000 square feet of US Airway's Maintenance Hanger for maintenance shop areas

Major FY99

Project Status Reports

- West Side Strategy Plan
- Trolley
- State Roads
- I-277 Loop Landscape Maintenance

West Side Strategy Plan

1998 and 1999 Council Priority

The FY99 budget includes $8 4 million for the West Side Strategy Plan
Background: In response to concerns about West Side issues, City Council requested the Planning Commission to develop a strategic plan for the West Side The plan comprehensively addresses the areas many social, economic and physical issues The boundaries of the plan extend from Statesville Road and South Boulevard to the east, the County line to the west and south and Mt Holly Huntersville Road to the north At Council's 1998 and 1999 Retreats, implementation of this plan was identified as a top priority The draft plan was completed in June 1998 Several projects were recommended for funding in the FY99-03 CIP to enhance and further stimulate economic development activity on the West Side The following is a description and brief status report on each project

Wilkinson Boulevard Gateway (U.S. 29/74) Total Funded: $1,600,000

Project Boundaries: Suttle Avenue east to Morehead Street
Description: This project will consist of the following street improvements

- Arty Avenue extension east of Morehead Street to provide better access to undeveloped properties along the North side of Wilkinson Boulevard

- Reconstruction of the curb line along the south side of Wilkinson Boulevard to provide for a 10=-15= landscaped median with two to three additional median cuts along Wilkinson Boulevard between Morehead Street and Suttle Avenue

Status: This project is in the planning and design phase The consultant group (GNA Design) has been selected and the contract was awarded in January 1999 Staff has requested an extensive public participation process involving the Wilkinson Boulevard Business Corridor Association to help design and determine appropriate locations for median cuts Anticipated start date is fall 2000

Brookshire Boulevard Landscaping (N.C. 16) Total Funded: $1,250,000

Project Boundaries: Brookshire Boulevard between Caldwell Williams to the City limits
Project Description: This project consists of adding landscaping to the median along Brookshire Boulevard The project essentially extends the landscaping treatment that exists east of this location along on Brookshire Boulevard These improvements will significantly enhance the appearance of the corridor and entrance to adjacent residential areas

Status: This project is in the planning and design phase The consultant group (Haiden Stanzaile) has been selected and the contract is scheduled to be awarded in February 1999 Staff has requested an extensive public participation process involving area businesses, property owners and neighborhood groups to help design this project Anticipated start date is fall 2000

Westinghouse Boulevard Landscaping **Total Funded: $1,250,000**

Project Boundaries: I-77 west to N C 49

Project Description: This project will consist of adding streetscape/landscaping improvements along Westinghouse Boulevard The project will add a planting strip, street trees, decorative lighting and other features along the Boulevard These improvements will enhance the appearance and long-term economic stability of the area

Status: This project is in the planning and design phase The consultant group (Wolpert Consultants) has been selected and the contract is scheduled to be awarded in February 1999 Staff has requested an extensive public participation process involving the Arrowood Business Association to help design this project Anticipated start date is spring 2000

West Boulevard **Total Funded: $300,000**

Project Boundaries: South Boulevard west to I-77

Project Description: This project will consist of adding streetscape/landscaping improvements at major intersections-North Tryon, Camden, and South Boulevard-along West Boulevard The project essentially continues the treatment/features currently underway for the West Boulevard Corridor project planned for other intersections along West Boulevard west of I-77

Status: This project is in the planning and design phase The consultant group (Derrick Church Williams Consultants) has been selected for the business corridor program This work will be added to the existing corridor contract Staff has requested an extensive public participation process involving property owners, business associations and neighborhood groups to help design the details of this project Anticipated start date is spring 2000

Morris Field Widening **Total Funded: $4,000,000**

Project Boundaries: Southern Railway Overpass south of Wilkinson Boulevard to Billy Graham Parkway

Project Description: This project will provide for the widening of Morris Field Drive to four lanes from the Southern Railway Overpass south of Wilkinson Boulevard to Billy Graham Parkway The project will include sidewalks and planting strips on both sides of the road The project will improve access to both the airport and the new Central Piedmont Community College campus

Status: This project is in the planning and design phase The consultant group (USI Consultants) has been selected for this project and the contract has been awarded Staff has requested an extensive public participation process involving property owners, business associations and neighborhood groups to help design this project Anticipated start date is fall 2001

Trolley Project Status

1998 Council Priority

The FY99 Budget includes $2 4 million in funding toward the toward $19 7 million trolley project The remaining $17 2 million is included in FY2000-FY2002 Project funding consists of $8 8 million Pay-As-You-Go Tax Fund, $7 9 million Convention Center Fund Balance and $3 million in private contributions The project consists of replacing the Stonewall Street bridge, modifications to the Convention Center, reconstruction of the rail line from Atherton Mill to 12th Street, pedestrian amenities, and other improvements

We are currently conducting the Planning/Public Input phase of the Trolley project The goals of this phase are to develop a detailed concept plan for the project that

- will be strongly supported by the public
- can be implemented within the project budget and schedule
- supports our plans to ultimately use the South Boulevard/Uptown rail corridor for transit
- achieves the overall project goal of stimulating economic development along the corridor

To date, we have held two public meetings for the project, and also have had six meetings with our Trolley Advisory Committee (TrAC), which is composed of property owners, neighborhood representatives, and other project stakeholders We expect to use the input we have received to finalize the concept plan this Spring, after which we will begin detailed engineering for the project Our efforts have been focussed on the following key elements of the project

Upfitting the Convention Center Transit Corridor: A concept for upfitting the corridor has been selected by the design team and Convention Center staff Detailed planning for this concept is underway

Planning the alignment of the tracks: The alignment is being developed using light rail system design guidelines This ensures that tracks built for the trolley will be installed in the correct location to be used by transit in the future

Identifying Trolley Stop Locations and Features: 10 stop locations have been identified, and have been confirmed by the input received at our public meetings and from the TrAC Lists of desired features were compiled at the public meetings, and are being used to develop concept designs for each station

Coordinating with Land Development Projects: Planning for the project is being coordinated with several land development projects along the corridor The focus of these efforts is to preserve sufficient right-of-way for future transit operations

Providing for Future Transit: As noted above, the alignment of the trolley tracks will allow for their use by transit in the future The proposed bridge over Stonewall Street, the corridor through the Convention Center, and the structure of the Convention Center Hotel parking deck are all being planned to allow for future transit operations

We expect to complete detailed engineering for the project by the end of this year, and begin construction in early 2000 This will allow trolley service to begin in the summer of 2001

1998 STATE ROAD BOND PROGRAM

1998 and 1999 Council Priorities

$88 3 million was approved in November 1998 for 11 state roads All 11 projects in the State Road Bond Program are in the planning phase Nine of the 11 projects are being managed by Engineering and Property Management and two are being managed by the Airport Projected cost and construction start dates are noted on the attached chart **All of the projects below are in the Planning Phase**

1998 STATE ROAD BOND STATUS UPDATE

Project	Projected Cost	Projected Construction Start
Freedom Dr /Mt Holly Rd Widening	$20,250,000	Construction - Fall 2003
Albemarle Rd /W T Harris Interchange	$12,250,000	Construction - Fall 2004
N C 49/U S 29 Interchange Reconstruction	$15,000,000	Construction - Fall 2002
Billy Graham Parkway/Wilkinson Blvd Interchange Phase II	$5,500,000	Construction - Fall 2001
Brookshire Blvd Widening	$3,000,000	Construction - Fall 2001
North Graham Street Widening	$3,000,000	Construction - Fall 2002
Old Statesville Road Widening	$13,000,000	Construction - Fall 2003
Statesville Avenue Widening	$6,000,000	Construction - Fall 2002
South Blvd Median	$3,300,000	Construction - Fall 2002 (In-house)
West Blvd Widening	$4,000,000	Managed by the Airport
Wilkinson Blvd Widening	$3,000,000	Managed by the Airport
	$88,300,000	

I-277 & I-77 Maintenance Status

The FY99 budget includes $551,195 (offset by a $224,000 contribution from NCDOT) to maintain the loop, including mowing, weed control, trash pick-up and tree and shrub maintenance Maintenance of the I-277 loop and I-77 started under City responsibility on July 1, 1998 Actions since July 1 include

- Mowing began July 1 and ended in November This work was contracted out and done at the City's service level, once every two weeks NCDOT service level was once every 6 to 8 weeks
- Bids were received and awarded for the weed control in the landscaped and mulched areas within the loop This contract began January 1, 1999
- A contractor was hired to do weed and brush cutting behind some guardrails and steep banks This is work which was not performed by the NCDOT contractor
- In-house staff has been spreading mulch and cleaning-up overgrown areas This work was also not maintained by the NCDOT contractor
- In-house staff and contractors have been pruning trees to assist in the mowing and clearing sight lines to road signs throughout the area, and for tree training
- Crews have seeded several areas where washing and erosion have occurred

The budget added three full-time positions at Landscape Management to do this work for the next several years The positions have been filled and tractors, mowing units, and related equipment has been ordered New mow patterns will be established and continued clean-up of overgrown areas not maintained by the contractor for NCDOT will be performed This work will allow us to determine our costs and improve the overall appearance of the roads The work will be placed for competitive bid after the three years

Solid Waste Services has been providing regular street sweeping and trash pick-up throughout the area This work is being performed with in-house staff

Employee Compensation

At the December 1998 retreat, the Mayor and Council identified compensation for Police Officers as an issue for the FY2000 budget The City Manager requested that the issue be considered as part of the overall budget process

Similarly, at the January 1999 retreat in Pinehurst, the mayor and Council approved the following goal or the upcoming budget

> *Provide competitive compensation benefits and working conditions in order to recruit and retain good employees*

The purpose of this presentation is to begin discussion with Council of the different employee pay and benefit packages and the issues that are associated with each

The City Manager will make recommendations during the budget process as to whether or how these issues will be addressed

FY2000 EMPLOYEE COMPENSATION ISSUES

The Human Resources Philosophy adopted by City Council in 1993 provides "The City will recruit and hire employees who are technically competent and customer focused Base pay is the primary type of pay used to maintain market competitiveness" The objectives included in this philosophy apply to both the Broadbanding and Public Safety Pay Plans of the City of Charlotte

GENERAL COMPENSATION ISSUES IN THE LOCAL/NATIONAL LABOR MARKETS

- **Vibrant Economy**
  The current unemployment rate in the Charlotte area is under 3%, resulting in difficulty in hiring and retaining employees in many types of jobs Employers in the Charlotte area have increased starting salaries and are providing additional incentives to employ a sufficient number of qualified staff.

- **More Mobile Workforce**
  Workers are increasingly more willing to make job, or even career, changes, and, due to the shortage of labor in the economy, are less concerned about job security Values about work differ generationally, e g., "Generation X", and even occupationally, e g computer professionals A growing number of workers are more interested in what they will be paid now than in long-term benefits (pension plans), and their primary concern with long-term benefits is that they be portable

- **Appropriate Compensation**
  Sufficient funds are required to appropriately compensate employees for performance, career progression, and to maintain market competitiveness

COMPENSATION ISSUES SPECIFIC TO THE CITY OF CHARLOTTE

The Human Resources Department has been working with Key Business Executives and several employee focus groups The following needs and issues have been identified for the Broadbanding and Public Safety Pay Plans

Broadbanding Pay Plan

- There is a need to maintain a pay system, which in every respect will allow us to recruit and retain employees in City jobs In order to do this, it is necessary to address the following issues. (1) whether the current measurement of market competitiveness is appropriate, (2) whether pay adjustments are necessary to maintain market competitiveness, and if so, what the amounts should be; (3) whether additional pay adjustments are necessary to address significant problems which currently exist with recruitment and retention in certain job categories such as information technology, telecommunications and labor and skilled trades, (4) whether it is necessary to establish a "high performance pool" to more appropriately recognize and reward exemplary employees

Public Safety Pay Plan

- Recruitment for police officers continues to be a challenge due to the stringent requirements and overall regional and national demand for police officers Also, while turnover is not excessive, the Public Safety Pay Plan needs to be structured in order to keep turnover at a reasonable level

- The basic tenets mentioned above regarding the need to recruit and retain an adequate number of qualified employees also apply to fire personnel In addition, there has been a historical relationship between Police and Fire salaries, and this will need to be kept in mind as changes in pay are considered for either group

- As with the Broadbanding Pay System, there is also a need for the Public Safety Pay Plan to allow us in every respect to recruit and retain high quality employees In order to do this it is necessary to address the following issues (1) whether the current measurement of market is appropriate, (2) whether pay adjustments are necessary to maintain market competitiveness, and if so, what the amounts should be, (3) whether the frequency of pay adjustments should be annually, (4) whether the date during the year upon which pay plan adjustments are made should be changed, (5) whether the pay relationships are appropriate between Police Officer and Sergeant, and Sergeant and Captain, (6) whether it is appropriate to advance the date upon which Police Officers are eligible for educational incentive pay

BENEFITS ISSUES

EMPLOYEE INSURANCE

- Health care costs are increasing nationally and locally (see attached article from The Charlotte Observer) Over the past six years, the City has had only one increase in health insurance rates

RETIREMENT PLANS

- All City employees are required to make contributions to and be members of either the North Carolina Local Governmental Employees' Retirement System, or the Charlotte Firefighters' Retirement System The systems have varying levels of benefits Police Officers are also eligible for additional retirement income resulting from the following two State mandates requiring funding by the City (1) A 5% contribution to a 401k plan, (2) a special "separation allowance" for all Police Officers who retire with 30 years of service

- There are several issues which need to be addressed regarding the retirement plans (1) whether they provide adequate retirement income for all employees, (2) whether they provide for the portability of retirement benefits which is becoming increasingly more important for a more mobile workforce, (3) whether the mandated contributions by employees place the City in a more disadvantageous position in recruiting and retaining employees, (4) whether the difference in retirement benefits for different groups of City employees result in inequities

History of City of Charlotte Pay Plans

Prior to 1992, the City of Charlotte used a compensation plan with traditional pay ranges. The Human Resources Department collected market data from other large municipalities in the Southeast region and national cities, as well as from local companies This data was used to assign jobs to appropriate pay ranges, with the measure used to judge competitiveness being a comparison of the range maximum of our pay ranges to the third quartile range maximums in the survey data collected.

In 1992, Mayor Vinroot named a Mayor's Compensation Task Force to examine the City's compensation, benefits and incentive programs. This group, which was comprised of private sector compensation managers and specialists, found that the City's overall compensation levels were generally competitive. This group, in their September 1992 report recommended that the City adopt as its competitive measure the survey median of actual salaries paid. As the report states, "The City should set its pay policy against the Median of the market and use the Median as its control point "

In June 1994, City Council adopted the following recommendation: "The measure of market competitiveness is defined as a pay rate which is within 5% of the median of the actual salaries paid for similar jobs within the geographical area where recruitment is conducted "

Explanation of City of Charlotte Pay Plans

Excerpts from the City of Charlotte Human Resources Philosophy approved by City Council (1993)

The City of Charlotte will attract and retain qualified, productive and motivated employees who will provide efficient and effective services to the citizens Human resource programs will provide constructive support for the City's customer service, business and financial strategies These programs will be reviewed on a regular basis and changed as circumstances warrant They will be directed toward attaining measurable goals and organizational success

Employee Pay and Benefits
All types of employee pay, whether base pay, incentives or benefits, will be used to encourage employees to attain measurable performance goals/targets that support the City's mission Pay will be based on performance while considering market conditions

Base pay is the primary type of pay used to maintain market competitiveness, incentive pay will be the primary pay method used to communicate the changing goals of the City and to encourage teamwork Employees will also be rewarded for attaining skills which make them more flexible and useful in helping Business Units meet their goals

The City's Benefits Plan will provide a moderate level of income protection to employees against unexpected health, life and disability risks Employees will be expected to share fairly in the cost of their benefits The City will aggressively manage health care costs and actively support employee safety and wellness programs to reduce future health care costs

City of Charlotte Pay Plans

Charlotte's Pay Plans are based on our Human Resources Philosophy that defines how different types of employee pay will be used to achieve organizational goals The Broadbanding Pay Plan for base pay was implemented in 1993 to address the recommendations of the Mayor's Compensation Task Force (1992) The Public Safety Pay Plan was developed in 1994 with input from employee pay committees in the Police and Fire Departments

Summary of Plan Characteristics

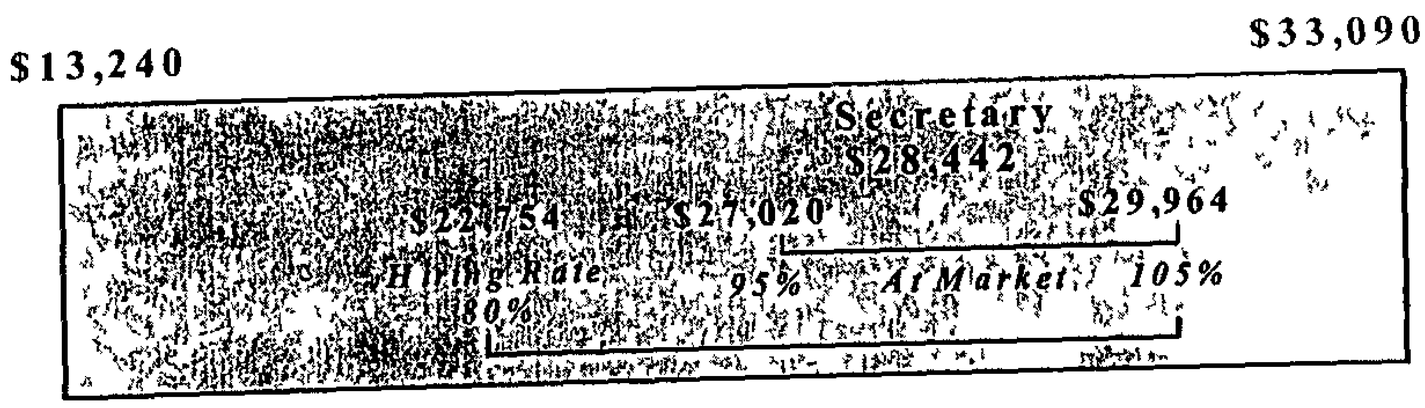
Plan Name	Employees Covered	Date Established	Type Plan	Movement in Plan	Competitive Measure	When Reviewed
Broadbanding Pay Plan	All employees except those in Public Safety Pay Plan	July 1993	Performance-based with market focus	Based on performance and comparison to market but must be within increase budget (4 2% in FY99)	Market Median	Market rates adjusted annually
Public Safety Pay Plan	Uniformed Police ranks (below Major) & Fire ranks (below Deputy Chief)	July 1994	Step plan with 5% steps	5% step per year until maximum, market adjustments every other year	Market Median	Structure adjusted in first year of 2 year budget cycle

Broadbanding Pay Plan

	Band Minimum	Band Minimum
Band A	$13,240	$33,090
Band B	$22,340	$44,680
Band C	$30,170	$60,340
Band D	$40,730	$81,460
Band E	$54,970	$109,940
Band F	$74,220	$148,440

Example of Market Value within a Broadband

"At Market" and Hiring Rates



PUBLIC SAFETY PAY PLAN
FY99 S ' RATES

POLICE DEPARTMENT

POLICE OFFICER 3102		$24,967	$26,215	$27,526	$28,902	$30,347	$31,865	$33,458	2 Yr* $35,131	4 Yr* $36,888									
SR POLICE OFF I 3104										$36,888	2 Yr* $38,732	4 Yr* $40,669							
SR POLICE OFF II 3106											$38,732	2 Yr* $40,669	4 Yr* $42,702						
SR POLICE OFF III 3108												$40,669	2 Yr* $42,702	4 Yr* $44,837					
POLICE SERGEANT 3110															$47,079	$49 433	$51,904		
POLICE CAPTAIN 3120																		$54,500	$57,225

* 5% or 10% educational incentive pay for Police Officers with a 2 or 4 year degree

FIRE DEPARTMENT

FIREFIGHTER I 3006	$23,778	$24,967	$26,215	$27,526	$28,902	$30,347	$31,865	2 or 4 Yr** $33,458	4 Yr*** $35,131										
FIREFIGHTER II 3008				$27,526	$28,902	$30,347	$31,865	$33,458	$35,131	2 or 4 Yr** $36,888	4 Yr*** $38,732								
FF ENGINEER 3011									$35,131	$36,888	$38,732	2 or 4 Yr** $40,669	4 Yr*** $42,702						
FIRE CAPTAIN 3016													$42,702	$44,837	$47,079	$49,433			
BATTALION CHIEF 3021																	$51,904	$54 500	$57,225

** 5% educational incentive pay for Firefighters hired after July 1 1994 with a 2 or 4 year degree
*** 10% educational incentive pay for Firefighters hired before July 1 1994 with a 4 year degree

Projected 1999 Market Movement

Type of Increase	Data Source	Scope	No of Orgs.	All Employees	Execs	Exempts	Salaried NonEx	Hourly NonEx
Total Increase	Amer Compensation Assn	U S	2776		4 6%	4 4%	4 2%	4 1%
	Hewitt Associates	U S	904		4 5%	4 2%	4 1%	3 9%
		Government	10		3 5%	3 5%	4 0%	3 6%
		South	111		4 4%	4 2%	4 2%	3 9%
	William M Mercer Inc	U S	1800+	4 2%	4 3%	4 2%	4 1%	3 9%
		Southeast		4 3%				
		NC	373	4 2%				
		Charlotte	12	4 0%				
	The Employer's Association	Charlotte	48		4 38%	4 25%	3 83%	4 15%
Merit Budgets	Hewitt Associates	U S	699		4 3%	4 1%	4 0%	3 8%
Structure	Amer Compensation Assn	U S	2776		2 9%	2 9%	2 8%	2 6%
	Hewitt Associates	U S	723		2 8%	3 0%	2 9%	2 8%
		South	99		2 8%	2 9%	2 8%	2 7%
	William M Mercer, Inc	U S	1800+	3 1%	3 1%	3 1%	3 0%	3 0%
		Southeast		3 1%				
		NC	373	3 1%				
		Charlotte	12	3 4%				

Consumer Price Index

During the period 1989 through 1998 (estimated), pay increase budgets nationally have averaged 4 7%, the Consumer Price Index-Urban (CPI-U) during this ten year period has averaged 3 6%

CPI*	U S	All Urban Consumers	1 6%
		Wage Earners	1 6%
	South	All Urban Consumers	1 5%
		Wage Earners	1 4%

* Data for period Dec 1997 Dec 1998

City of Charlotte
Monthly Medical Premium Structure
(Rates effective July 1, 1998)

HMO-Type Plan (In-network benefits only)

Family Status	Employee Cost	City Cost	Total Cost
Employee Only	$6 76	$128 23	$134 99
Employee + Child(ren)	$100 85	$223 12	$323 97
Employee + Spouse	$105 93	$236 94	$342 87
Employee + Family	$113 42	$252 47	$365 89

No deductible, Individual/Family Out-of-Pocket Maximum, $1500/$3000

Point-of-Service "A Plan"*

Family Status	Employee Cost	City Cost	Total Cost
Employee Only	$14 64	$131 73	$146 37
Employee + Child(ren)	$109 10	$242 84	$351 94
Employee + Spouse	$115 37	$256 80	$372 17
Employee + Family	$123 16	$274 12	$397 28

* In-network Individual/Family Deductible, $200/600, Individual/Family Out-of-Pocket Maximum, $1500/$3000
Out of network Individual/Family Deductible, $200/$600, Individual/Family Out-of-Pocket Maximum, $3000/$6000

Point-of-Service "B Plan"**

Family Status	Employee Cost	City Cost	Total Cost
Employee Only	$0 00	$130 08	$130 08
Employee + Child(ren)	$96 78	$215 42	$312 20
Employee + Spouse	$102 43	$227 99	$330 42
Employee + Family	$109 28	$243 24	$352 52

**In-network Individual/Family Deductible, $400/1200, Individual/Family Out-of-Pocket Maximum,$2400/$4800
Out of network Individual/Family Deductible $400/$1200 Individual/Family Out-of-Pocket Maximum, $4800/$9600

RETIREMENT BENEFITS COMPARISON

	N.C. Local Governmental Employees' Retirement System (General Employees)	N C Local Governmental Employees' Retirement System (Law Enforcement Officers)	Charlotte Firefighters' Retirement System
Eligibility Criteria for "Full Retirement"	- 30 years of service, or - 25 years (age 60), or - 5 years (age 65)	- 30 years of service, or - 15 years (age 50), or - 5 years (age 55)	30 years of service, or - 25 years (age 50), or - 5 years (age 60)
Eligibility Criteria for "Early Retirement"	- 20 years (age 50), or - 5 years (age 60)	- 5 years (age 55, even if no longer employed)	25 years (before age 50)
Benefits Formula for Basic Retirement System	1 77% of "average final compensation" (highest 48 consecutive months) TIMES years and months of service	1 77% of "average final compensation" (highest 48 consecutive months) TIMES years and months of service	2 6% of "final average salary" (highest 24 consecutive months) TIMES years and months of service
Average Benefit Amount for "Full Retirement" (Assuming 30 Years of Service)	Approximately 55% of final gross income with 30 years of service	Approximately 90% of final gross income (including 401k and Special Separation Allowances mandated by State) with 30 years of service	Approximately 78% of final gross income
Contribution Rate (As a Percentage of Pay) to Basic Retirement System	City - 4 8% (+7 65% for Social Security) Employee - 6% (+7 65% for Social Security)	City - 4 47% (+7 65% for Social Security) Employee - 6% (+7 65% for Social Security)	City - 12 65% Employee 12 65% Note Firefighters are not in Social Security System
Contribution Rate (As a Percentage of Pay) to 401(k) Plan	City - None Employee - Voluntary	City 5% (mandated by State) Employee Voluntary	City - None Employee Voluntary
Other City-Funded Sources of Retirement Income	None	Special Separation Allowance mandated by State	None
Benefits Adjustments to Retirees	Possible adjustment to monthly allowance, based on actuarial gains from investments	Possible adjustment to monthly allowance, based on actuarial gains from investments	Possible adjustment (lump sum, once per year), based on actuarial gains from investments

Health-insurance costs up

7% increase in premiums could be the trend

By SEAN JAMIESON
Staff Writer

Health-insurance premiums are up 7 percent nationwide over a year ago, or about twice the medical inflation rate, according to a survey by the Towers Perrin consulting group.

That's less than the double-digit premium increases of the early 1990s but far more than the 2 percent to 4 percent increases of recent years, according to Towers' annual survey of employers.

"I do not think that is just a blip, but it is indicative of probably the [illegible] period," said Dave Garbrick, a consultant in Towers' Charlotte office. Health-care costs tend to run in five- to seven-year cycles, Garbrick said.

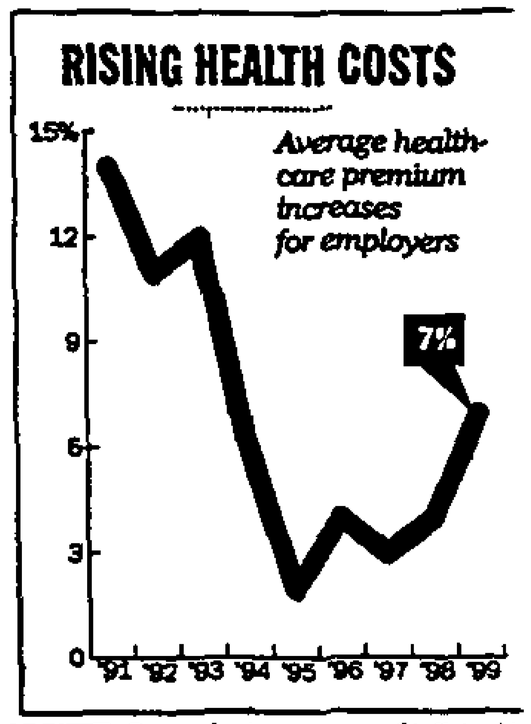
The Towers survey may understate increases for Carolinas employers since the report includes data from many employers with thousands of workers and thousands more dependents. The typical Carolinas employer is much smaller and can't strike as good a deal with insurers. "The large company sees a lesser cost by the law of large numbers" Garbrick said.

Another consulting firm, William M. Mercer Inc., release[illegible] a survey Monday showing similar trends.

The news is not good for workers who get their health coverage through their employers. One way or another, employer health-care premium increases are likely to be passed on.

Employers may opt for higher deductibles, higher co-pays or larger employee contributions to premium costs. Or workers may end up with smaller raises as employers spend more on health

Please see TREND / page 1D



Nationwide cost of health-insurance premiums rises 7%

TREND from 1D

benefits.

Hi[illegible] health-care costs also coul[illegible]pt companies to try to raise [illegible]es of their products to maintain profit margins.

"It really does have a domino effect, or can," said Don Hardin, a consultant in Mercer's Charlotte office.

Nationwide, workers typically directly pay 20 percent of their health-care costs, but that number is closer to 26 percent in the South, according to Hardin.

Both surveys turned up evidence the boom years might be over for health maintenance organizations. Mercer found that HMOs' national market share fell from 50 percent to 47 percent. Preferred provider organizations, the loosest form of managed care, captured 40 percent of the market, up five percentage points from a year earlier.

Towers said several factors were driving the cost increases:

■ Price wars. In recent years competition held down managed-care rate increases, or in some cases led to falling premiums. That put many managed-care companies, including the major players in the Charlotte market, in the red.

"The market-share war is over now," Hardin said. "Everybody who's still left standing is trying to get to profitability this year."

■ Rapid increases in prescription drug costs and prescription drug use. Drug costs are rising faster than any other portion of health-care premiums. Until recently, drug benefits typically accounted for about 10 percent of premiums. Drugs make up about 15 percent of premium costs, according to research by another consulting firm, Hewitt Associates.

■ More trips to the doctor. The use of health-care services is climbing again after managed-care companies clamped down on office visits, tests, hospitalizations and other expenses in recent years.

■ Increasing resistance from doctors and hospitals to further fee cuts. Hardin said that's particularly the case in Charlotte, where rapid population growth seems to have outpaced growth in the number of doctors. The laws of supply and demand strengthen doctors' hands in negotiations with insurers.

1999 Street Resurfacing Update

Charlotte City Council Presentation

February 10, 1999

Street Resurfacing

The City of Charlotte budgeted $5 7 million for contracted street resurfacing in fiscal year 1999 The source of revenue for street resurfacing is the State Powell Bill Fund Following is an overview of the Powell Bill

Powell Bill

- Created in 1951, named for State Senator Powell, the bill's sponsor
- Source of revenue is the North Carolina State Gasoline Tax
- Of the 21¢ State gas tax, the following goes to North Carolina municipalities
  - 1 75¢ of the total 21¢
  - 6½ % of the revenue collected in the prior year in the Highway Trust Fund

Basis for Distribution

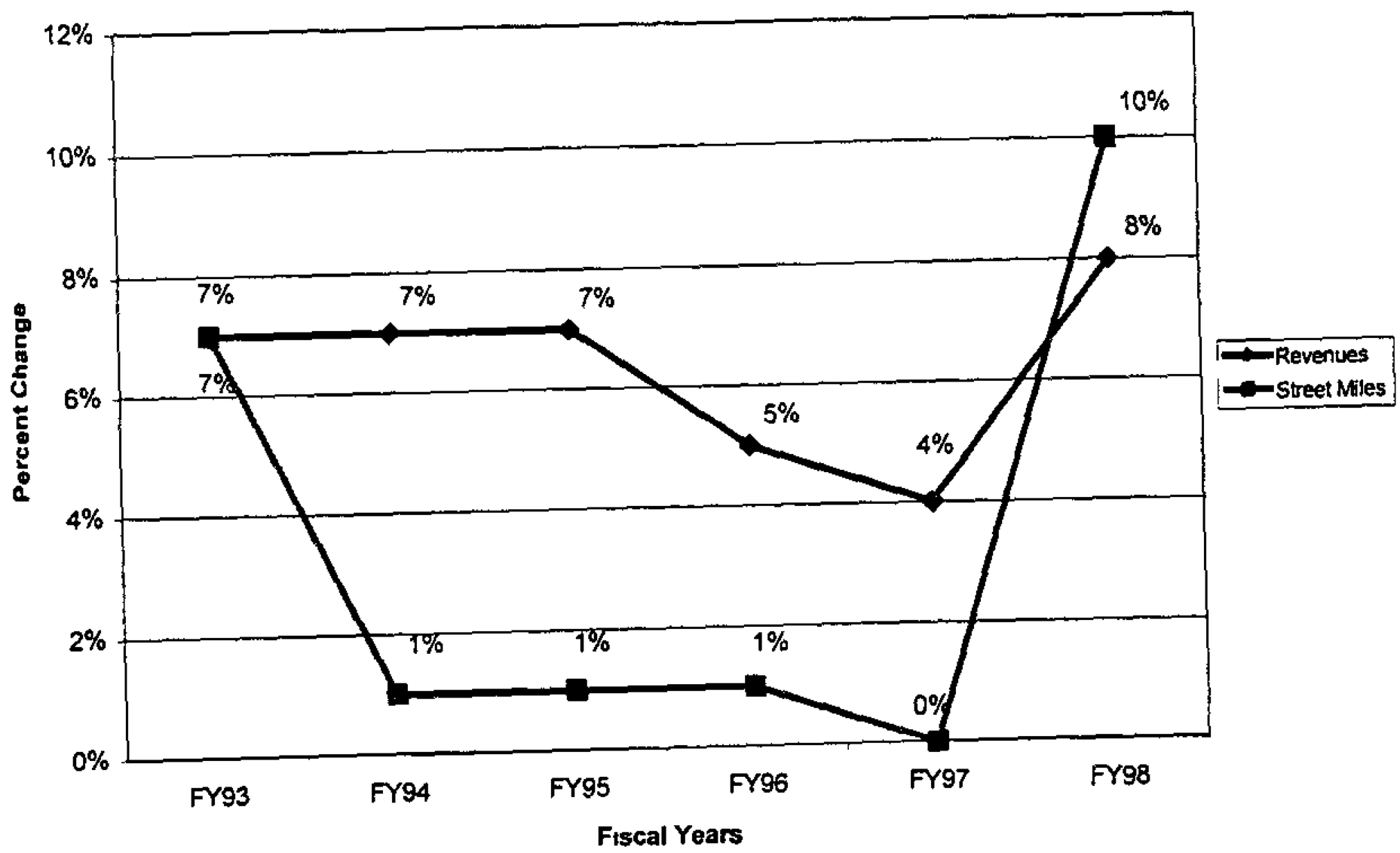
- Municipality's shares are based on a two-part formula
  - 75% based on population
  - 25% based on the miles of non-State streets in each municipality

Restrictions on Use

Powell Bill Funds are restricted and can "only be used for the purpose of maintaining, repairing, constructing, reconstructing, or widening of any street or public thoroughfare including bridges, drainages, curb and gutter, and other necessary appurtenances within the corporate limits of the municipality or for meeting the municipality's proportionate share of assessments levied for such purposes, or for the planning, construction, and maintenance of bikeways located within the right-of-way of public streets and highways "

Impact on Charlotte

- A chart showing the growth of revenues compared to the growth of street miles maintained follows on the next page
- FY99 Powell Bill revenues and expenditures for the City of Charlotte are on the following page


Percent Change in Revenues and Street Miles
12%
10%
8%
6%
4%
2%
0%
Percent Change
7%
7%
7%
5%
4%
8%
7%
1%
1%
1%
0%
10%
FY93
FY94
FY95
FY96
FY97
FY98
Fiscal Years
Revenues
Street Miles

City of Charlotte
Powell Bill Fund
Summary of Revenues and Expenditures

	FY97 Actual	FY98 Revised Budget	FY99 Recommended	Percent Change
Revenues				
State Gas Tax Refund	$13 700 328	$15 199 954	$15 169 556	-0 2%
Interest on Investments	1 323 887	1 080 000	1 300 000	20 4%
Other	56 386			
Total Revenues	**$15,080,601**	**$16,279,954**	**$16,469,556**	**1 2%**
Fund Balance		**$5,034,748**	**$2,901,659**	**-42 4%**
Total Revenues and Fund Balance	**$15,080,601**	**$21,314,702**	**$19,371,215**	**-9 1%**
Expenditures - Operating				
Contracted Resurfacing	$6 427 847	$5 287 407	$5 686 378	7 5%
Repairs by City Forces	4 210 799	5 655 197	5 785 588	2 3%
Equipment Rent/Purchase	1 687 315	2 760 643	2 544 675	-7 8%
Sidewalk Repairs	200 000	300 000	700 000	133 3%
Street Drainage Maintenance	(7 502)	124 273	124 273	0 0%
Traffic Control Improvements	497 632	402 946	402 946	0 0%
Snow Removal	24 518	60 000	60 000	0 0%
Physical Inventory of Streets	10 729	12 000	12 000	0 0%
Curb Repair and Replacement	478 339	500 000	500 000	0 0%
Pavement Management System	58 500		65 000	
Non-System Residential Street	89 039	50 000	50 000	0 0%
Wheel Chair Ramps		150 000	150 000	0 0%
Annexation		4 056 736	2 374 855	-41 5%
Sub-Total Operating	**$13,677,216**	**$19,359,202**	**$18,455,715**	**-4 7%**
Expenditures - Capital				
Bridge Replacement and Repa	$0	$550 500	$250 500	-54 5%
Storm Water Program Fees	550 000	605 000	665 000	9 9%
Contribution to Debt Service Fu	800 000	800 000	0	-100 0%
Sub-Total Capital	**$1,350,000**	**$1,955,500**	**$915,500**	**-53 2%**
Total Expenditures	**$15,027,216**	**$21,314,702**	**$19,371,215**	**-9 1%**

General City Information

- Miles in City system - 1950
- Lane miles - 4012
- Nonarterial (residential) miles - 1654
- Arterial or Collector miles - 296
  (Central Avenue, Randolph Road,
  Park Road, Alleghany Road)

General State Information

- State system in City - 442 miles
- Examples are:
  - Providence Road
  - Statesville Road
  - Wendover Road
  - Freedom Drive
  - Monroe Road
  - South/Independence Boulevards

Pavement Evaluations

- Pavement Management System Survey by the Institute of Transportation Research and Education (ITRE)
- Conducted Biennially

- Eight Criteria
  - Alligator Cracking
  - Block Cracking
  - Reflective Cracking
  - Rutting
  - Raveling
  - Bleeding
  - Patching
  - Ride Quality

Pavement Maintenance Activities

- Crackpouring
- Patching (skin patching and base repair)
- Milling
- Resurfacing
- Bituminous Surface Treating
- Microsealing
- Pavement Markings

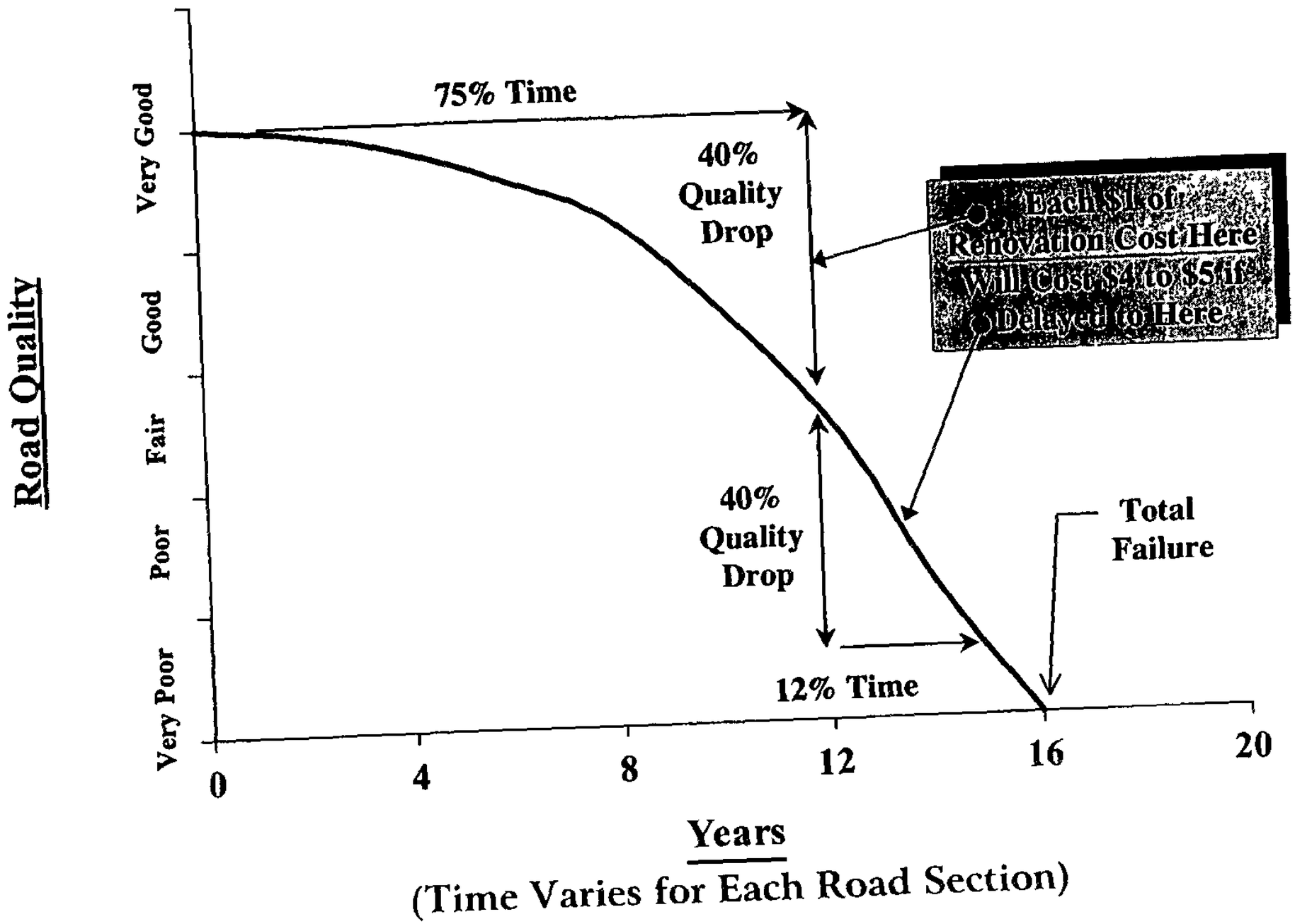
Charlotte Street Ratings

Year	Miles Surveyed	Avg. Street Rating
1985	1,365	95
1987	1,428	95
1989	1,494	96
1991	1,599	96
1994	1,712	93
1996	1,910	90

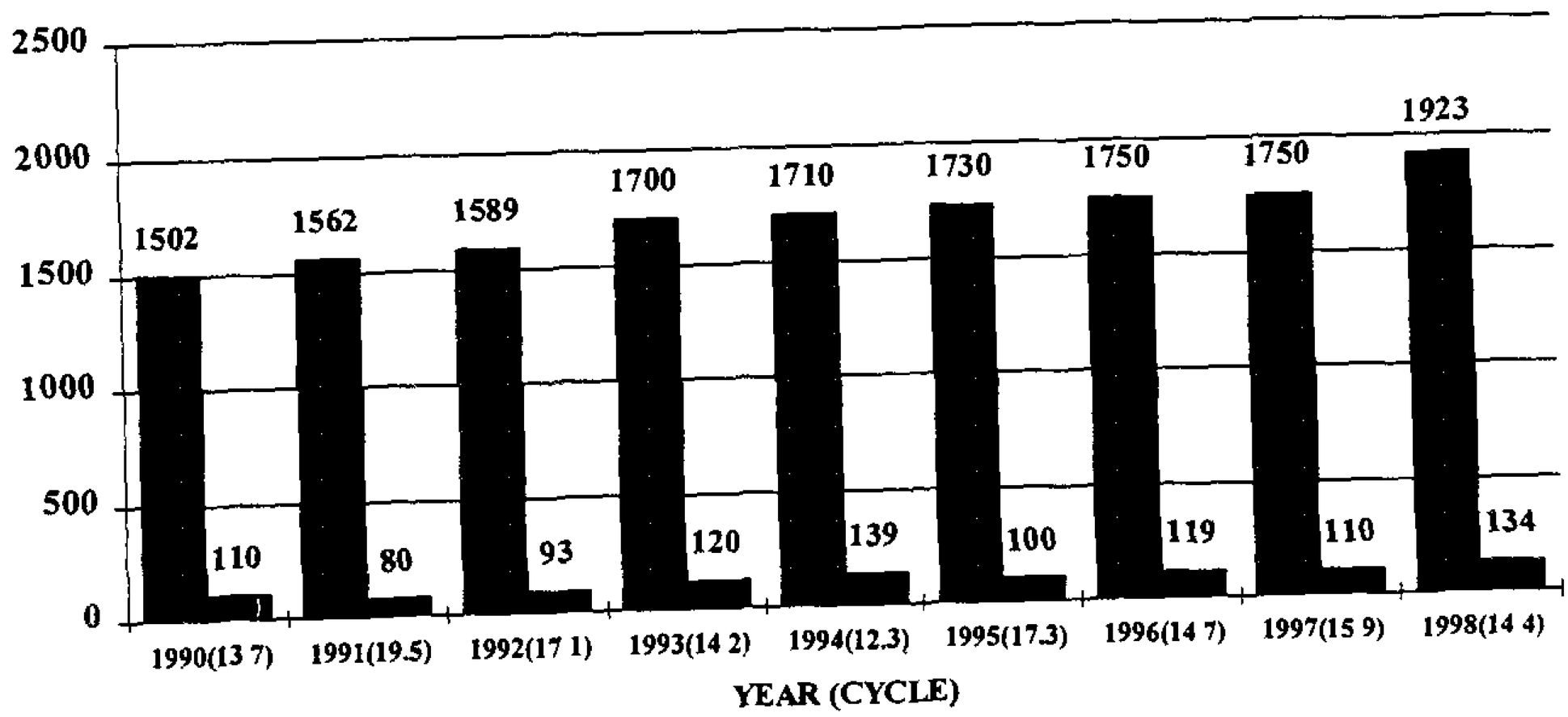
Benchmark Ratings of Other Cities

	Charlotte		Greensboro		Durham		Gastonia		Columbia	
Year	Miles	Avg. Rating	Miles	Avg. Rating	Miles	Avg. Rating	Miles	Avg. Rating	Miles	Avg. Rating
1991	1 599	96	770	88	453	92				
1992										86
1993			774	90						
1994	1 712	93					269	95		
1995			893	91						
1996	1 910	90			527	90	272	94		84

The Cost of "Timely" Maintenance



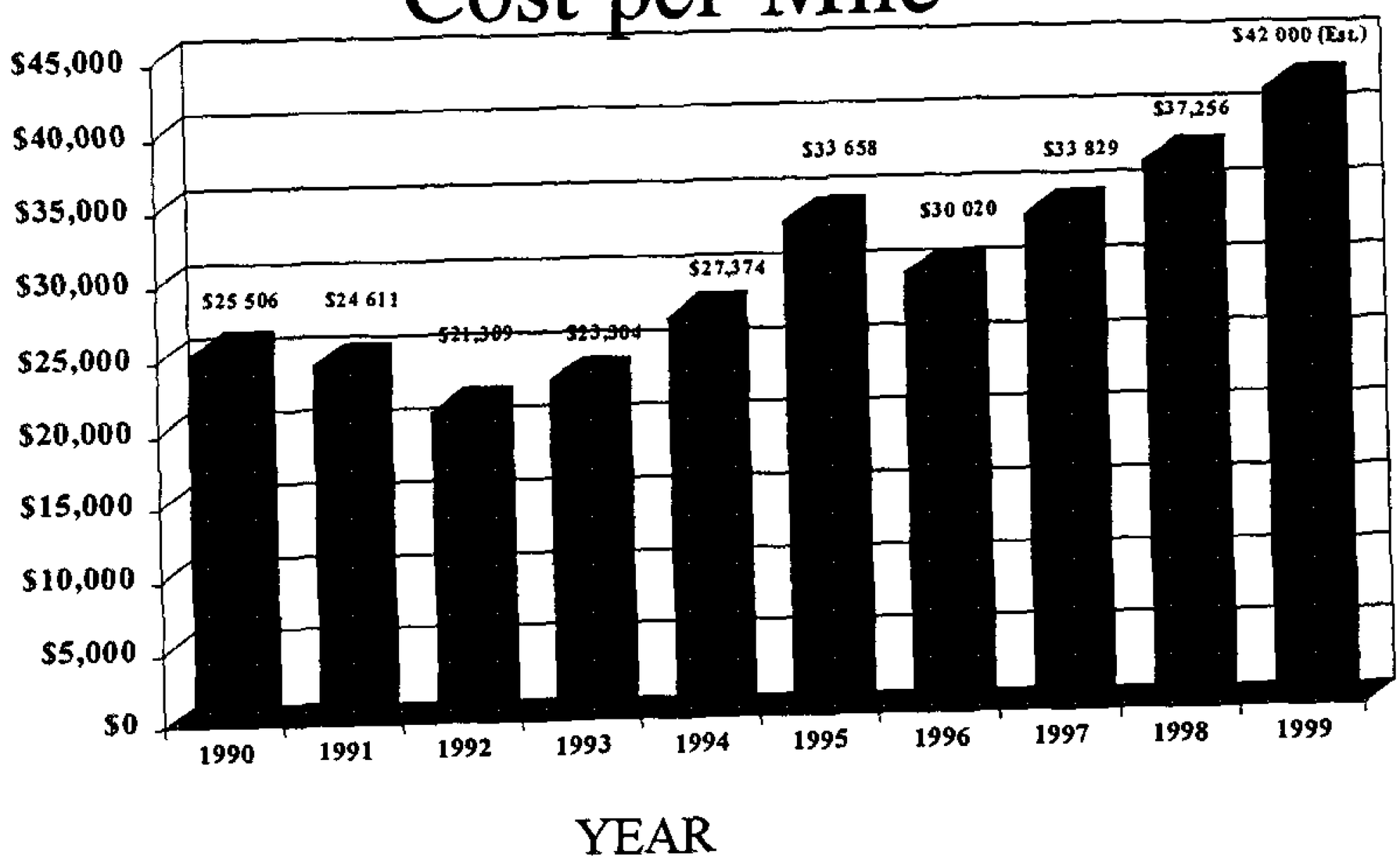
Street Miles Maintained vs. Annual Miles Resurfaced



Cost Impacts

- Inflation
- Wheelchair ramps
- Increased milling
- Increased costs for raising manholes and water valves
- Traffic damage
- Annexation and system growth at 45 miles per year
- 4500 utility cuts per year of which 60,000 are uncovered by resurfacing at any one time

Resurfacing Cost per Mile



Major Points

- Charlotte has nearly 2000 miles of streets
- The system is increasing at nearly 45 miles per year - average
- Evaluations remain in the Good range but should not continue downward trend
- Pursue **preventive maintenance** policy of average 12 year resurfacing cycle (163 miles this year)
- FY00 cost is expected to be $687,615 greater than FY99

City of Charlotte

FY2000 Pay & Benefits Issues: Strategic Approaches to Employee Compensation

William H. Wilder
Human Resources Director

Objectives for Today's Presentation

Review:

- History of the City's Pay Plans
- How the pay plans work
- General compensation issues
- Broadbanding & Public Safety Pay Plan issues
- Employee insurance issues
- Retirement plan issues
- Steps to complete FY2000 recommendations

Strategic Pay

- Base Pay
  - Matched to competitive labor market
  - Attract and retain quality talent
- Variable Pay
  - Flexible to match dynamic circumstances
  - Rewards performance that makes organization successful & controls pay costs when not
- Indirect Pay (Benefits)
  - Cost management/cost sharing

The Strategic Pay and Benefits Question

What problems are we trying to solve with pay and benefits?

History of City of Charlotte Pay Plans

- **Prior to 1992**
  - Traditional pay steps (non-exempt employees) or performance ranges (exempt employees and management)
- **1992**
  - Mayor's Compensation Task Force
- **1993**
  - Broadbanding Pay Plan approved by City Council
- **1994**
  - Public Safety Pay Plan approved by City Council

Pay Plan Philosophy

All types of employee pay, whether base pay, incentives or benefits, will be used to encourage employees to attain measurable performance goals/targets that support the City's mission. Pay will be based on performance while considering market conditions.

Base pay is the primary type of pay used to maintain market competitiveness; incentive pay will be the primary pay method used to communicate the changing goals of the City and to encourage teamwork. Employees will also be rewarded for attaining skills which make them more flexible and useful in helping Business Units meet their goals.

City of Charlotte
Human Resources Philosophy

Broadbanding Design

- 6 bands
- Includes all employees but Police and Fire (below Major and Deputy Fire Chief)
- Bands are 100% wide (except A: 150%)
- Overlap is 35%
- Bands are labeled A-F
- Market focus with management discretion

[redacted] *Broadbanding Pay Plan*

	Band Minimum	Band Maximum
Band A	$13,240	$33,090
Band B	$22,340	$44,680
Band C	$30,170	$60,340
Band D	$40,730	$81,460
Band E	$54,970	$109,940
Band F	$74,220	$148,440

Example of Market Value within a Broadband

"At Market" and Hiring Rates

$13,240 $33,090

Market Value

- Based on median actual wages paid in recruitment area for somewhat similar work
- Approximate value ($\pm$5%)
- Reference point, not a control point

Median Average Actual Salaries

Secretary

	Minimum	Maximum	Average Actual	
Company A	$16,511	$29,856	$25,883	
Company B	$16,367	$27,651	$25,784	
Company C	$17,686	$26,412	$25,550	
Company D	$18,773	$25,698	$24,552	← Median
Company E	$17,360	$26,117	$24,121	
Company F	$15,113	$23,532	$22,444	
Company G	$16,512	$24,652	$17,331	
		Average	**$23,666**	
		Median	**$24,552**	

Broadbanding

- **Components of Pay Increase Budgets**
  - Merit Budget
    - » Used to reward annual performance
    - » May be given as base pay, lump sum, or combination
    - » 3.7% in FY99
  - Career Development Budget
    - » Used to reward added value, new skills or job changes; to move employees closer to market; or for equity adjustments
    - » May be given as base pay or lump sum
    - » 0.5% in FY99

Public Safety Pay Plan

- 5% steps; employees receive a step increase each year until maximum of the pay range is reached
- In years plan steps are adjusted (market adjustments), employees receive amount of market adjustment (& step, if eligible) on merit date
- Under current plan, market adjustments given every other year
- Employees receive 5% educational incentive pay (if they have a 2 or 4 year degree) after initial probation; if 4 year degree, receive additional 5% at end of pay range

Public Safety Pay Plan

Examples of Steps for Police Officers and Sergeants

								2 Yr*	4 Yr*							
POLICE OFFICER	$24,967	$26,215	$27,526	$28,902	$30,347	$31,865	$33,458	$35,131	$36,888							
										2 Yr*	4 Yr*					
SR POLICE OFF I									$36,888	$38 732	$40,669					
											2 Yr*	4 Yr*				
SR POLICE OFF II										$38,732	$40,669	$42 702				
												2 Yr*	4 Yr*			
SR POLICE OFF III											$40,669	$42 702	$44,837			
POLICE SERGEANT														$47,079	$49,433	$51,904

FY2000 General Employee Compensation Issues

- **Vibrant Economy**
  - Under 3% local unemployment rate
- **More Mobile Workforce**
  - More willing to change jobs and careers
  - Different work values
- **Appropriate Compensation**
  - Are funding levels sufficient to appropriately compensate employees for performance, career progression and to maintain market competitiveness?

Broadbanding Pay Plan Issues

- **Market Measure**
  - Is the current measure (market median) appropriate?
- **What salary budget increase amounts are needed to maintain market competitiveness?**
  - Are additional amounts needed to address recruitment/retention problems in some job categories?
    - Information Technology, telecommunications, labor and skilled trades
- **High Performance Pool**
  - Is a "high performance pool" necessary to more appropriately reward our top performers and most valuable talent?

Public Safety Pay Plan Issues

- **Structural Adjustments to the Plans (Police & Fire)**
  - What market measure should be used to stay competitive?
  - How much should the plans be adjusted for FY2000?
  - How frequently should the plans be adjusted?
  - When should employees receive this structural adjustment?
- **Internal Relationships between Classes in the Plans**
  - **Police**
    - Police Officer, Senior Police Officer I-III, Police Sergeant, Police Captain
  - **Fire**
    - Firefighter I-II, Firefighter-Engineer, Fire Captain, Battalion Fire Chief
- **Educational Incentive Pay**
  - When should employees be eligible for this pay?

Benefits Plan Philosophy

The City's Benefits Plan will provide a moderate level of income protection to employees against unexpected health, life and disability risks. Employees will be expected to share fairly in the cost of their benefits. The City will aggressively manage health care cost and actively support employee safety and wellness programs to reduce future health care costs.

City of Charlotte
Human Resources Philosophy

Insurance Plans

- Medical Insurance
- Life Insurance
- Disability Insurance
- Dental Insurance

Insurance Plans Cost Management

- Cost sharing is based on recommendations of Mayor's Compensation Task Force
- Benchmarking indicates that the City's insurance costs are effectively managed

Retirement Plans

- Police
  - Plans:
    - » Local Governmental Employees' Retirement System
    - » 401k Plan
    - » Special Separation Allowance
  - Provide app. 90% of final gross income
- Fire
  - Plan:
    - » Charlotte Firefighters' Retirement System
  - Provides app. 78% of final gross income

Retirement Plans (Continued)

- General Employees
  - Plan:
    - » Local Governmental Employees' Retirement System
  - Provides app. 55% of final gross income

FY2000 Benefits Issues

- Health Insurance: Health care costs are increasing nationally and locally
- Retirement Plans:
  - Impact of State-mandated contributions
  - Portability of retirement benefits
  - Possible inequities
  - Adequacy of retirement income for all employees throughout retirement years

Steps to Complete FY2000 Pay & Benefits Recommendations

- Complete review of market data and economic trend data
- Review occupational areas where recruitment or retention problems exist
- Develop recommendations and review with City Manager
- Final recommendations will be included in FY2000 budget

The Strategic Pay and Benefits Question

What problems are we trying to solve with pay and benefits?

CHARLOTTE.

FY2000 PAY & BENEFITS

Recommendation Report

Mayor
Patrick McCrory

Mayor Pro Tem
Lynn Wheeler

City Council
Rod Autrey
Charles Baker
Patrick D Cannon
Malachi Greene
Michael J Jackson
Nasif Rashad Majeed
Don D Reid
Al Rousso
Tim Sellers
Sara Spencer

City Manager
Pamela A Syfert

FY 2000 PAY AND BENEFITS RECOMMENDATIONS
Executive Summary

PAY RECOMMENDATIONS

A total of $11 8 million to fund employee pay changes and related benefits costs incurred by the City (FICA and retirement), as well as $1 7 million to fund insurance changes, is recommended for FY2000 This budget is sufficient to allow for the following adjustments

Public Safety Pay Plan

The following is recommended

- Market adjustments to the Public Safety Pay Plan be made on an annual, rather than biannual basis See information below on the market adjustments for specific job classes in Police and Fire
- Employees in the Public Safety Pay Plan receive the market adjustment on the first Wednesday of each fiscal year rather than on their merit date For FY2000, employees would receive this adjustment beginning on July 7, 1999
- Educational incentive pay be moved to initial hire This will result in employees with an AA/AS degree beginning at 5% over a high school graduate Employees hired with a BA/BS will begin 10% above high school graduates
- Full funding for all steps in the Public Safety Pay Plan be continued In addition to the market adjustment, Public Safety employees who have not yet reached the top step of their pay range will receive a 5% step increase at the time of their merit increase, resulting in a 10% or higher, pay increase during FY2000

Police Classes

The following is recommended

- A 5% structural market adjustment for all Police Officer and Senior Police Officer I-III steps
- A 7 5% structural market adjustment for all Police Sergeant steps
- Movement of the Police Captain class into the Broadbanding Pay Plan on July 7, 1999 These employees will be eligible for a 5% adjustment on July 7, 1999 and a merit increase on their merit date

Fire Classes

The following is recommended

- A 5% structural market adjustment for all Firefighter I-II and Firefighter-Engineer steps
- A 7 5% structural market adjustment for all Fire Captain steps
- Movement of the Battalion Fire Chief class into the Broadbanding Pay Plan on July 7, 1999 These employees will be eligible for a 5% adjustment on July 7, 1999 and a

merit increase on their merit date

- The addition of a 10% educational incentive for a BA/BS degree for Fire personnel below the rank of Fire Captain This will make the educational incentive program for Fire employees consistent with that of Police

Broadbanding Pay Plan

The following is recommended

- Funds are included for merit increases Merit increases will range from 0% to 8% based on market position and performance, any merit increase above 8% requires City Manager approval Increases may be awarded as base pay or lump sums
- Funds are also included for career development Career development increases are awarded for "added value" to the organization, skills acquisition, certifications, significant growth in job duties, promotions and market or equity adjustments
- Additional funds will be available to move employees below 80% of market to 80%, and to address issues of employees with over 4 years of tenure in their job who are between 80% and 90% of market
- Increase of 5% to minimum and maximum rates in the Broadbanding pay structure This is only a structural change and no employees will receive an increase due to this change

Executive Team Automobile Allowance

- The City Manager is considering changes to the current automobile allowance that would result in two tiers of Executive Team Automobile Allowance being established $475 per month for Key Business Executives in operational business units which require a high level of auto use, and $400 per month for Key Business Executives where a lower level of use is required

BENEFITS RECOMMENDATIONS

Medical Insurance

- Recommend 6% increase to premiums paid by both employees/retirees and the City

Dental Insurance

- Recommend 10% increase to premiums paid by both employees and the City

Life Insurance

- Recommend no change to premiums for either employees or the City

Short -Term Disability Insurance

- Recommend no change to premiums for the City

Long - Term Disability Insurance

- Recommend no change to premiums for the City

Medical Stop-Loss Insurance

- Final recommendation will be presented to City Council when completed

FY2000 PAY RECOMMENDATIONS

The dynamic character of the national, and especially the Charlotte, economy requires that for FY2000 we take action to assure that we can attract and retain sufficient numbers of qualified personnel to allow us to continue to provide a quality level of service Over the last 2 years we have seen a continuing increase in overall turnover of City employees, and an even higher turnover rate for our employees in the labor and trades areas, as well as in some specialty areas (for example, information technology, Police and Fire Telecommunicators) In labor and trades and other support positions, we have also seen an increase in the number of firings, reflecting a decrease in the quality of the employees we can currently hire

This year we must focus on ways that allow us to be more successful in retaining the services of our existing employees, improving the quality of new hires in this tight labor market, and preventing internal equity problems that occur when new hires of similar skills and experience are hired at higher salaries than existing staff To assist us in this process, we have conducted an extensive evaluation process to identify our problem areas and develop strategies for dealing with these problems The evaluation process included research on economic trends nationally and in the Charlotte area, as well as focus groups of Key Business Executives, Police and Fire employees and employees in the Broadbanding Pay Plan Attachment A shows the process findings from these efforts

The FY2000 pay recommendations are based on our identified problems in recruitment and retention, on local, regional and national compensation trend data and on market data for individual job classes This includes information from the Human Resources Department's annual market surveys, as well as surveys conducted by national compensation consulting firms, professional organizations and other employers A comparison of City of Charlotte pay levels to this data over the last few years shows that we have lost some of our market competitiveness (see Attachment D) and need to take action to stem our problems in recruitment and retention

A total of $11 8 million to fund employee pay changes and $1 7 million to fund insurance changes is recommended for FY2000 This budget is sufficient to allow for the following adjustments

Public Safety Pay Plan

- It is recommended that market adjustments to the Public Safety Pay Plan be made on an annual, rather than the current biannual basis, which was established when the Public Safety Pay Plan was created in July 1994 This will allow the City to respond more rapidly to market changes in these areas See information below on the market adjustments in Police and Fire
- It is recommended that employees in the Public Safety Pay Plan receive the market

adjustment on the first day of each fiscal year rather than on their merit date The current practice of providing this increase on the employees merit date results in equity problems when less tenured employees receive the increase before longer tenured employees For FY2000, employees would receive this adjustment at the start of the fiscal year on July 7, 1999

- It is recommended that educational incentive pay be moved to initial hire This would enhance our recruitment ability by increasing hiring rates for most of our new Police and Fire recruits Employees with an AA/AS degree would be hired at 5% over a high school graduate, those hired with a BA/BS will begin 10% above high school graduates (see Attachment F)
- It is recommended that full funding for all steps in the Public Safety Pay Plan be continued In addition to the market adjustment, Public Safety employees who have not yet reached the top step of their pay range will receive a 5% step increase on their merit date, resulting in a 10% or higher pay increase during FY2000

Police Classes

- A 5% structural market adjustment is recommended for all Police Officer and Senior Police Officer I-III steps
- A 7 5% structural market adjustment to prevent overlap with subordinates is recommended for all Police Sergeant steps
- Movement of the Police Captain class into the Broadbanding Pay Plan on July 7, 1999 is recommended These employees will be eligible for a 5% adjustment on July 7, 1999 and a merit increase on their merit date

Fire Classes

- A 5% structural market adjustment is recommended for all Firefighter I-II and Firefighter-Engineer steps
- A 7 5% structural market adjustment to prevent overlap with subordinates is recommended for all Fire Captain steps
- Movement of the Battalion Fire Chief class into the Broadbanding Pay Plan on July 7, 1999 is recommended These employees will be eligible for a 5% adjustment on July 7, 1999 and a merit increase on their merit date
- It is recommended that a 10% educational incentive for a BA/BS degree be added for Fire personnel below the rank of Fire Captain At present, new Fire employees with an AA/AS or a BA/BS degree are only eligible for 5% educational incentive pay This will make their educational incentive program consistent with that of Police

Under these proposed changes, employees in the Public Safety Plan who have not reached the maximum step of their range will receive a 5% market adjustment on July 7, 1999 and be eligible for a 5% step on their merit date Employees with a BA/BS degree hired since implementation of the Public Safety Pay Plan in July 1994 will also be eligible for a 5% educational incentive increase on July 7, 1999

Broadbanding Pay Plan

The City's Broadbanding Pay Plan covers all City employees with the exception of non-managerial Police and Fire employees In this plan, pay increases are based on the employee's performance and relation to market Increases may be made as base pay or as lump sums

- Merit increases will range from 0% to 8% based on market position and performance, any merit increase above 8% requires City Manager approval Increases may be awarded as base pay or lump sums
- Additional funds will be available to move employees rated "Good" or "Far Exceeds" who are below 80% of market to 80%, and to address issues of employees rated "Good" or "Far Exceeds" with over 4 years of tenure in their job who have not reached 90% of market
- A 5% increase is recommended to the band minimum and maximum rates in the Broadbanding pay structure The only impact of this recommendation will be to change the minimum and maximum rates in our six bands, no employees will receive an increase as the result of this recommendation

Merit Increase Guidelines (Broadbanding Pay Plan)

It is recommended the Merit Increase Guidelines of 0% to 8% be continued for FY2000 Key Business Executives may grant merit increases of 0% to 8%, but will be held accountable for staying within budgeted funds Pay decisions will be based on an employee's level of performance and a comparison of current salary to the market rate for their specific job Any increases above 8% must be approved by the City Manager

Change in Executive Team Automobile Allowance

The Executive Team Automobile Allowance was established in 1984 and was set at $315 per month Due to inflation during the 15 years since the allowance was established, the current amount is far less than the cost to acquire and operate an automobile

- The City Manager is considering changes to the current automobile allowance that would result in two tiers of Executive Team Automobile Allowance being

established These would be 1) an allowance of $475 per month for Key Business Executives in operational business units which require a high level of auto use, and 2) an allowance of $400 per month for Key Business Executives in business units where a lower level of use is required

Attachments

The following attachments provide information on our review process for FY2000, support the pay recommendations or provide related information

Attachment A - **Problem Identification and Strategies for Problems Identified**
A graphic depiction of our problem identification process and strategic approach to resolving the problems identified

Attachment B - **City of Charlotte Turnover by Broadband and Public Safety Pay Plan**
Turnover information by pay band and sworn Police and Fire classes for the period 1996-1998 Data on turnover in other organizations collected by the Bureau of National Affairs (BNA) is also shown

Attachment C - **Charlotte Turnover by Salary at Termination**
Turnover information by employee salary at the time of termination for the period 1996-1998

Police Turnover 1997-1999 (year-to-date)
Data on turnover by Police and Fire ranks during the period from 1997 to March 30, 1999

Attachment D - **Charlotte Comparison to Market**
Data on market indices by pay band at the start of FY98 and FY99 showing a significant loss of market competitiveness for Bands A and C

Attachment E - **Results of Market Data on Police Classes Collected by the City of Charlotte Human Resources Department During Their Annual Survey Process (1999)**
Graphic depiction of data on non-supervisory Police Officers and a comparison of national and regional data for Police ranks to Charlotte data

Attachment F - **Comparison of Survey Data of Police Officer Positions in Other Major NC Cities**
A graphic depiction of data on non-supervisory Police Officers in other major NC cities compared to Charlotte data Data was collected by the City of Charlotte Human Resources Department during their annual survey process in early 1999

Police Officer Entry Pay
Entry pay for new Police Officers based on proposed educational incentive Rates shown reflect changes recommended in this report and are consistent with those of the Police Chief and the Police Market Measure Committee

Attachment G - **Results of Market Data on Fire Classes Collected by the City of Charlotte Human Resources Department During Their Annual Survey Process (1999)**
Graphic depiction of data on Firefighters and a comparison of national and regional data for Fire ranks to Charlotte data is shown

Attachment H - **Projected 1999 Market Movement**
An overview of 1999 compensation trend data, including data from major national compensation consulting firms, as well as information on the Consumer Price Index

Attachment I - **Response Results of 1999 Employee Compensation Market Surveys**
Response results of 1999 surveys conducted by the City of Charlotte Human Resources Department (HRD) Also includes information on external sources of market data used by the Human Resources Department in their annual market pricing

Attachment J - **Recommended FY2000 Public Safety Pay Plan Structure**
New minimum, maximum and step rates in the Public Safety Pay Plan based on the structural market adjustments recommended for FY2000

Attachment K - **Recommended FY2000 Broadbanding Pay Plan Structure**
New minimum and maximum rates in the Broadbanding Pay Plan based on the 5% structural adjustment recommended for FY2000

FY2000 BENEFITS RECOMMENDATIONS

The Human Resources Philosophy adopted by the City Council provides that the City's benefits plan will provide a moderate level of income protection to employees against unexpected health, life and disability risks It also provides that the City will aggressively manage health care costs and that employees will be expected to share fairly in the cost of their benefits Significant changes to employee insurance benefits were approved by the City Council and implemented in FY 97, as a result of competitive bidding processes for all insurance coverages The FY2000 benefits recommendations continue to reflect the positive results of the competitive bidding processes in FY 97 and are consistent with the Human Resources Philosophy adopted by the City Council The FY2000 benefits recommendations are also reflective of analyses conducted by the benefits consulting firm of Towers Perrin

Medical Insurance

In September 1993, the City implemented a Point-of-Service managed health care plan In FY 97 (December 1996) two Health Maintenance Organizations were added Both the City and its employees have experienced significant cost savings through these plans Due to projected health care inflation, it is recommended that premiums for both employees/retirees and the City be increased by 6% effective July 7, 1999 The recommended 6% increase is less than the average increase anticipated by the majority of other employers in the area Attachments L-N show the current medical insurance premiums and the recommended premiums

The weekly premium increase amounts will vary, based upon the type of coverage that has been chosen Approximately 82% of employees have chosen coverage in one of the two Health Maintenance Organizations, and their increase will range from $ 09/week (employee only coverage) to $1 57/week (employee plus family coverage) The remaining 18% of employees have chosen coverage in one of the two Point-of-Service Plans, and their increase will range from $ 00/week (Plan B, employee only coverage) to $1 70/week (Plan A, employee plus family coverage)

Dental Insurance

It is recommended that dental insurance premiums for both employees and the City increase by 10% effective July 7, 1999 This recommendation is based on analysis of recent dental claims experience and projected claims experience for FY2000

Life Insurance

As a result of the competitive bidding process in FY 97, the City Council approved premiums for a period covering FY 99 The FY2000 premiums are the same as for FY 99

Short - Term Disability Insurance

It is recommended that there be no change to short-term disability insurance premiums

Long - Term Disability Insurance

It is recommended that there be no change to long-term disability insurance premiums

Medical Stop-Loss Insurance

Although the City is self-insured for medical claims, insurance is purchased to cover claims that exceed $200,000 per year for any individual covered under the plan As a result of the competitive bidding process in FY 97, this coverage is provided by Lexington Insurance Company The FY 2000 premium for this coverage is still being negotiated, but it is anticipated that there will be an increase no greater than 8%, requiring additional funding of approximately $14,000 annually A final recommendation on this premium will be presented to City Council when completed

Attachments

The following attachments provide related information

Attachment L - **City of Charlotte Medical Premium Structure (Monthly Rates)**
A comparison of current and FY2000 medical premium rates for the City's Point of Service (A and B) plans

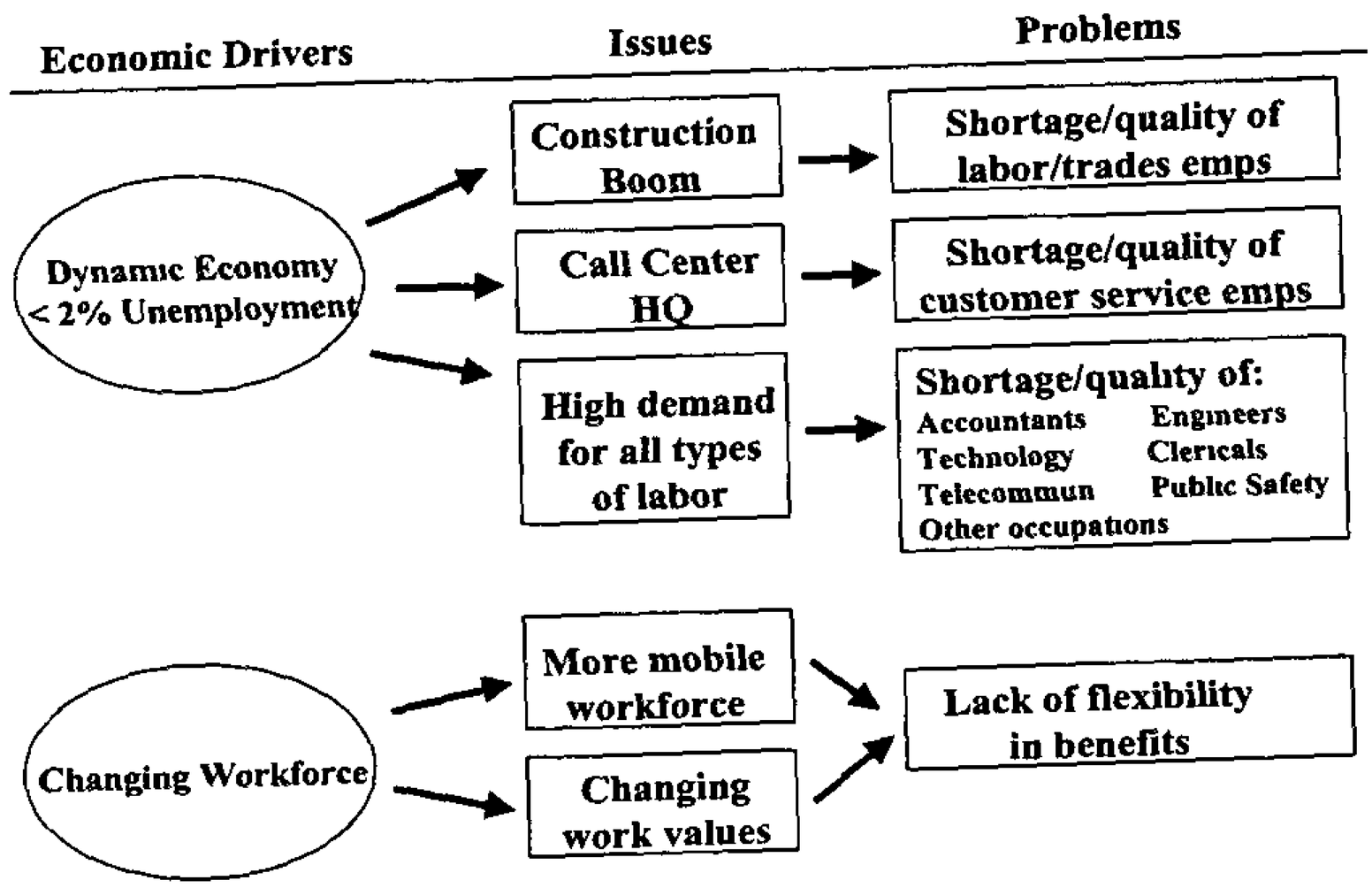
Attachment M - **City of Charlotte Medical Premium Structure (Monthly Rates)**
A comparison of current and FY2000 medical premium rates for the City's HMO type plans

Out of Area Plan Medical Premium Structure (Monthly Rates)
A comparison of current and FY2000 rates for the out of area plan

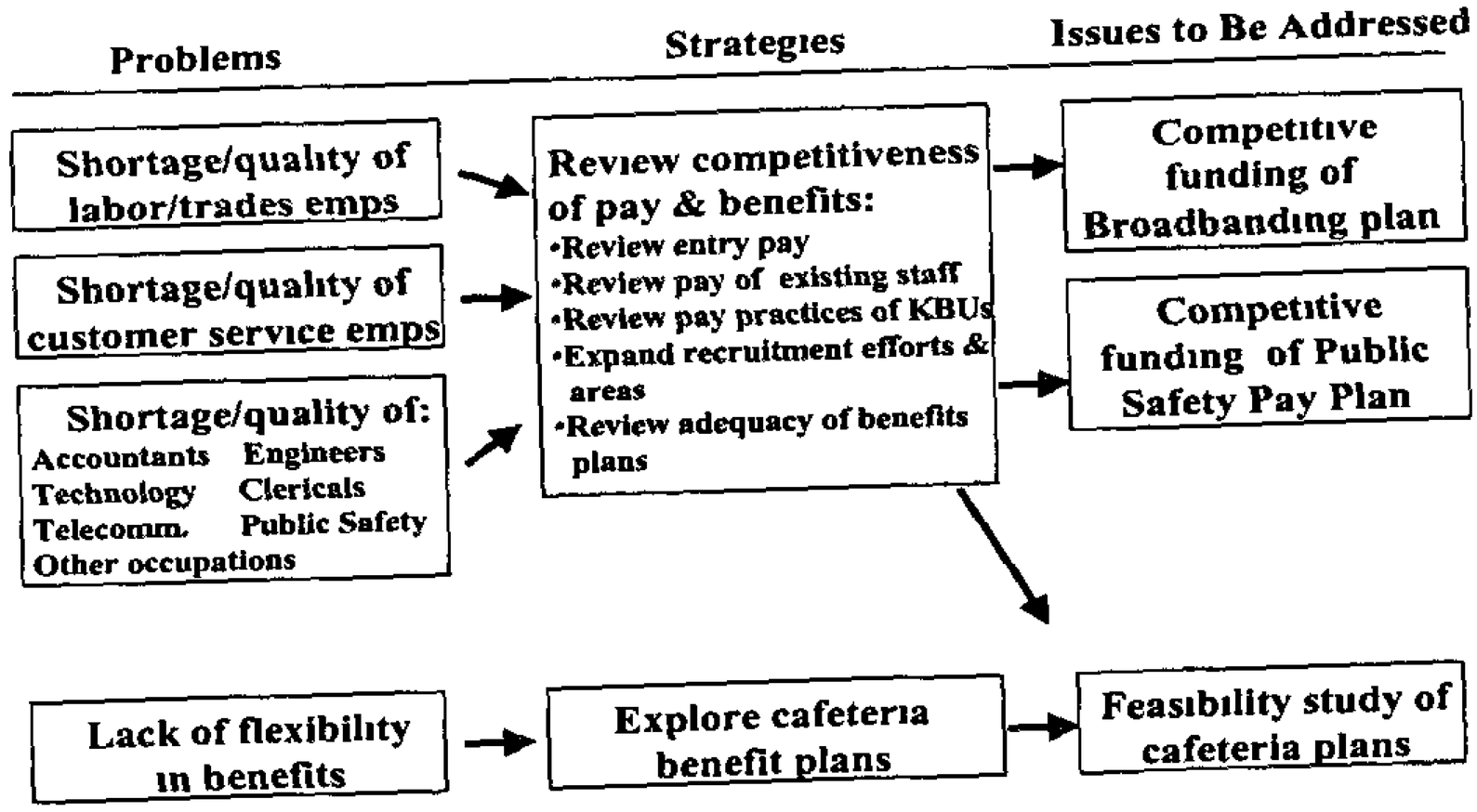
Attachment N - **City of Charlotte Dental Premium Structure (Monthly Rates)**
FY2000 dental premium rates, showing 10% increase from FY99

City of Charlotte Employee Weekly Medical and Dental Rates
A comparison of current and FY2000 weekly employee costs for medical and dental coverage

Problem Identification



Strategies for Problems Identified



City of Charlotte Turnover by Broadband & PSPP 1996-1998

By Band	Total Turnover	Turnover Rate	Retirements	Turnover Rate	Voluntary	Turnover Rate	Involuntary	Turnover Rate
A	596	21.6%	103	3.7%	339	12.3%	154	5.6%
B	348	11.7%	71	2.4%	227	7.6%	50	1.7%
C	127	8.5%	36	2.4%	88	5.9%	3	0.2%
D	22	6.4%	8	2.3%	13	3.8%	1	0.3%
E	11	7.1%	7	4.5%	4	2.6%	0	0.0%
F	3	5.6%	1	1.9%	2	3.7%	0	0.0%
Police	198	5.0%	60	1.5%	123	3.1%	16	0.4%
Fire	83	3.6%	48	2.1%	19	0.8%	15	0.7%

Band A support positions (laborers, crew members, equipment operators clerical employees
Band B trades, technical and administrative positions
Band C professionals
Band D F senior professionals, mid and top management

Employee Turnover Rates

Data from surveys conducted annually since 1974 by Bureau of National Affairs (BNA) Turnover figures include all permanent separations, whether voluntary or involuntary They do not include layoffs and departures of temporary staff

	1996	1997
Median rates of permanent separation (all respondents)	10.8%	13.2%
Median rates of permanent separation (2500+ emps)	9.6%	10.8%
Type of Industry		
Manufacturing Sector	9.6%	12.0%
Nonmanufacturing Sector	10.8%	13.2%
Nonbusiness Establishments (inc municipalities)	13.2%	14.4%
Geographic Region		
South	12.0%	14.4%

City of Charlotte Data

	1996	1997	1998
Rates of permanent separation	8.7%	10.3%	10.9%

Charlotte Turnover Rate by Salary at Termination (all employee groups) 1996-1998

By Salary	Voluntary Turnover	Turnover Rate	% of Vol (Cumulative)	% of Emps (Cumulative)
<$15 000	24	40 0%	3%	0%
$15 20 000	229	27 2%	32%	6%
$20 25 000	226	10 7%	60%	22%
$25 30 000	120	5 1%	75%	39%
$30 35 000	88	3 6%	85%	56%
$35 40 000	50	2 7%	91%	69%
$40 45 000	42	2 0%	96%	85%
$45 50 000	18	2 1%	98%	91%
$50 55 000	3	0 5%	99%	95%
$55 60 000	5	1 8%	99%	97%
>$60 000	10	2 7%	100%	100%

Police Turnover 1997-1999 (year-to-date)

	1997				1998			
	All	Retirements	Voluntary	Involuntary	All	Retirements	Voluntary	Involuntary
Police Officer	39	1	32	6	44	1	40	3
Sr Police Officer I	7	3	4		7	3	4	
Sr Police Officer II	2	1	1		5		5	
Sr Police Officer III	18	14	4		10	6	3	1
Police Sergeant	5	4		1	6	6		
Police Captain	2	2			3	3		
Totals	73	25	41	7	75	19	52	4
Turnover Rate	**5 8%**	2 0%	**3.3%**	0 6%	**5 9%**	1 5%	**4 1%**	0 3%

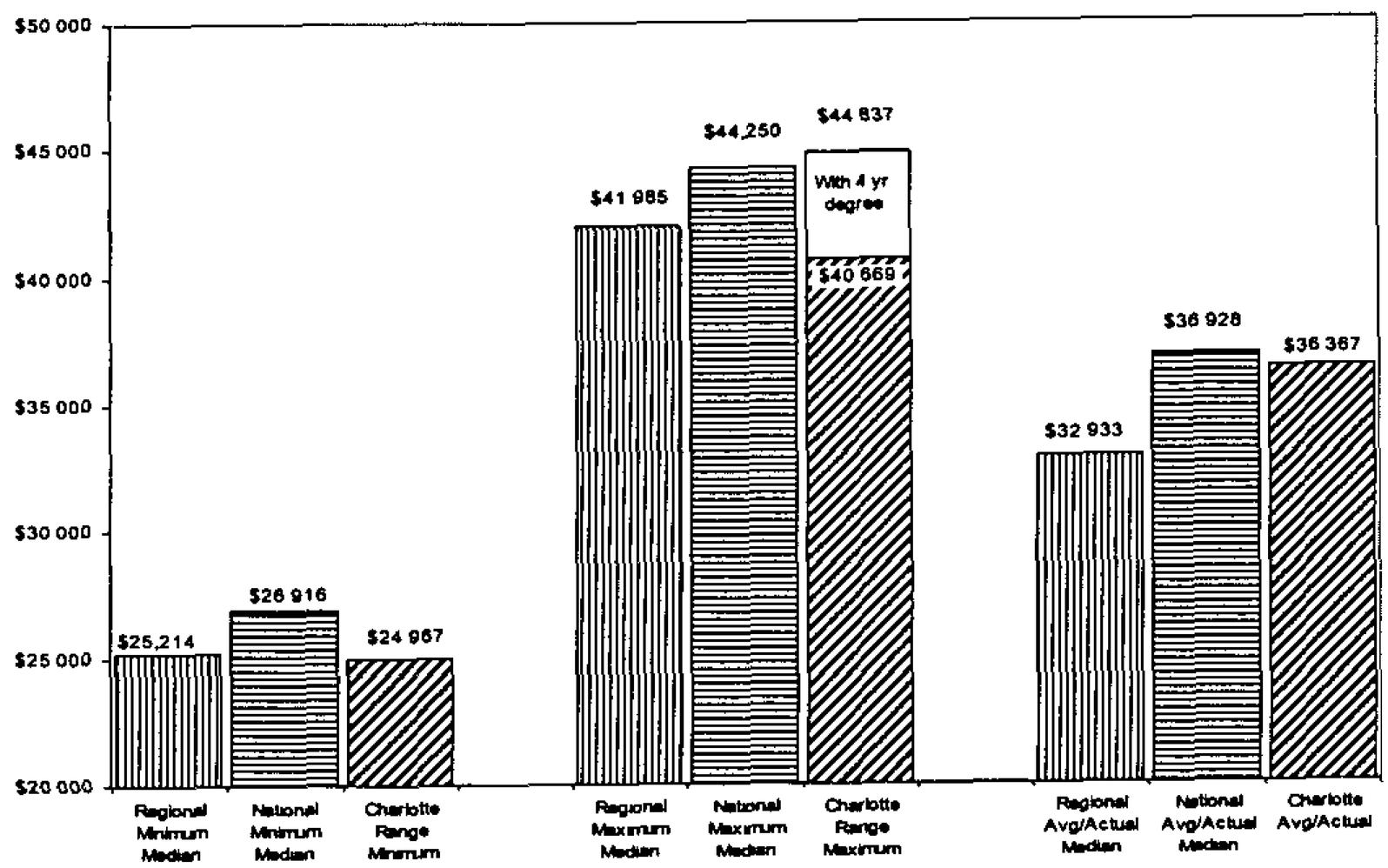
	1999 (YTD March 30, 1999)				1999 (Annualized)			
	All	Retirements	Voluntary	Involuntary	All	Retirements	Voluntary	Involuntary
Police Officer	5		5		5		5	
Sr Police Officer I	2		2		2		2	
Sr Police Officer II	3	1	2		3	1	2	
Sr Police Officer III	2		2		2		2	
Police Sergeant	1	1			1	1		
Police Captain	1	1			1	1		
Totals	14	3	11	0	14	3	11	0
Turnover Rate	1 0%	0 2%	0 8%	0 0%	**4 2%**	0 9%	**3 3%**	0 0%

Charlotte's Comparison to Market

Market Indices by Pay Band - FY98 -FY99
Broadbanding Positions Only

	Start FY98	Start FY99
Band A	94 4%	92 6%
(excluding clericals)	92 5%	90 6%
Band B	92 0%	93 1%
Band C	93 8%	92 4%
Band D	95 0%	95 8%
Band E	99 8%	99 5%
Band F	102 4%	101 4%
All Bands	**93.6%**	**93.8%**

Non-Supervisory Police Officer Pay Data 1999 - Median



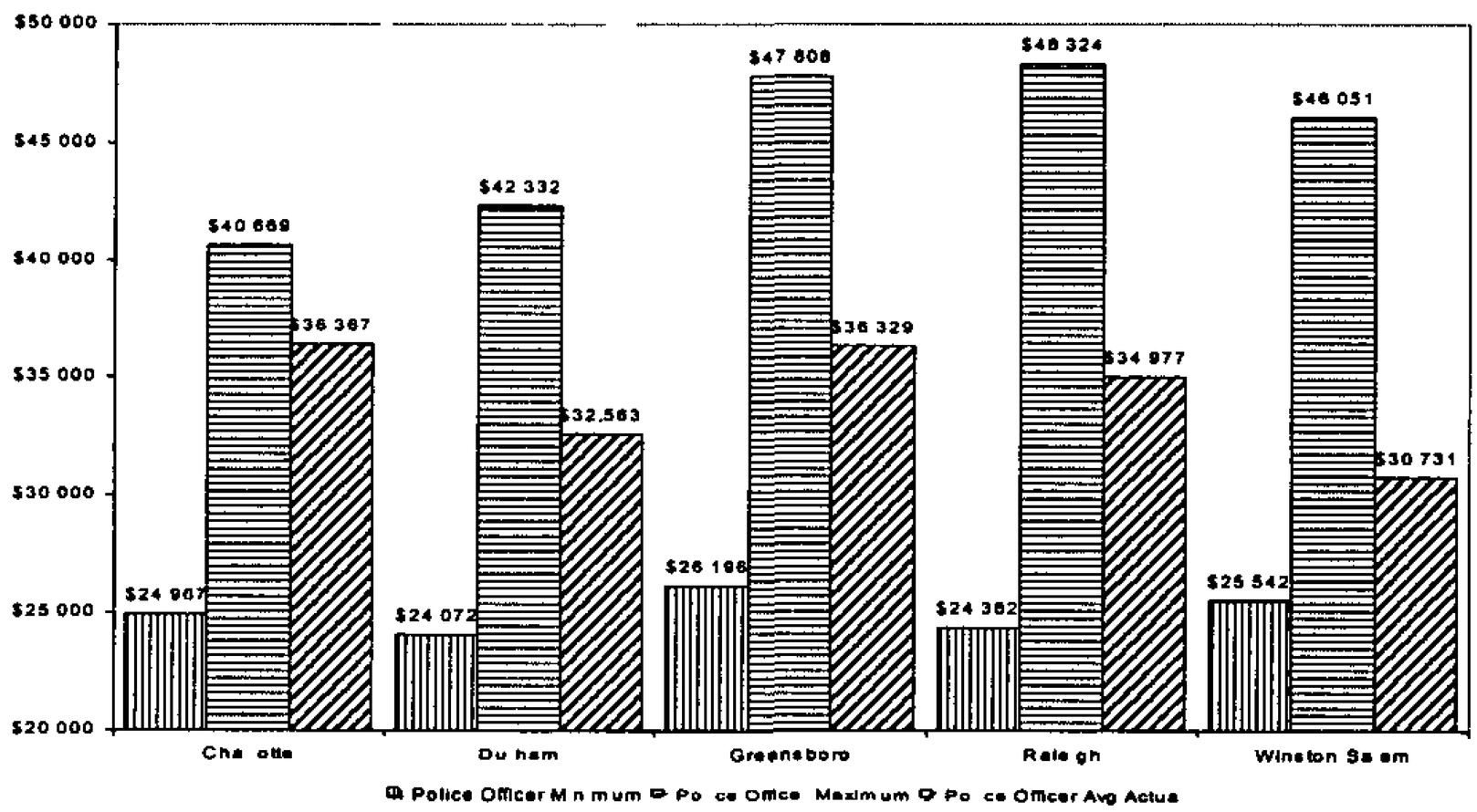
Comparison of Regional and National Police Data to Charlotte

Median Measure

	Regional Median Minimum	National Median Minimum	Regional Median Maximum	National Median Maximum	Regional Median Avg/Actual	National Median Avg/Actual
Police Officer	$25 214	$26 196	$41 985	$44 250	$32 933	$36 928
Police Sergeant	$35 119	$43 049	$51 143	$51 375	$44 708	$49 029
Police Captain	$42,445	$52,531	$62,065	$61,867	$57,228	$59,776

	Regional Minimums to Charlotte	National Minimums to Charlotte	Regional Maximums to Charlotte	National Maximums to Charlotte	Regional Avg Actuals to Charlotte	National Avg Actuals to Charlotte
Police Officer	99 0%	95 3%	96 9%	91 9%	110 4%	98 5%
Police Sergeant	134 1%	109 4%	101 5%	101 0%	113 7%	103 6%
Police Captain	128 4%	103 7%	92 2%	92 5%	99 1%	94 8%

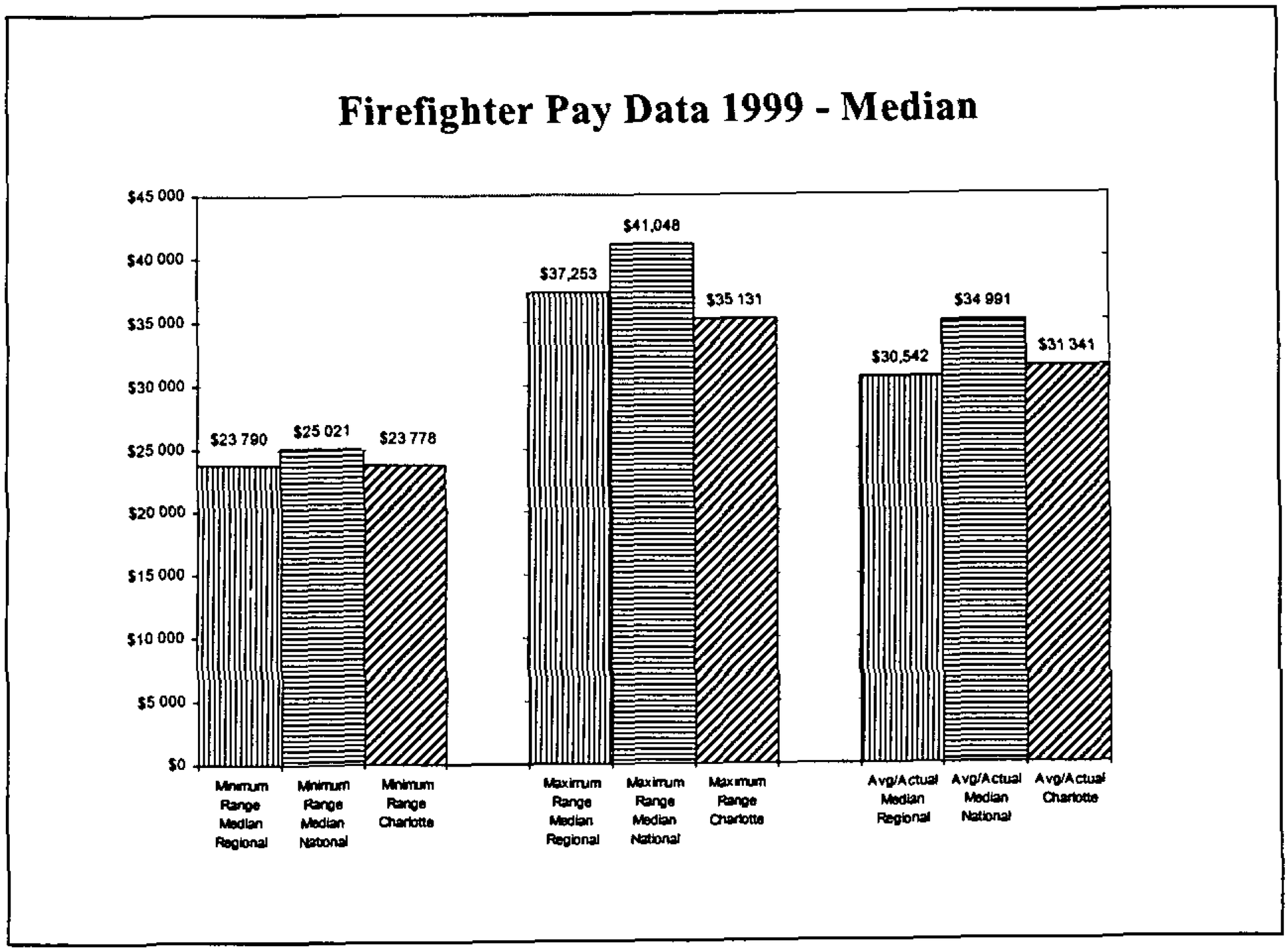
Comparison of Police Officer Ranges and Salaries in Major NC Cities



Police Officer Entry Pay (under Police Chief's Recommendations)

Education	Entry	8 mos.*
■ 4 Year degree	$28,902	$30,347
■ 2 Year degree	$27,526	$28,902
■ High School	$26,215	$27,526

* End of recruit school and field training (app. 8 months)



Comparison of Regional and National Fire Data to Charlotte

Median Measure

	Regional Median Minimum	National Median Minimum	Regional Median Maximum	National Median Maximum	Regional Median Avg/Actual	National Median Avg/Actual
Firefighter	$23 790	$25,021	$37,253	$41 048	$30,542	$34 991
Firefighter-Engineer	$28 279	$37,656	$40,627	$43,278	$35,485	$41 489
Fire Captain	$35 620	$43,229	$50 024	$52,351	$45,588	$49 887
Battalion Fire Chief	$39,187	$52,088	$62,065	$65,182	$56,464	$62,911

	Regional Minimums to Charlotte	National Minimums to Charlotte	Regional Maximums to Charlotte	National Maximums to Charlotte	Regional Avg Actuals to Charlotte	National Avg Actuals to Charlotte
Firefighter	99.9%	95 0%	94 3%	85 6%	102.6%	89 6%
Firefighter-Engineer	124 2%	93.3%	95 3%	89 5%	110 8%	94 7%
Fire Captain	119 9%	98.8%	98.8%	94 4%	106 7%	97.5%
Battalion Fire Chief	132 5%	99.6%	92 2%	87 8%	98.2%	88 1%

Projected Pay Increase Budgets
1999

Data Source	Scope	No of Orgs	All Employees	Execs	Exempts	Salaried NonEx	Hourly NonEx
Amer Compensation Assn	U S	2776		4 6%	4 4%	4 2%	4 1%
Hewitt Associates	U S	904		4 5%	4 2%	4 1%	3 9%
	Government	10		3 5%	3 5%	4 0%	3 6%
	South	111		4 4%	4 2%	4 2%	3 9%
William M Mercer Inc	U S	1800+	4 2%	4 3%	4 2%	4 1%	3 9%
	Southeast		4 3%				
	NC	373	4 2%				
	Charlotte	12	4 0%				
The Employer's Association	Charlotte	48		4 38%	4.25%	3 83%	4 15%
Charlotte HR Dept	Charlotte	10	4 2%				

Charlotte HRD Surveys - 1999

Survey Source	Scope	# of jobs included	Response Rate	% Response
National Municipalities (Police & Fire)	175 000-1 million	43	50 of 69	72%
Regional Municipalities (Police & Fire)	100 000+	43	27 of 36	75%
National Municipalities (Broadbanding classes)	175 000-1 million	119	38 of 69	55%
Regional Municipalities (Broadbanding classes)	100 000+	185	27 of 36	75%
Charlotte Area Companies	Charlotte	77	17 of 86	20%
Large National/Regional Airports	U S	23	20 of 37	54%
National Crime Laboratories	U S	17	22 of 58	38%
Paratransit Agencies	U S	6	9 of 14	64%
National Water Sewer Utilities	175 000-1 million	52	20 of 41	49%
Regional Water Sewer Utilities	100 000+	52	11 of 25	44%

External Data Sources Used by the City of Charlotte

- Watson Wyatt (ECS) Surveys
  - Office Personnel Survey
  - Technical and Skilled Trades Survey
  - Professional and Scientific Survey
  - Professional/Nursing (Hospital) Survey
  - Middle Management Survey
  - Top Management Survey
- William M Mercer, Inc , Surveys
  - Information Systems Survey
  - Information Technology Leadership Survey
  - Finance, Accounting and Legal Survey
  - Logistics and Supply Chain Management Survey
  - Human Resources Survey
  - Call Centers Survey
  - Southeast Metropolitan Survey
- Dietrich Engineering Surveys
  - Engineering Survey
  - Drafting/Design Survey
  - Architect Survey
- National Society of Professional Engineers Survey
- PAS Construction and Construction Management Survey
- The Employers Association (Charlotte Area) Wage and Salary Surveys
- American Association of Airport Executives (AAAE) Management Survey
- City of Phoenix Executive Compensation Survey
- International Personnel Management Association City/County Compensation Report
- NC League of Municipalities Survey
- American Waterworks Association Survey
- Birmingham Water Works Board Survey
- State of NC TV Positions Survey

Attachment J

Recommended FY2000 Public Safety Pay Plan Structure

POLICE DEPARTMENT

Initial increase at the end of recruit school and completion of field training (app 8 mos) then annually

	New Hire	New Hire 2 Yr*	New Hire 4 Yr*													
POLICE OFFICER	$26,215	$27,526	$28,902	$30,347	$31,865	$33,458	$35 131	2 Yr* $36,887	4 Yr* $38 732							
SR POLICE OFF I									$38 732	2 Yr* $40,668	4 Yr* $42 702					
SR POLICE OFF II										$40,668	2 Yr* $42 702	4 Yr* $44,837				
SR POLICE OFF III											$42 702	2 Yr* $44,837	4 Yr* $47,079			
POLICE SERGEANT														$50,610	$53 140	$55 797

* 5% or 10% educational incentive pay for Police Officers with a 2 or 4 year degree

FIRE DEPARTMENT

Initial increase at the end of recruit school, then annually

	New Hire	New Hire 2 Yr*	New Hire 4 Yr*														
FIREFIGHTER I	$24,967	$26,215	$27,526	$28,902	$30,347	$31 865	$33,458	2 Yr** $35 131	4 Yr** $36,887								
FIREFIGHTER II				$28,902	$30,347	$31,865	$33,458	$35,131	$36,887	2 Yr** $38 732	4 Yr** $40,668						
FF ENGINEER									$36,887	$38 732	$40,668	2 Yr** $42 702	4 Yr** $44,837				
FIRE CAPTAIN														$45,905	$48,200	$50,610	$53 140

* *5% or 10% educational incentive pay for Firefighters with a 2 or 4 year degree

Recommended FY2000 Broadbanding Pay Plan Structure

Band A	**$13,900**	**$34,750**
Band B	**$23,460**	**$46,920**
Band C	**$31,680**	**$63,360**
Band D	**$42,770**	**$85,540**
Band E	**$57,720**	**$115,440**
Band F	**$77,930**	**$155,860**

Attachment L

City of Charlotte
Medical Premium Structure (Monthly Rates)
Effective July 7, 1999

Note : Italicized numbers represent current rates

POS A

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE	$155 15 *$146 37*	$15 52 *$14 64*	$139 63 *$131 73*
EMPLOYEE PLUS CHILD(REN)	$373 06 *$351 94*	$115 65 *$109 10*	$257 41 *$242 84*
EMPLOYEE PLUS SPOUSE	$394 50 *$372 17*	$122 29 *$115 37*	$272 21 *$256 80*
EMPLOYEE PLUS FAMILY	$421 12 *$397 28*	$130 55 *$123 16*	$290 57 *$274 12*

POS B

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE	$137 88 *$130 08*	$ 0 00 *$ 0 00*	$137 88 *$130 08*
EMPLOYEE PLUS CHILD(REN)	$330 93 *$312 20*	$102 59 *$96 78*	$228 34 *$215 42*
EMPLOYEE PLUS SPOUSE	$350 25 *$330 42*	$108 58 *$102 43*	$241 67 *$227 99*
EMPLOYEE PLUS FAMILY	$373 67 *$352 52*	$115 84 *$109 28*	$257 83 *$243 24*

City of Charlotte
Medical Premium Structure (Monthly Rates)
Effective July 7, 1999

HMO Type Plan (CIGNA and Prudential)

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE	$143 09 *$134 99*	$ 7 17 *$6 76*	$135 92 *$128 23*
EMPLOYEE PLUS CHILD(REN)	$343 41 *$323 97*	$106 90 *$100 85*	$236 51 *$223 12*
EMPLOYEE PLUS SPOUSE	$363 44 *$342 87*	$112 29 *$105 93*	$251 15 *$236 94*
EMPLOYEE PLUS FAMILY	$387 84 *$365 89*	$120 23 *$113 42*	$267 61 *$252 47*

Out of Area Plan
Medical Premium Structure (Monthly Rates)
Effective July 7, 1999

There are approximately 72 retirees covered under this plan. A managed care plan is not available for these individuals. Italicized numbers represent current rates.

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE	$250 53 *$236 35*	$25 06 *$23 64*	$225 47 *$212 71*
EMPLOYEE PLUS CHILD(REN)	$601 27 *$567 24*	$186 39 *$175 84*	$414 88 *$391 40*
EMPLOYEE PLUS SPOUSE	$636 34 *$600 32*	$197 27 *$186 10*	$439 07 *$414 22*
EMPLOYEE PLUS FAMILY	$678 93 *$640 50*	$210 47 *$198 56*	$468 46 *$441 94*

Attachment N

City of Charlotte
Dental Premium Structure (Monthly Rates)
Effective July 7, 1999

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE	$16 18 *$14 71*	$2 96 *$2 69*	$13 22 *$12 02*
EMPLOYEE PLUS CHILD(REN)	$27 49 *$24 99*	$14 27 *$12 97*	$13 22 *$12 02*
EMPLOYEE PLUS SPOUSE	$32 35 *$29 41*	$19 13 *$17 39*	$13 22 *$12 02*
EMPLOYEE PLUS FAMILY	$43 66 *$39 69*	$30 44 *$27 67*	$13 22 *$12 02*

City of Charlotte
Employee Weekly Medical and Dental Rates
Effective July 7, 1999

Note Italicized numbers represent current rates

Family Status	**POS A**	**POS B**	**HMO Type Plan**	**Dental**
Employee Only	$ 3 58 *$3 38*	$ 0 00 *$0 00*	$1 65 *$1 56*	$ 68 *$ 62*
Employee Plus Child(ren)	$26 69 *$25 18*	$23 67 *$22 33*	$24 67 *$23 27*	$3 29 *$2 99*
Employee Plus Spouse	$28 22 *$26 62*	$25 06 *$23 64*	$25 91 *$24 44*	$ 4 41 *$4 01*
Employee Plus Family	$30 12 *$28 42*	$26 73 *$25 22*	$27 74 *$26 17*	$7 03 *$6 39*

CHARLOTTE