
FY2017 Budget Workshop

Budget Adjustments

City of Charlotte

May 11, 2016
1:00 p.m. – 5:00 p.m.
Room 267

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III.	Next Steps	
	▪ May 25 th – Straw Votes at 12:00 p.m.	
	▪ June 13 th – Budget Adoption at 7:00 p.m.	
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Distribution: Mayor and City Council
Ron Carlee, City Manager
Executive Team
Department Directors
Office of Strategy & Budget Staff

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Budget Adjustments May 11, 2016

The May 11th Budget Adjustments meeting provides the opportunity for Council to request information and discuss preliminary decisions regarding changes to the Manager's Recommended FY2017 Operating Budget and FY2017-FY2021 Community Investment Plan.

By Council practice, Council members identify items for addition or deletion to the Manager's Recommended Budget. Those items receiving five or more votes from Council members will be analyzed by staff and brought back for a vote at the straw votes meeting scheduled for May 25th.

Each of the May 25th items receiving six or more votes will be included in the budget adoption ordinance on June 13th.

Additional material is included for your review and to assist with the discussion. A table containing General Fund Alternatives is included as a guideline to assist with the process.

This packet includes:

- Council's Alternatives for General Fund Budget Adjustments
- Minimum Starting Pay Comparison
- May 11th Budget Adjustments Agenda
- Questions & Answers from May 3rd Tuesday Morning Breakfast Forum and other Council questions

Executive Summary

Council's Alternatives for General Fund Budget Adjustments

- Revenue Alternatives •
- One-Time Expense Alternatives •

General Fund Alternatives

The following items are alternative General Fund revenue options that are not included in the FY2017 Recommended Budget. These revenue options could be considered in addition to, or in lieu of the recommended property tax increase.

General Fund Alternatives		
Description	FY2017	FY2018
Revenue Increase Alternatives		
Increase Solid Waste Fee by \$3 annually to offset Disposal Fee increase (Residential Single Unit Ownership: Single-Family, Townhouse, and Condominium)	\$ 667,000	\$ 680,340
- Equivalent Property Tax Rate = 0.07¢ - City pays per ton for waste delivered to the landfill - Cost from County is going up \$1.50 per ton (current fee is \$29 per ton)		
Increase Solid Waste Fee by \$3 annually to offset Disposal Fee increase (Commercial Multi-Family)	\$ 309,000	\$ 315,180
- Equivalent Property Tax Rate = 0.03¢ - City pays per ton for waste delivered to the landfill - Cost from County is going up \$1.50 per ton (current fee is \$29 per ton)		
Transfer property tax revenue dedicated to Capital into the General Fund	\$ 920,000	\$ 938,400
- Equivalent Property Tax Rate = 0.10¢ - Each 0.10¢ = \$920,000 annually and reduces debt capacity by \$10 million		
Expenditure Decrease Alternatives		
Apartments		
Change Solid Waste Service Collection for Apartments		
A. Charge Service Cost Recovery beginning July 2016* Equivalent Property Tax Rate = 0.33¢ This would increase the annual fee per unit by \$31 (from \$25 to \$56 annually, or from \$2.08 to \$4.67 monthly)	\$3.0m	\$3.1m
B. Eliminate service as of July 2017** Equivalent Property Tax Rate = 0.00¢	\$0	\$2.1m-\$2.6m
C. Eliminate service as of January 2017** Equivalent Property Tax Rate = 0.23¢	\$2.1m	\$2.1m-\$2.6m
D. Implement Franchise Model Equivalent Property Tax Rate = 0.00¢	\$0	\$2.1m-\$2.6m
* The estimated service cost recovery includes exempting 5,348 Housing Trust Fund committed affordable housing units for a total of approximately \$166,000. The fee will be reevaluated annually based on contract length and external factors **Estimate could vary based on Council's desire to subsidize affordable housing units		

Questions & Answers

May 3rd Tuesday Morning Breakfast Forum

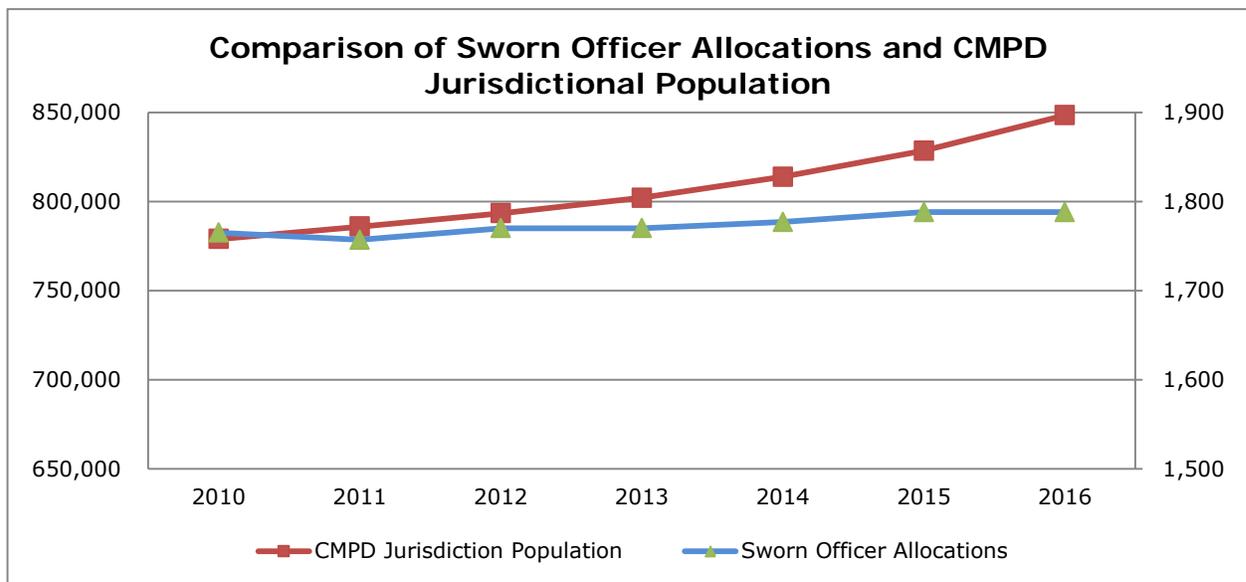
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Questions and Answers

May 3rd Tuesday Morning Breakfast Forum

Question 1: *What is the ratio of CMPD Police Officers to the Charlotte-Mecklenburg population served by CMPD?*

As of 2016, the population of the Charlotte-Mecklenburg area served by the Charlotte-Mecklenburg Police Department (CMPD Jurisdiction) is 848,403. CMPD currently has 1,788 sworn police officers serving within this jurisdiction, or one sworn officer for every 474.5 residents. The last significant increase in the number of police officers in Charlotte was in 2009, when 125 sworn officers were added. Between 2010 and 2016 however, the City has added a total of 23 sworn police officers, an average of 3.3 new officers per year, and a total increase of 1.3%. During the same period, CMPD Jurisdiction population grew 8.9%.



Question 2: *What is the Housing Rehabilitation/Critical Home Repair Program, and how does the public access and utilize its services? How will the two new positions recommended for addition in the FY2017 Recommended Budget support this program?*

The City's Housing Rehabilitation Program, also known as the Safe Home Program, assists with the preservation of Charlotte's existing housing stock by addressing housing code violations, safety issues, energy efficiency retrofits, and accessibility modifications. The program generally covers the home structure, but if exterior items such as trees are a threat to the home (in danger of falling on/near the structure) they will also be addressed during the rehab process.

Eligible participants are homeowners earning 60% (\$40,320) or below of the Area Median Income, as well as elderly and disabled homeowners. The program provides up to \$42,000 per housing unit per eligible homeowner. The City's Neighborhood & Business Services Department's community engagement and code enforcement staffs make people aware of the program through neighborhood association meetings and their daily activities. Due to the growing need in the community for these services and the limited funding available, this program is often oversubscribed and generally has a waiting list. The application period for this program is currently suspended to allow staff to work through the current back log of

Questions and Answers

May 3rd Tuesday Morning Breakfast Forum

over 200 applicants. However, it will reopen in October 2016 and elderly applicants are a city preference for receiving services. For more information on housing rehabilitation programs, please call 704-336-3311.

The two requested positions will join the Housing Services division to enhance service delivery of the Safe Home Rehabilitation, Emergency Repair and other housing programs. Currently, the City has a waiting list for housing rehabilitation services and these positions will further current efforts to reduce wait times.

Question 3: *How does the City plan to get the word out on all the proposed new jobs that will be created from the City's investments?*

The City's capital infrastructure investments are anticipated to create many new jobs both directly from the construction of the infrastructure and indirectly from new private development spurred by the City's capital investments. As the City-funded construction projects get underway, new construction-related jobs will be created in the Charlotte economy, boosting employment opportunities for area residents. As these construction projects are approved by City Council, information on the selected contractors and sub-contractors will be available on the City's web page at <http://charmeck.org/city/charlotte/epm/Pages/default.aspx> for those interested in seeking employment with those businesses. Additionally, the City Manager's recommended FY2017 budget includes new positions that will work directly on the City's capital infrastructure projects. If approved by City Council, these positions will be posted online at the City's website at (<http://charmeck.org/city/charlotte/HumanResources/Pages/default.aspx>). The City also uses a variety of recruitment strategies to identify candidates, including:

- Posting positions and sourcing candidates on job and Social Media sites (e.g., LinkedIn, indeed.com, careerbuilder.com, etc.);
- Partnering with agencies that offer job assistance and job training services, such as CharlotteWorks, the Employment Security Commission, etc.;
- Participating in area job fairs; and
- Hosting City job fairs.

Finally, a demand market analysis conducted by the City estimates that the capital infrastructure investments planned over the course of the four bond referenda between 2014 and 2020 will generate \$2.2 billion in new residential and commercial development and stimulate 18,495 new jobs over the next 20 years.

Question 4: *What is the "Happiness Index"?*

According to the World Happiness Report 2016 Update, happiness data and subjective well-being research are increasingly being used by governments to enable policies that support better lives. The City of Charlotte's FY2016 Environment Strategic Focus Area Plan includes a Smart City Community initiative to "Develop the Happiness Index for Charlotte." Through March 31, 2016, work had begun with UNC Charlotte's Data Science Initiative and Shift Design to begin this process. In addition, the City has applied for a Knight Cities Challenge grant to move forward with this effort. Measures typically found in Happiness Indexes include quality of life measures such as physical health, social connectedness, and economic opportunity. For more information on the World Happiness Report, please visit <http://worldhappiness.report/>.

Questions and Answers

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Question 5: *What are the funding sources for the Charlotte Regional Visitors Authority?*

The Charlotte Regional Visitors Authority (CRVA) manages and promotes Charlotte's publicly-owned assembly facilities, which include the Charlotte Convention Center, Bojangles Coliseum, Ovens Auditorium, the NASCAR Hall of Fame, and specific contracted services with Time Warner Cable Arena and Charlotte Douglas International Airport. The CRVA's funding is derived from a portion of the proceeds from hospitality-related taxes including the Occupancy Tax, Prepared Food and Beverage Tax, and Rental Car Tax.

Occupancy Tax/NASCAR Occupancy Tax:

The current Occupancy Tax (generated from hotel/motel occupancy) is 6% and is expected to generate approximately \$39.8 million in FY2017. Revenues from the occupancy tax are used to support the CRVA's marketing efforts and the debt service on projects such as the Convention Center and Bank of America Stadium improvements. In addition, occupancy tax revenues are collected for all jurisdictions across the County and portions of the collected occupancy tax are distributed to each town and Mecklenburg County based on the inter-local agreement.

The NASCAR Occupancy Tax of 2% is in addition to the countywide 6% Occupancy Tax. The NASCAR Occupancy Tax is expected to generate approximately \$13.3 million in FY2017. Revenues from the NASCAR Occupancy Tax are used to support the debt service on the NASCAR Hall of Fame, as well as maintenance and repairs of the facility.

Prepared Food and Beverage:

The current 1% Prepared Food and Beverage Tax is expected to generate approximately \$30.7 million in FY2017. Revenues from the Prepared Food and Beverage Tax are used along with the Occupancy Tax to help support the CRVA's marketing efforts and debt service on projects such as the Convention Center and Bank of America Stadium improvements. Each of the six towns also receives an allocation equal to 75% of the previous year's Prepared Food and Beverage Tax collections.

Rental Car

The current 1.5% Rental Car Tax is applied to rental cars and cargo vehicles under 6,000 lbs. The Rental Car Tax is expected to generate approximately \$3.3 million in FY2017 and is primarily used for the original debt service on the Time Warner Cable Arena.

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Additional Questions and Answers From City Council

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Additional Questions and Answers From City Council

Question 1: *When will the City of Charlotte achieve the goal of a \$15 per hour minimum starting wage for City employees?*

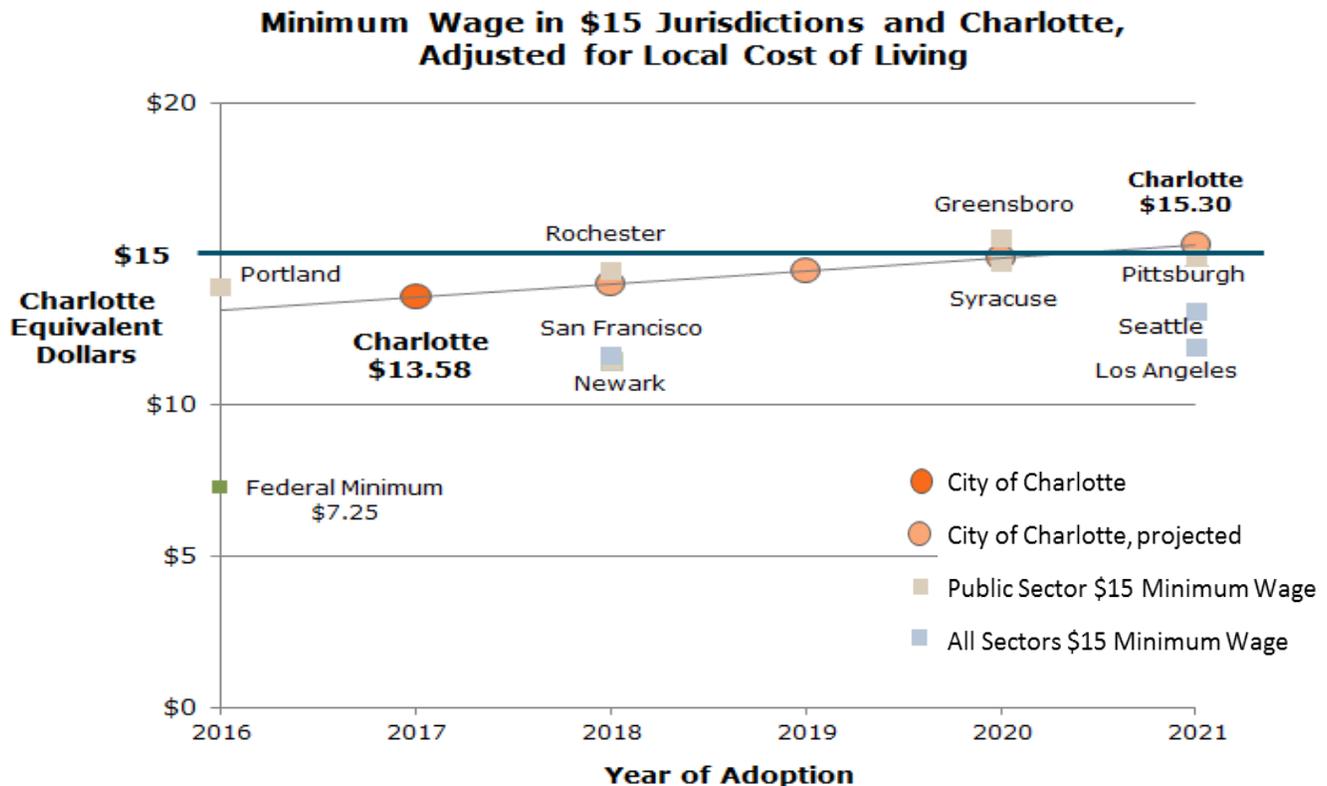
The Mayor and City Council established the practice of bringing employee salaries to a minimum starting pay amount equal to 60% of Area Median Income (AMI) as a part of the FY2016 budget adoption process. This practice was implemented to ensure that the lowest paid City employees earn a sufficient wage to fully participate in the local economy. Minimum wages adopted by some cities apply only to public employees and in other cities they apply to public and private employees. In Charlotte, the adopted minimum wage applies only to City employees. Due to no State legislative action, Charlotte City Council cannot set a starting wage beyond City employees.

As of March 2016, AMI for a one-person household in Mecklenburg County increased from \$45,000 to \$47,100. The FY2017 Pay and Benefits Recommendation includes a proposed adjustment to minimum pay to \$28,260 (\$13.58 per hour), consistent with 60% of AMI.

As part of a national movement to raise wages, several jurisdictions have adopted a \$15 minimum wage, typically phased in over a number of years. For example, Seattle recently adopted a series of phased increases leading to a minimum wage of \$15 in 2021. However, due to significant differences in the local cost of living in communities across the country, including costs for housing, goods, and services, the real purchasing power of a wage is dependent on where a person lives.

The chart below depicts the jurisdictions that have adopted a \$15 minimum wage, adjusted to equivalent dollars in Charlotte. For example, City of Portland has adopted a \$15 minimum wage, which is equivalent to \$13.91 in Charlotte. The Charlotte trend line projects a 3% increase per year in minimum starting wage. After adjusting for local cost of living and timeline for adoption, City of Charlotte is positioned among the national leaders in minimum starting wage. Based on staff projections, Charlotte will achieve the \$15 per hour minimum starting wage goal in three years, based on current pay practice continuing.

Additional Questions and Answers From City Council



Sources:

National Employment Law Project (<http://www.raisetheminimumwage.com/pages/campaigns/>)

U.S. Bureau of Economic Analysis (<http://www.bea.gov/itable/>)

Question 2: *What is the work plan for the two additional ADA positions included in the City Manager's FY2017 recommended budget, and what are the expected outcomes from the work of these positions?*

Two new positions - an ADA Coordinator and an ADA Senior Engineering Project Manager - are included in the City Manager's FY2017 recommended budget to advance work on compliance with the Americans with Disabilities Act (ADA). Both positions will be responsible for the implementation of policies and guidelines to achieve compliance with the ADA and Section 504 of the Rehabilitation Act of 1973 in the public right-of-way. As members of the City's ADA Leadership Team, these positions will be heavily involved in updating the Americans with Disabilities Act Compliance Assessment that was completed in 2012 in preparation for the 2012 Democratic National Convention, and will focus on the following work plan to ensure the success of the City's ADA program:

- Coordinate the system-wide inventory that will identify barriers to ADA compliance within the City of Charlotte. Staff anticipates that at least 50% of the system-wide inventory will be complete by the end of FY2018.
- Work in coordination with other City departments to prioritize necessary improvements in the City's current public right-of-way infrastructure. Staff expects this work to be completed by the two proposed positions within 18 months.

Additional Questions and Answers From City Council

- Set up a financially feasible schedule for retrofits for needed infrastructure improvements.
- Generate city-wide procedures and guidelines.
- Assist in the implementation of improvements defined in the retrofit schedule and maintain an ongoing inventory of improvements.
- Train staff across multiple departments that are responsible for the design, construction, inspection, and acceptance of items in the public right-of-way.

Expected outcomes from the work of these positions include meeting the federal ADA requirements and other applicable federal laws, correcting deficiencies in the public right-of-way identified by the ADA Compliance Assessment conducted in 2012, and ultimately enhancing the transportation system for users of all ages and abilities.

Question 3: *What would be the cost in FY2017 to accelerate the phase in of new police officers by an additional 13 officers?*

The cost to accelerate the Phase I number of police officers would be \$1,137,050 in FY2017. This would bring the total number of officers to the Police Chief's original Phase I request of 63 officers.

Question 4: *How many additional police officers could be added in FY2017 if the proposed property tax rate increase were increased from 0.43 cent to 0.50 cent?*

The additional 0.07 cent to the proposed property tax rate increase could fund seven additional police officers and their applicable equipment.

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