# AGENDA

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|---|---|
| Meeting Type | W |
| Date: | 05-04-1992 |
| SUBJECT | BUDGET WORKSHOP |

City of Charlotte, City Clerk's Office

COUNCIL WORKSHOP 5/4/92

Mayor ✓
Campbell ✓
Clodfelter ✓
Hammond ✓
McCrory ✓
Majeed ✓
Margum
Martin ✓
Patterson ✓
Reid ✓
Scarborough ✓
Wheeler ✓

5:00

Vinroot
Martin
Vinroot - ① Consideration to City Government for County Police -
② Budget? - Questions
White - $644 MIL -
$103.7 MIL OPERATING
Tax rate will be reduced as a result of Parks transfer $52.2 CENTS.

Represents 1/2 cent for hiring 25 of 50 Police officers for community policing

Video - 5:10
5:25

White Liability Ins. doubled
Climate is constant change -
We are now going back to basic services -
Crime + Drugs.
Rehabilitation of inner City
Lost Revenues - since 1987
to County - $16 mil
to State - $18 mil
to State since 1991 $3.1 mil
Frozen Revenues
Total - $37 mil

400 less employees since January a year ago.

2.5% increase for employees
$3 mil
$15.4 mil

Alexander

FY-93 Recommended Tax rate
52.2 cents
$1.5 mil for Storm Water
Police equity could be as
much as 8 cents

Major Issues
95% Increase all funds
for liability insurance
$mil has been allotted in
Gen. fund for this

No employee pay adjustment
Health ins benefits reduced.
Gen fund revenue slow downs

Apr 1/93 - department recycling
required by Jan. 1993.

FY-93-97 CIP
Major - mandated items

White -
Vinroot
Alexander

5/5 - 5-8:00
5/7 4-7:00
5/14 cancelled
5/19 Public Hearing 7:00
CH-14 5:00
5/21 267- 5:00
5/28 5:00 TENTATIVE FINAL
DECISIONS - CH-14
6/15 - County approval -
then our approval
5/8 7:30 meeting with Civic Leaders
here in Chamber

McCrory
White
Vinroot
White
Martin
Alexander
Vinroot

Martin / Wheeler adjourn
6:00 p.m.

# MEMORANDUM

TO: Mayor and City Council

FROM. O. Wendell White
City Manager

SUBJECT. Budget Workshops

DATE: May 4, 1992

The Personnel and Finance Committee met on Wednesday to discuss different alternatives for reviewing the budget and CIP. The consensus of the Committee was that the process used last year worked well and the same process should be followed again.

At the first budget workshop on Tuesday, May 5, the meeting will begin with each Councilmember listing their major issues within the FY93 Operating Budget and the five-year CIP. These issues may be proposed additions, deletions or reallocations to the Manager's Recommended Budget. This would also be the time to identify any questions about which you want additional information.

Once complete, the list will be prioritized by straw vote, with those issues receiving four straw votes for further consideration becoming the framework for the remainder of the workshops.

The Committee also recommends two changes to the Budget Calendar:

1. On Thursday, May 7, there is a 7:00 p.m. function that some Councilmembers wish to attend; therefore, the Committee recommends moving up the starting time of the budget workshop from 5:00 p.m. to 4:00 p.m. and ending at 7:00 p.m. rather than 8:00 p.m.

2. On May 14, Council has been invited to attend a reception at the Stowe Gardens. The Committee recommends that the May 14 Budget Workshop be cancelled. The Committee suggested that an additional workshop be added in early June, if needed.

If there are concerns about the process for structuring the workshops or about the calendar changes, I suggest we discuss those at the beginning of the May 5 Workshop.

hd

MAYOR AND CITY COUNCIL
WORKSHOP AGENDA
MAY 4, 1992

| | | |
|---|---|---|
| 5:00 pm | Televised Presentation in Council Meeting Chamber: 1992-93 Budget Recommendations | - O. Wendell White |
| 6:00 pm | Adjourn to Room ~~276~~ 267 (Conference Center) for Dinner | |
| 6:15 pm | Options for City Support of Cultural Facilities | - Vi Alexander<br>Michael Marsicano |
| 7:00 pm | Recommendations from Public Services Committee on Municipal Services Districts | - Ann Hammond, Chair Public Services Committee |
| 7:30 pm | Principles for City Participation in Building a New Law Enforcement Center | - Del Borgsdorf |
| 7:45 pm | Executive Session: City Attorney's Evaluation | |

# A G E N D A

Presentation of City Manager's
Recommended Operating
and Capital Budgets
5:00 PM
City Council Meeting Chamber
Televised

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|---|---|---|
| 5:00 pm | Call Meeting to Order | - Mayor Vinroot |
| 5:05 pm | Budget Video | |
| 5:15 pm | Manager's Message | - O. Wendell White |
| 5:30 pm | Budget Presentation | - Vi Alexander |
| 5:45 pm | Announcements<br>• Public Hearing<br>• Workshops | - Mayor Vinroot |
| 6:00 pm | Adjourn to Room 267 to Continue Workshop Agenda | |

DRAFT

# ISSUE PAPER
# CULTURAL FACILITIES' MAINTENANCE

## Background

In October 1990, the Arts & Science Council presented to City Council a Charlotte/Mecklenburg Cultural Action Plan. The purpose of the plan was to review the progress in the cultural sector, analyzing problems and challenges, and making concrete recommendations. Part of the Cultural Action Plan recommendations dealt with City–owned facilities and facility–related costs. The report proposed that there be more consistency with the facility lease agreements between the City and the various cultural agencies This Cultural Facilities Maintenance Report is presented as supplemental information relating to the recommendations concerning facilities which were included in the plan Council is asked to consider the information provided in making a decision about the renegotiation of the various leases and whether changes should be instituted and, if so, what those changes should be

## Recommendations from the Cultural Action Plan

- Existing leases or occupancy agreements between the City or County and organizational tenants should be reviewed with the goal of amending them to meet the criteria listed below Ultimately, such arrangements should be continued in ten–year operating agreements between the City and the organizational tenants with a mechanism for possible extensions

- The City should pick up all or a negotiated portion of the cost of site maintenance, maintenance of City–owned collections, structural maintenance of building and improvements (including maintenance of mechanical systems), most minor improvements, insurance, and utilities (including sewer, water, electric, waste disposal, but not telephone).

- Facility–related support to an organization should not preclude City support for any other activity except rental subsidy.

## Existing Leases

The dates on the leases range from 1950 to 1989. Maintenance agreements between the City and various cultural agencies have not been consistent. While one lease agreement might obligate the City to provide for nearly all of a facility's needs, another agreement might only do those things which would keep the facility structurally sound. During the year, cultural agencies were asked to render information to the Arts & Science Council concerning their facility agreements with the City. Attachment A–1 illustrates what the agencies presented as being their existing maintenance agreement with the City. Attachment A–2 shows the existing maintenance agreements between the City and the various cultural facilities, according to City records. In looking at these charts, some

differences are evident in the agencies' and the City's response In some cases (Children's Theatre and the Afro–American Cultural Center), the differences noted are those additional services which the City provides to maintain the integrity of the various facilities which exceed the contract specifications. It should be noted that Spirit Square has not been included in this list of cultural facilities maintained by the City, but this facility is under a City/County contract agreement. Under this contract, the County provides maintenance and the City provides capital improvements.

## Generic Maintenance Terms

The General Services Department and the Parks and Recreation Department took into consideration the various things that are done to fulfill the lease agreements with the various organizations. From this survey of work performed, these departments produced a list of generic maintenance terms and the definitions of those terms Attachment B lists those maintenance terms and definitions

## Other Cities

In a survey of ten cities (both in and out of the State of North Carolina), there was no concensus as to the one best way to negotiate facility leases with outside agencies. Of those cities surveyed, only one City had recently undergone renegotiation of contract agreements with the cultural agencies. Raleigh has worked with its cultural agencies to make changes in their contract agreements and put the agencies on more even footing These changes, while not unformally standard, eliminated program costs from the contracts and continued to cover facility–related costs such as utility payments, repair, repair supplies, and basic maintenance. Although Raleigh has worked to renegotiate its contracts with the various agencies, no standards have been set in terms of the maintenance provided to the various facilities.

Some cities in the survey did have standard lease agreements with their user agencies. Some agreements included higher rent charges and no major maintenance other than HVAC, plumbing, electrical, or structural repairs due to normal wear and tear. Columbus, Ohio is one of the cities with a standard maintenance agreement. The various agencies are responsible for all utility payments and for the "maintenance of the facility and continued value and integrity of the property and structure, including, if necessary, the establishment of a contingency fund of an amount deemed adequate by the Lessee and approved by the Lessor to deal with unforeseen hazards not covered by and under any insurance the Lessee may carry". In addition to maintenance responsibilities, the agency "shall maintain adequate property and liability insurance to cover the leased premises during the term of (the) lease".

Some of the cities surveyed did not lease facilities to outside agencies. Of those who did lease facilities, the majority had no standard maintenance agreement and worked with these agreements in the same manner as Charlotte. Those who had no standard agreement did think that a move to a more uniform agreement would be helpful, but the question of how to make that change still hovers

over progress toward that end.

## Cost Analysis

The Finance Department and Parks & Recreation conducted a cost analysis of the maintenance provided to the various cultural agencies Finance conducted this analysis for General Services by surveying their FY91 work ledger to cost out the work performed for the various facilities. Because a pure cost accounting system does not exist within the Central Services Division to separate cost by facility, the cost figures provided are basic estimates It is likely that some costs have not been identified in the printed estimates It should be noted that General Services performs some work for the facilities in good faith and those extras are not always recorded in the general ledger. Attachment C-1 is an explanation of the methodology used by Finance to determine cultural facilities' maintenance costs Attachment C-2 is the summary of those various costs which could be extracted from the general ledger. Attachment C-3 is a projection of FY92 and FY93 costs if the maintenance provided to the facilities continues at the same level Finance estimated depreciation costs to the facilities in Attachment C-4 based on an analysis of financial statements and the general ledger entries from 1959 to the present

A Parks & Recreation survey was conducted on their work management program and the hours spent maintaining the various facilities and associated costs were estimated in Attachment C-5. Included in their cost estimates is an estimated cost on maintaining the Environmental Center at Reedy Creek with the duties they are expected to perform for this facility.

The various cultural agencies submitted to the Arts & Science Council average estimates of their expenses for services not provided by the City. Attachment C-6 is based on those figures provided by the agencies.

## Alternatives

### Alternative One – No Change in Services

- Council may chose to continue to provide the same level of service with no renegotiation of contracts. In this case, facilities would receive the same service with no change in the provision of those services. The funding for maintenance would remain in General Services' budget to handle services as they have done in the past. The problem with this alternative is that there are still inequities with the provisions of maintenance services to the various facilities In the end, General Services might still need to provide some additional services to those City-owned facilities which receive less, just to keep the facility sound. Based on the FY93 recommendations included in the budget plan, the cost associated with this alternative is $1,307,103

### Alternative Two – Agency Responsibility Model

- The Children's Theatre is a city-owned facility which receives the least maintenance support from

the city. While this is different from some other cultural facilities in Charlotte, it is not different from city-owned facilities in other cities Columbus, Ohio and other cities, such as Richmond, suggest that providing the building for the cultural agencies for minimal rent is being very generous. If Charlotte chose to do as Columbus, the responsibility of the City would be lessened with the understanding that the agencies would be obligated to ensure that maintenance is performed and the facility is taken care of. Though the City's written accountability and facility funding level would be lessened, the requests for funding in the Non-Departmental account to offset maintenance costs would increase. In addition, the structural soundness of the buildings would be at issue because the agencies might be more prone to let problems with the facilities go without response. Therefore, with this alternative, Council may wish to state up front their willingness to entertain non-departmental requests. Similarly, the City may need to set minimun standards of facility maintenance and outline measures of recourse should the facility fall into disrepair. The estimated City costs for this alternative would be $0 in the short run, long run costs cannot be estimated at this time

Alternative Three – Cultural Action Plan Recommendation

- In looking at the recommendation by the Cultural Action Plan, it is suggested that the City pick up all or a portion of certain maintenance. This recommendation would involve the renegotiation and and reduction of services in certain agreements and the expansion of other agreements. Depending on the maintenance terms agreed to, there may not be additional funding to handle the changes. One suggestion is that Council does consider maintaining the building and grounds on an equal level to ensure that all buildings and grounds are on equal footing. This would also guarantee that facilities are in compliance with the Americans with Disabilities Act. In addition, this alternative would be assurance that there would be no need for good faith efforts (like past experience with the Children's Theatre) because needed maintenance for the facilities would already be covered. Based on FY93 budget plan recommendations and cultural agencies' estimates, the funding associated with this alternative is approximately $1,503,695.

Alternative Four – Structural Maintenance Integrity

- This alternative is one which promotes the care of the structure as being the only obligation the City assumes as owner of the facility The City would be responsible for those things which are considered essential for the structural integrity of the building and ensure that all buildings are structurally sound. Those basic maintenance obligations would include plumbing, HVAC, electrical systems, doors, window maintenance, exterior maintenance, roofs, interior floors, ceilings, and walls maintenance, and grounds maintenance. Grounds maintenance would include those services defined in the generic maintenance terms section by the Parks & Recreation Department. This alternative would take into account some of those things referenced under the Cultural Action Plan alternative, but would not include such things as utility payments, window and carpet cleaning, security, and custodial service Based on FY93 budget plan recommendations and cultural agencies' estimates, the funding associated with this alternative is approximately $874,871.

* Please note that for FY92/93, the City is not performing maintenance for the Spirit Square facility

but does handle major capital replacements Estimates for the Performing Arts Center, other than those funds which have been included in the budget plan have not been reflected in this report because the center will not be operational until FY93 and no probable costs could be derived as yet.

The contention of this report is that the integrity of City facilities could be jeopardized if leasing agencies did not provide proper attention to City facilities and share a sense of ownership in maintaining set standards for facility maintenance, appearance, and upkeep Council is being asked to consider the four alternatives in conjunction with any other suggestions in handling this issue This issue should be considered in order for staff to go forward with lease renogiations This would also allow staff to provide for any changes in the funding levels for cultural facilities in terms of the CIP or general fund accounts for the FY93 budget year