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**May 25, 2016**  
**Budget Straw Votes**

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## Office of Strategy & Budget MEMORANDUM

May 18, 2016

**TO:** Mayor and City Council  
**FROM:** Kim Eagle, Budget Director  
**SUBJECT:** May 25<sup>th</sup> Straw Votes Packet

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The next step in the City's budget process is the Council's Budget Straw Votes meeting at 12:00 p.m. on Wednesday, May 25<sup>th</sup> in Room 267.

The attached packet for the May 25<sup>th</sup> meeting includes:

- [Straw Votes Agenda](#);
- [Straw Votes Process Overview](#);
- [Budget Amendment descriptions and impact statements](#); and
- [Questions & Answers from City Council](#).

Please let me know if you have any questions prior to the Straw Votes meeting.

Attachment

CC: Ron Carlee, City Manager  
Executive Team  
Department Directors  
Office of Strategy & Budget Staff

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# FY2017 Budget Workshop Straw Votes

## City of Charlotte

May 25, 2016  
12:00 p.m.  
Room 267

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|------|--|-------------------|
| I.   | <a href="#">Introduction</a>   | Ron Carlee        |
| II.  | <a href="#">Consideration of amendments from the May 11<sup>th</sup> Budget Amendments Meeting</a>   | Mayor and Council |
| III. | Consideration of motion directing the City Manager to prepare the necessary documents and resolutions for the June 13 <sup>th</sup> Budget Ordinance | Mayor and Council |

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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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## **Council Budget Workshop Straw Votes Process Overview May 25, 2016**

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May 25<sup>th</sup> is the date set for Council's Budget Straw Votes on the Proposed FY2017 Strategic Operating Plan and the FY2017-FY2021 Community Investment Plan.

### Council Straw Votes Process

Council's practice is to vote on items individually at the Straw Votes meeting. Each of the items receiving six or more votes at the May 25<sup>th</sup> budget meeting will be incorporated into the budget ordinance in preparation for the June 13<sup>th</sup> Budget Adoption Agenda Item.

By the end of the May 25<sup>th</sup> Straw Votes meeting, any changes to revenues and expenditures must balance in preparation for the currently scheduled June 13<sup>th</sup> Budget Adoption. Otherwise, Council will need to add a specially called meeting prior to Budget Adoption to allow for additional straw votes. By State law, the adopted budget must balance revenues to expenditures.

### Requested Council Motion Directing City Manager to Prepare Budget Adoption Documents

At the conclusion of the Straw Votes meeting, the City Manager will request that Council adopt the following motion directing him to prepare all necessary documents and resolutions for the June 13<sup>th</sup> budget ordinance:

**MOTION:** Direct the City Manager to prepare the necessary budget documents, resolutions, and ordinance based on the City Manager's Recommended Budget and all Council-approved Straw Votes.

Staff is available to answer questions or assist with the budget process as directed by Council.

## Summary of Council Budget Amendments from May 11<sup>th</sup> Budget Adjustments Workshop

### Introduction

The Mayor and City Council conducted a Budget Adjustments meeting on May 11<sup>th</sup> where they proposed possible changes to the City Manager's FY2017 Recommended Budget. In accordance with Council's process, staff reviewed the proposed budget amendments and has provided additional information below.

### **Amendment 1 – Postpone Charlotte Water rate increase for one fiscal year**

#### **Amendment Summary**

The proposed amendment would:

- **Delay critical infrastructure projects supporting economic growth.** Capital projects are needed and planned each year to provide capacity for growth and economic development. Examples of projects planned for growth include adding water and sewer infrastructure to support the Dixie-Berryhill area. These types of projects could potentially be delayed to a point that would require the implementation of temporary connection moratoriums, impacting the overall nature of the development. Project delays would also result in these projects incurring additional design and construction costs.
- **Significantly reduce ability to fund capital projects related to system and environmental integrity.** Capital available to pay for projects required to replace and/or rehabilitate aging infrastructure, comply with state and federal regulations, and to fulfill obligations related to water/sewer conflicts on local and state projects such as highway and road projects would be reduced. Deferral could result in regulatory compliance challenges and inadequate support of interagency infrastructure projects, such as I-77 widening and Independence Boulevard upgrades.
- **Decrease debt coverage ratios below critical thresholds.** To maintain debt coverage ratios needed to sustain the highest credit ratings, new revenue roughly equal to two times the amount of new debt service is required. Additional revenue collected above actual debt service obligations is used in subsequent years to fund pay-as-you-go capital projects, ultimately reducing the need to issue new debt.
- **Potentially undercut the City's credibility with credit rating agencies and investor community.** The City sold \$460 million of revenue bonds nine months ago using a financial plan containing annual rate increases in support of a significant capital program. A zero rate increase in the first year of plan implementation (in the absence of a severe economic downturn or other mitigating factor) could impact the City's credibility the next time it updates credit rating agencies and the investor community.
- **Require a substantial fund balance draw to continue operations and capital funding, resulting in the need for a far greater rate increase in subsequent years.** In order to come back into alignment with Charlotte Water's ten year financial plan, an 11.26% rate increase would be required in FY2018 and higher than projected rate increases would be required in subsequent years.

**Background**

- Nearly all of the revenue generated from Charlotte Water's projected annual rate increases is used to fund capital projects. Rate increases are needed annually because the increase is generally committed to new/additional debt service which is a 30 year obligation. New debt is being added faster than old debt is being retired.
- The proposed water and sewer rate represents a \$2.54 per month increase for residential customers.
- \$2.54 per month represents a 4.36% increase for a typical customer using 7 ccf (about 5,200 gallons) monthly.
- Since the increase is to the fixed components of the water and sewer bill, the amount of the increase is the same each month for all residential customers regardless of the amount of water used.
- The proposed rate increase will produce \$10.2 million in new revenue in FY2017.
- FY2017 debt service included in the Manager's recommended budget is \$8.7 million higher than FY2016 debt service due to issued revenue bonds.
- Utility capital projects typically take several years from planning and design to completion. Charlotte Water continues to refine and improve long-term capital and financial plans to support needs related to projected growth, infrastructure replacement, financial targets, and rate projections. It is critical to follow these plans to ensure the sustainability and integrity of the utility system and operations.
- Capitalized costs related to the cleanup of polychlorinated biphenyls (PCBs) that were illegally dumped into the wastewater system in 2014 are included in this rate request. Without those costs, the rate increase would be about 3.6% instead of 4.36%.

**Amendment 2 – Add \$40,000 to fund travel expenses for the National League of Cities Youth Council**

**Amendment Summary**

This proposed amendment would:

- Add \$40,000 in one-time funds to cover travel expenses for the Charlotte-Mecklenburg Youth Council to attend National League of Cities (NLC) conferences in Pittsburgh and Washington.

**Background**

The NLC encourages the participation of high school students at its annual Congress of Cities Conference in November and its Congressional City Conference in March. At these conferences, youth delegates have the opportunity to learn and share ideas for improving their communities and discuss federal policies that affect their cities and towns.

This proposed budget amendment would fund travel expenses for the following:

- 15 youth and five chaperones to attend the November 2016 Congress of Cities Conference in Pittsburgh, and
- Six youth and two chaperones to attend the March 2017 Congressional City Conference in Washington.

Charlotte will serve as the host city for the November 2017 annual Congress of Cities Conference; the Charlotte-Mecklenburg Youth Council trips are part of the planning efforts as Charlotte prepares to host the conference.

The total cost for the effort is \$55,000. Mecklenburg County and Charlotte-Mecklenburg Schools have each been asked to contribute \$7,500. **Table 1** below outlines proposed funding for Charlotte-Mecklenburg Youth Council travel expenses:

**Table 1**

<b>Agency</b>	<b>Funding</b>
City of Charlotte	\$40,000
Mecklenburg County	\$7,500
Charlotte-Mecklenburg Schools	\$7,500
<b>Total Travel Expense</b>	<b>\$55,000</b>

**Details and Impacts of Proposed Amendment**

This request is for one-time funds that could be paid from the General Fund-fund balance, which would otherwise go to capital reserves.

**Amendment 3 – Accelerate the phased approach to adding public safety resources by funding an additional 13 Police Officers in FY2017 (in addition to the 50 included in the City Manager’s Recommended Budget)**

**Amendment Summary**

The proposed amendment would:

- Fund an additional 13 Police Officer positions in FY2017 (in addition to the 50 included in the City Manager’s FY2017 Recommended Budget), resulting in a \$1,137,050 increase in the General Fund.

**Background**

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 officers serving within this jurisdiction, or one Police 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 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 by 8.9%.

The Mayor and City Council identified public safety as the highest priority for the FY2017 budget development process. Accordingly, the City Manager’s FY2017 Recommended Budget includes an additional 50 sworn and 25 civilian Police positions to address the emergency response needs of a vibrant and growing community.

Initially, CMPD requested a two-year phased approach to add 125 sworn officers and 80 civilian positions. The FY2017 phase included 63 sworn officers and 43 civilian positions. The initially proposed FY2018 phase included an additional 62 sworn officers and 37 civilian positions. The City Manager’s FY2017 Recommended Budget balanced public safety resource needs against resource availability. The CMPD staffing levels included in the FY2017 Recommended Budget represent the minimum General Fund resource increases necessary to have a measureable, positive impact on public safety service delivery.

**Details and Impacts of Proposed Amendment**

The proposed amendment for 13 additional sworn officers would cost the General Fund an additional \$1,137,050 above FY2017 Recommended Budget levels. This amendment would fund the Police Chief’s initial Phase I sworn officer request, bringing the total number of sworn positions added in FY2017 to 63 Police Officers. **Table 2** below outlines the costs associated with the additional Police resources included in the City Manager’s FY2017 Recommended Budget with the proposal to accelerate Phase I.

**Table 2**

<b>FY2017 Recommended Increases to Charlotte-Mecklenburg Police Department Resources with Proposed Accelerated Phase I</b>	<b>Additional Funding</b>	<b>Additional Positions</b>
Sworn Positions	\$2,358,020	50
911 Communicators	1,011,094	20
Crime Scene/Crime Lab	222,515	5
Capital Expenses	795,709	
<b>Total FY2017 Recommended Budget</b>	<b>\$4,387,338</b>	<b>75</b>
Accelerated Phase I Positions (additional 13 Officers)	\$933,947	13
Accelerated Phase I Capital Expenses	203,103	
<b>Total FY2017 Recommended Budget with Proposed Accelerated Phase I</b>	<b>\$5,524,388</b>	<b>88</b>

**Amendment 4 – Add one additional street sweeping crew and one additional litter control crew to Solid Waste Services**

**Amendment Summary**

The proposed amendment would:

- Add one sweeper truck, one crew cab pickup truck, and three full-time employees to Solid Waste Services.
- Increase Solid Waste Services’ FY2017 General Fund Budget by \$484,000.

**Background**

Solid Waste Services is currently responsible for litter control along City maintained streets and has eleven, one-person crews dedicated to street sweeping and nine, two-person crews dedicated to litter control throughout the City. Additional crews support the Central Business District. Due to FY2006 budget reductions, the City ended the previous practice of providing street sweeping and litter control services along North Carolina Department of Transportation maintained streets and rights-of-way.

**Details and Impacts of Proposed Amendments**

- The addition of one street sweeping crew will increase the annual linear miles of receiving street sweeping services by 8.5%, equivalent to an additional 4,500 linear miles per year.
- The addition of one litter picking crew will increase the total number annual curbside miles serviced by 11%, equivalent to an additional 2,600 curbside miles per year.
- The City’s cleanliness is assessed annually through the Keep Charlotte Beautiful Litter Index, an affiliate of Keep America Beautiful. The current Solid Waste Services litter index rating is 1.83. The goal is to remain at 2.0 or less (on a scale of 1.0-4.0; where 1.0 is best).
- **Table 3** below outlines the \$484,000 increase to Solid Waste Services’ FY2017 operating budget.

**Table 3**

<b>FY2017 Operating Budget</b>	
Personal Services (3 new positions)	\$181,000
Operating Expenses	41,000
<b>Total Operating Budget</b>	<b>\$222,000</b>

  

<b>Capital Budget (One-Time Purchase)</b>	
Capital Expense (1 sweeper truck & 1 crew cab pickup truck)	\$262,000
<b>Total Capital Budget</b>	<b>\$262,000</b>

**Amendment 5 – Remove capital equipment for Ladder 28 from the General Fund Operating Budget and finance it with short-term debt over a specified time period**

**Amendment Summary**

- The proposed amendment would:
- Decrease the FY2017 General Fund budget by the cost of the new ladder truck (\$899,782).
  - The \$899,782 reduction could be used to:
    - Reduce the property tax rate increase, or
    - Offset additional expenditure increases.
  - Increase the cost of future operating budgets depending on the length of the debt financing.
  - There would be no impact to the timing for operationalizing Ladder 28.

**Background**

The City Manager’s FY2017 Recommended Budget includes the purchase of a ladder truck to serve a second fire company at Station 28 in the North Lake Mall area. In recent years, there has been a significant increase in the population and development occurring in the area surrounding North Lake Mall. This development has resulted in a call load increase of 66% in the last 10 years. Engine 28, the area’s sole fire apparatus, does not have adequate capacity to ensure that the Charlotte Fire Department (CFD) meets its stringent response time goals. Adding Ladder 28, along with the necessary staffing resources (six staff members for each of the three shifts) improves CFD’s ability to achieve critical emergency response time goals and ensure reliable coverage for the area.

The FY2017 Recommended Budget included full General Fund-funding of the ladder truck, consistent with prior additional capital equipment purchases. By purchasing the capital equipment in year one, the subsequent year two increase in operating expense is smoothed, avoiding a

significant increase in the second year. **Table 4** and **Table 5** below compare the capital equipment costs from the Recommended Budget with the proposed amendment.

**Table 4: City Manager's Recommendation**

	FY2017 Budget	FY2018 Budget	\$ Change
Ladder 28 Capital	\$899,782	\$0	(\$899,782)
Ladder 28 Operating	\$1,224,158	\$1,982,859	\$758,701
<b>Total Annual Expense</b>	<b>\$2,123,940</b>	<b>\$1,982,859</b>	<b>(\$141,081)</b>

**Table 5: Council Proposed Amendment**

	FY2017 Budget	FY2018 Budget	\$ Change
Ladder 28 Capital	\$0	\$179,956	\$179,956
Ladder 28 Operating	\$1,224,158	\$1,982,859	\$758,701
<b>Total Annual Expense</b>	<b>\$2,123,940</b>	<b>\$2,162,815</b>	<b>\$938,657</b>

Capital equipment funding for General Fund vehicles is typically financed through short term debt. Historically, the City has issued short-term Certificates of Participation (COPS) to finance the vehicle purchases.

For the past two fiscal years the City has self-financed General Fund capital equipment through proceeds in the Municipal Debt Service Fund (MDSF). This remains a viable option as long as sufficient cash flow exists in the MDSF. Current MDSF projections indicate that sufficient cash flow will exist to self-finance both replacement capital equipment and the additional ladder truck and Police vehicles in FY2017.

The funding mechanism for the ladder truck will have no impact on the implementation of the ladder company.

**Amendment 6 – Remove capital equipment for the additional Police Officers from the General Fund Operating Budget and finance it with short-term debt over a specified time period**

**Amendment Summary**

The proposed amendment would:

- Decrease the FY2017 General Fund budget by the cost of the 27 Police vehicles required to support the additional 75 positions (\$795,709).
- The \$795,709 reduction could be used to:
  - Reduce the property tax rate increase, or
  - Offset additional expenditure increases.
- Increase the cost of future operating budgets depending on the length of the debt financing.
- There would be no impact to the deployment of the 75 additional Police positions.

## **Background**

The City Manager's FY2017 Recommended Budget includes the purchase 25 cars and two vans to equip the 50 sworn officers and 25 civilian employees recommended for funding. The 75 additional employees were recommended to help respond to the explosive growth of the Charlotte-Mecklenburg region, with a population increase of 8.9% between 2010 and 2016. Along with continued population growth, the total number of calls for service over the past four years has increased annually from 1,126,204 calls in 2011 to 1,492,336 calls in 2015, equating to a 32.5% increase in total calls for service. In addition, each year, more special events are added to CMPD's workload. Over the past decades, special events in the City have grown an estimated 166%. The wellness and safety of CMPD staff is directly affected by increased demands on their time.

The City Manager's FY2017 Recommended Budget included full General Fund-funding of the Police vehicles, consistent with prior additional capital equipment purchases. By purchasing the capital equipment in year one, the subsequent year two increase in operating expense is smoothed, avoiding a significant increase in the second year. **Table 6** and **Table 7** below compare the capital equipment costs from the Recommended Budget with the proposed amendment.

**Table 6: City Manager's Recommendation**

	<b>FY2017 Budget</b>	<b>FY2018 Budget</b>	<b>\$ Change</b>
Police Capital	\$795,709	\$0	(\$795,709)
Police Operating	\$3,591,628	\$5,793,192	\$2,201,564
<b>Total Annual</b>	<b>\$4,387,337</b>	<b>\$5,793,192</b>	<b>\$1,405,855</b>

**Table 7: Council Proposed Amendment**

	<b>FY2017 Budget</b>	<b>FY2018 Budget</b>	<b>\$ Change</b>
Police Capital	\$0	\$159,142	\$159,142
Police Operating	\$3,591,628	\$5,793,192	\$2,201,564
<b>Total Annual</b>	<b>\$3,591,628</b>	<b>\$5,952,334</b>	<b>\$2,360,706</b>

Capital equipment funding for General Fund vehicles is typically financed through short term debt. Historically, the City has issued short-term Certificates of Participation (COPS) to finance the vehicle purchases.

For the past two fiscal years the City has self-financed General Fund capital equipment through proceeds in the Municipal Debt Service Fund (MDSF). This remains a viable option as long as sufficient cash flow exists in the MDSF. Current MSDF projections indicate that sufficient cash flow will exist to self-finance both replacement capital equipment and the additional ladder truck and Police vehicles in FY2017.

The funding mechanism for the CMPD vehicles will have no impact on the implementation of the 75 employees included in the City Manager's FY2017 Recommended Budget.

## **Amendment 7 – Transfer property tax revenue dedicated to capital into the General Fund**

### **Amendment Summary**

The proposed amendment would:

- Transfer 0.2 cents of the property tax rate from the Municipal Debt Service Fund that is currently supporting the capital program to the General Fund to support a balanced FY2017 operating budget.
- Create an additional \$1,840,000 in ongoing annual property tax revenue for the General Fund.
- Reduce available debt capacity in the Municipal Debt Service Fund by \$20.0 million.

### **Background**

The property tax rate is distributed and dedicated to three major components of the City's budget. **Table 8** below shows the current allocation of property tax rate to these three components and the 0.20 cent transfer created by this proposed amendment.

**Table 8**

<b>Fund</b>	<b>FY2016</b>	<b>%</b>	<b>Transfer</b>	<b>FY2017</b>	<b>%</b>
General	37.41¢	78.2	+0.20¢	37.61¢	78.6
Municipal Debt	09.26¢	19.3	-0.20¢	09.06¢	18.9
Pay-As-You-Go	01.20¢	2.5		01.20¢	2.5
<b>Total Tax Rate</b>	<b>47.87¢</b>	<b>100%</b>	<b>0.00¢</b>	<b>47.87¢</b>	<b>100%</b>

### **Details and Impacts of Proposed Amendment**

- The Municipal Debt Service Fund is used to account for the accumulation of resources and the payment of principal, interest, and related costs for long-term debt, including debt issued through General Obligation Bonds and Certificates of participation (COPs) in support of the General Community Investment Plan.
- The City Manager's recommended General Community Investment Plan allocates a total of \$884.5 million in debt capacity for bond-funded capital investments over four bond referenda between 2014 and 2020, and COPs-funded facility projects planned during those bond years.
- The recommended \$884.5 million in allocated debt capacity includes \$816.4 million previously approved by City Council and an additional \$68.1 million in new debt capacity currently programmed in the FY2017-FY2021 Recommended General Community Investment Plan.
- This proposed amendment would reduce the debt capacity currently programmed in the FY2017-FY2021 Recommended General Community Investment Plan by \$20.0 million, from \$884.5 million to \$864.5 million, a 2.3% reduction.
- Elimination of the \$20.0 million in debt capacity would require the elimination of or reductions to currently programmed capital investments in order to maintain a balanced General Community Investment Plan.
- To preserve the priorities set forth by the community in the 2014 bond referendum, and to maintain a commitment to infrastructure investments that support Council's Strategic Policy Objectives, options would be limited for reducing or eliminating currently programmed capital investment projects.

Among the capital infrastructure projects that could be eliminated, deferred, or reduced without significantly impeding the community's priorities or Strategic Policy Objectives, staff would recommend the Sweden Road Maintenance Yard Replacement project for deferral. This project could be reconsidered in a future General Community Investment Plan.

As currently programmed, the Sweden Road Maintenance Yard Replacement project would receive \$3.1 million in FY2019 for planning and design, and \$19.5 million in FY2021 for the construction of a new vehicle maintenance facility to replace the existing facility on Sweden Road. Construction of the new facility at a new location within the same geographic area was anticipated to accomplish two goals. First, it would replace an aging facility. The current facility was built in 1955 and does not have the growth capacity to continue supporting the maintenance of large public safety equipment in future years as the City's public safety equipment fleet continues to grow. Secondly, the current facility is located in the light rail transit corridor that is expected to experience redevelopment activity in the near future. Relocating the City's operations from the Sweden Road facility would open the property for future private development, further enhancing the potential economic development of the area.

Staff does not anticipate any significant service delivery impacts in the short-term from deferring the Sweden Road Maintenance Yard project. Previous renovations that were made to upgrade work areas and to expand service bays and parts inventory storage space in 2013 at the existing Sweden Road vehicle maintenance facility have extended its useful life sufficiently to continue providing maintenance services for heavy equipment until a revised plan for replacing the facility can be developed and funded in a future capital program. However, the existing facility does experience delays in completing maintenance on larger vehicles for Charlotte Water and the Fire Department due to the limited capacity of the existing facility, and these delays will continue to cause some service productivity issues for these customer departments until a replacement facility can be constructed.

Deferring the project will also provide an opportunity to reevaluate the scope of the project to identify the most appropriate and cost-effective approach to meeting the long-term needs of Fleet Maintenance and their customer departments. Additionally, development interest around the current site of the Sweden Road facility is not yet strong enough to create an immediate economic incentive to convert the property to private sector use. As development interest increases in the coming years, the sale of the City's land to offset the cost of constructing a new facility will become more economically feasible.

It is anticipated that debt capacity in the capital program will continue to grow, and the City will have the opportunity to reprogram the replacement facility project in the near future. When additional funding capacity becomes available, reprogramming this project will be a priority.

**Amendment 8(a) – Implement a phased-in approach to direct or full cost recovery for Solid Waste Service multi-family collection to apartments (potentially implemented in spring 2017)**

**Amendment Summary**

**Direct Cost Recovery Option**

The proposed amendment would:

- Increase the FY2017 residential solid waste services fee from \$25 to \$33 per unit annually for all apartments on a pro rata basis with a beginning implementation date of April 1, 2017; the resulting FY2018 residential solid waste services fee would be estimated at \$56 per unit annually when fully implemented but could be more or less driven by market rates at a future time.
- The fee increase will generate an additional \$823,000 in General Fund revenue for FY2017; the corresponding revenue increase in FY2018 would be estimated at \$3.19 million when fully implemented at \$56 per unit annually but could be more or less driven by market rates at a future time.

**Full Cost Recovery Option**

The proposed amendment would:

- Increase the FY2017 residential solid waste services fee from \$25 to \$35 per unit annually for all apartments on a pro rata basis with a beginning implementation date of April 1, 2017; the resulting FY2018 residential solid waste services fee would be estimated at \$64 per unit annually when fully implemented but could be more or less driven by market rates at a future time.
- The fee increase will generate an additional \$1,029,000 in General Fund revenue for FY2017; the corresponding revenue increase in FY2018 would be estimated at \$4.01 million when fully implemented but could be more or less driven by market rates at a future time.

**Background**

As part of the FY2016 budget development process, the City took the initial step toward cost recovery by requiring commercial small-businesses to pay a service cost recovery fee during FY2016 for trash collection. Council also requested further evaluation on multi-family collection service and referred the topic to the Council Environment Committee. To date this evaluation has included staff input, Council Committee review and multiple public forums to engage community stakeholders.

The proposed FY2017 policy amendment is another step toward service cost recovery by requiring commercial multi-family entities to pay a higher service cost recovery amount for trash collection.

**Amendment 8(b) – Increase the Solid Waste fee by \$3 for residential and multi-family collection**

**Amendment Summary**

The proposed amendment would:

- Increase the FY2017 residential solid waste services fee from \$25 to \$28 per unit annually for all single-family, condos, townhomes, and apartments.
- The fee increase will generate an additional \$976,000 in General Fund revenue.

**Background**

Since 1996, the City of Charlotte has been incurring tipping fees from the County. The City incurs tipping fees per the terms of the solid waste interlocal agreement. The tipping fees are assessed on a per ton basis for disposal. The current tipping fees are \$29 per ton at the landfill and \$19 per ton at compost central.

The County has proposed an increase to the FY2017 landfill tipping fee of \$1.50 per ton to \$30.50 per ton and an increase to the compost central tipping fee of \$2.00 per ton to \$21.00 per ton. The last tipping fee increase occurred in FY2013. The higher County tipping fees will result in higher disposal costs for the City. The increase in the solid waste services fee will cover the higher disposal costs from the County.

**Table 9** below outlines the \$976,000 revenue increase to the FY2017 operating budget associated with increased fees.

**Table 9**

<b>Additional FY2017 Solid Waste Services Fee Revenue</b>	
Increase Single Family Residential Solid Waste Services Fee \$3/unit	\$667,000
Increase Multi-Family Solid Waste Services Fee \$3/unit	\$309,000
<b>Total Revenue Increase</b>	<b>\$976,000</b>

**Amendment 9 – Eliminate or modify the 0.43¢ property tax rate increase**

**Amendment Summary**

The proposed amendment would:

- Eliminate or modify the property tax increase for public safety of 0.43 cents (\$3,958,050)
- This option results in an unfunded gap of up to \$3,958,005.

**Background**

The City Manager’s FY2017 Recommended Budget includes an increase to the Property Tax Rate of 0.43 cent, from 47.87 cents to 48.30 cents:

- The Manager’s recommended budget includes a property tax increase of 0.43 cent to pay for 61% of the cost of 93 new public safety positions.

**Details and Impacts of Proposed Amendment(s)**

This proposed amendment would result in:

- A net decrease in General Fund revenue of up to \$3,958,050 that would require offsetting expenditure decreases or revenue increases.
- **Table 10** reflects the FY2017 Recommended City tax impact for home values at the 25th, 50th, and 75th percentiles, calculated based on owner-occupied, single-family homes, and the impact of this proposed amendment.

**Table 10: City Manager’s Recommendation**

<b>City of Charlotte taxes &amp; fees – 25<sup>th</sup> percentile home value</b>	<b>Prior Year FY2016</b>	<b>FY2017 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Property taxes on <b>\$97,600 home</b>	\$467.21	\$471.41	\$4.20	0.9%
Solid Waste fee (Residential)	\$25.00	\$25.00	\$0.00	0.0%
<b>Total Annual</b>	<b>\$492.21</b>	<b>\$496.41</b>	<b>\$4.20</b>	<b>0.9%</b>
<b>Total Monthly</b>	<b>\$41.02</b>	<b>\$41.37</b>	<b>\$0.35</b>	<b>0.9%</b>

<b>City of Charlotte taxes &amp; fees – 50<sup>th</sup> percentile home value</b>	<b>Prior Year FY2016</b>	<b>FY2017 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Property taxes on <b>\$141,100 home</b>	\$675.45	\$681.51	\$6.07	0.9%
Solid Waste fee (Residential)	\$25.00	\$25.00	\$0.00	0.0%
<b>Total Annual</b>	<b>\$700.45</b>	<b>\$706.51</b>	<b>\$6.07</b>	<b>0.9%</b>
<b>Total Monthly</b>	<b>\$58.37</b>	<b>\$58.88</b>	<b>\$0.51</b>	<b>0.9%</b>

<b>City of Charlotte taxes &amp; fees – 75<sup>th</sup> percentile home value</b>	<b>Prior Year FY2016</b>	<b>FY2017 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Property taxes on <b>\$229,875 home</b>	\$1,100.41	\$1,110.13	\$9.88	0.9%
Solid Waste fee (Residential)	\$25.00	\$25.00	\$0.00	0.0%
<b>Total Annual</b>	<b>\$1,125.41</b>	<b>\$1,135.30</b>	<b>\$9.88</b>	<b>0.9%</b>
<b>Total Monthly</b>	<b>\$93.78</b>	<b>\$94.61</b>	<b>\$0.82</b>	<b>0.9%</b>

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# Questions and Answers From City Council

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**Question 1:** *Please describe the Citizens Review Board.*

The Charlotte City Council created the Citizens Review Board (CRB) in 1997 to review appeals from the Charlotte-Mecklenburg Police Department's (CMPD) disposition of citizen complaints involving the following:

- Certain types of alleged misconduct by a police officer; or
- The discharge of a firearm by an officer that results in injury or death.

The CRB serves in an advisory capacity to the Chief of Police, the City Manager, and the City Council. The CRB itself cannot take disciplinary action against a Police Officer or award damages to an injured citizen. The CRB only can advise the Chief of Police and the City Manager when it becomes clear to the CRB that there is an issue with a CMPD disciplinary decision.

The CRB is comprised of 11 members who are appointed by the Mayor (three), the City Manager (three), and City Council (five). All CRB members are volunteers. At least six CRB members must be present at any meeting or hearing for the CRB to act. The CRB is assisted by staff from the City Clerk's Office and by an attorney.

**Question 2:** *Please provide additional information on the one time funding that was provided to Envision Charlotte.*

Envision Charlotte has partnered with the City of Charlotte to provide a grant of \$30,000 to be divided over a three-year period. This funding, which is part of a larger Department of Energy Grant awarded to Envision Charlotte in 2016, is being used to fund the salary of a temporary City of Charlotte employee. The intended outcome of the funding is to develop a community smart city council that will bring together entities in the Charlotte area to coordinate information, share projects and programs, develop and communicate a shared message, and look for opportunities to collaborate on projects and grants. The work plan also includes publicizing the energy efficient work that Envision Charlotte is undertaking as part of the Department of Energy grant. It is anticipated that the work will be completed in 2018.