



## Office of Strategy & Budget MEMORANDUM

April 15, 2016

**TO:** Mayor and City Council

**FROM:** Kim S. Eagle, Budget Director

**SUBJECT:** Materials for April 18<sup>th</sup> Budget Committee Meeting for April 20<sup>th</sup> Council Budget Workshop

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The April 15<sup>th</sup> packet includes materials for the April 18<sup>th</sup> Budget Committee Meeting and the April 20<sup>th</sup> Budget Workshop.

Packet materials include:

- April 18<sup>th</sup> Budget Committee Agenda
- April 20<sup>th</sup> Council Budget Workshop Agenda
- Regulatory User Fees Policy Presentation (to be presented on April 20<sup>th</sup>)
- Questions & Answers from the April 6<sup>th</sup> Council Budget Workshop
- Human Resources Philosophy
- Handouts that were distributed during the April 11<sup>th</sup> Budget Committee Meeting

Next steps in the budget process include:

- April 18<sup>th</sup>, Budget Committee
- April 20<sup>th</sup>, Council Budget Workshop
- May 2<sup>nd</sup>, City Manager's Recommended Budget Presentation
- May 9<sup>th</sup>, Budget Public Hearing
- May 11<sup>th</sup>, Council Budget Adjustments
- May 25<sup>th</sup>, Council Straw Votes
- June 13<sup>th</sup>, Budget Adoption

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

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**Council Budget Committee**  
Monday, April 18, 2016, 10:00 – 11:30 a.m.  
Charlotte-Mecklenburg Government Center  
Room 280

Committee Members: Greg Phipps, Chair  
Ed Driggs, Vice Chair  
Patsy Kinsey  
Vi Lyles  
LaWana Mayfield

Staff Resource: Kim Eagle, Management & Financial Services

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**AGENDA**

	<u>Page</u>	<u>Time Frame</u>
<b>I. <u>FY2017 Public Safety Request Update</u></b> <i>Staff: Kim Eagle, Management &amp; Financial Services Kerr Putney, Police Jon Hannan, Fire <u>Action requested:</u> Discussion and Feedback</i>	*	<b>30 minutes</b>
<b>II. <u>Updated FY2017 Revenue Projection</u></b> <i>Staff: Kim Eagle, Management &amp; Financial Services Eric Hershberger, Management &amp; Financial Services <u>Action requested:</u> Discussion and Feedback</i>	*	<b>15 minutes</b>
<b>III. <u>FY2017 Base Budget Review</u></b> <i>Staff: Kim Eagle, Management &amp; Financial Services Eric Hershberger, Management &amp; Financial Services <u>Action requested:</u> Discussion and Feedback</i>	*	<b>10 minutes</b>
<b>IV. <u>FY2017 General Fund Balancing Tools and Discussion</u></b> <i>Staff: Ron Carlee, City Manager's Office Kim Eagle, Management &amp; Financial Services <u>Action requested:</u> Review and Recommendation</i>	*	<b>15 minutes</b>

*\*Materials to be distributed at April 18<sup>th</sup> Budget Committee Meeting.*

**NEXT MEETING: No additional Budget Committee Meetings have been scheduled for the FY2017 Budget Development Process.**

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Distribution: Mayor and City Council	Randy Harrington
Ron Carlee, City Manager	Katie McCoy
Ron Kimble	Robert Hagemann
Debra Campbell	Robin LoFurno
Ann Wall	Sandy D'Elosua
Hyong Yi	Jason Kay

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**Council Budget Workshop**  
**April 20, 2016**

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# 2017 Budget Workshops

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## City of Charlotte

April 20, 2016  
1:30 p.m. – 4:30 p.m.  
Room 267

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	Page	
<b>I. Introduction/Budget Committee Report</b>		Council member Phipps Budget Committee Chair
<b>II. FY2017 General Fund Budget Discussion</b>	*	Ron Carlee Kim Eagle Eric Hershberger
<b>III. <a href="#">Regulatory User Fee Policy</a></b>	3	Debra Campbell Mike Davis

\*Materials to be distributed at April 20<sup>th</sup> Workshop

Note: [Budget Questions & Answers from April 6<sup>th</sup> Budget Workshop](#) as well as the [City of Charlotte's Human Resources Philosophy](#) are included in materials.

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Distribution: Mayor and City Council  
Ron Carlee, City Manager  
City Manager's Executive Team  
City Manager's Executive Cabinet  
Strategy & Budget Staff

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# **FY2017 General Fund Budget Discussion**

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**FY2017 General fund Budget Discussion Materials to be distributed at Workshop**

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# **Regulatory User Fees Policy**

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## Regulatory User Fees Policy

City Council Budget Workshop

April 20, 2016



### Outline

Meeting Outline:

- 1) Background and Definitions
- 2) Research and Findings
- 3) Summary of Stakeholder Feedback
- 4) Staff Recommendation
- 5) Council Committee Action

1



## Background on Regulatory User Fees Policy

- **Regulatory User Fees:**

- FY2006 - Council adopted a fully-allocated Cost Recovery Rate Policy of 100% for Regulatory User Fees
- Fees remained flat (FY2009-FY2012)
- FY2013 - Multi-year to gradually return to 100% full recovery
- June 8 - Council adopted FY2016 Budget including User Fees with the adjustment to 80% for five regulatory fees.
  - *Referred Regulatory User Fee Policy to Economic Development & Global Competitiveness Committee to review & provide recommendations for changes, if needed to policy for FY2017*



## Economic Development & Global Competitiveness Committee

### **Committee Work:**

1. Review Process and Community Outreach
2. Provide policy direction on recovery rate, and recommendations for changes, if needed, for FY2017 Regulatory User Fee policy
3. Met three times with the ED&GC Committee
  - January 21
  - February 17
  - April 14



## Regulatory User Fees Definition & Policy

- **Definition:** Fees for direct and indirect costs associated with services
- **Review Cycle:** Fees are reviewed and established annually as part of the budget process.
- **Council Policy on Regulatory Fees:** Since FY2006, recover 100% of fully allocated costs regulatory fees.

2



## Current Regulatory User Fee Formula

Costs

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Projected Occurrences

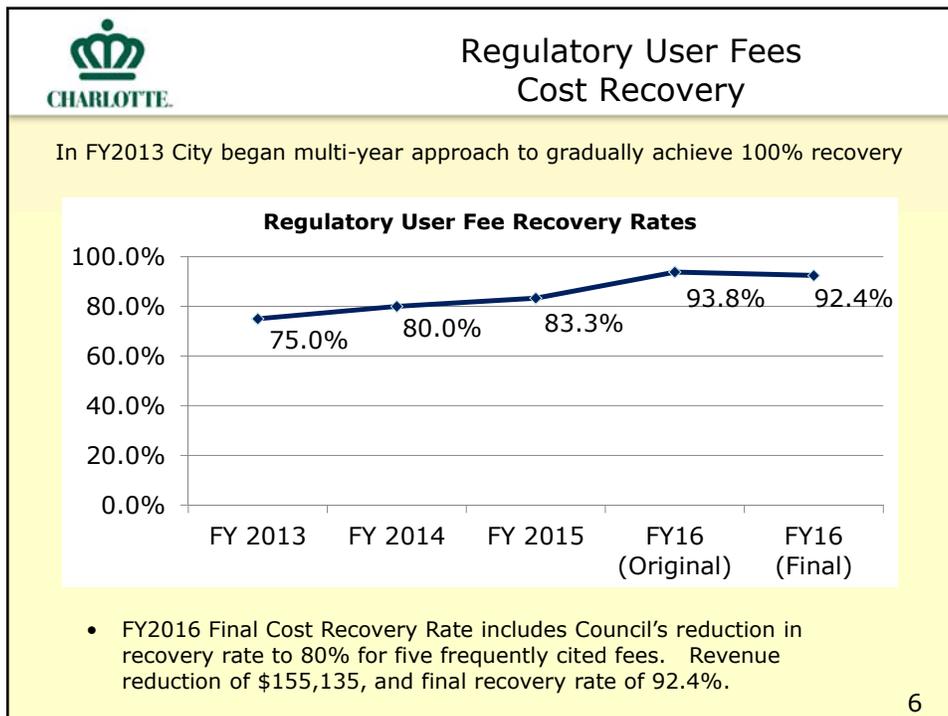
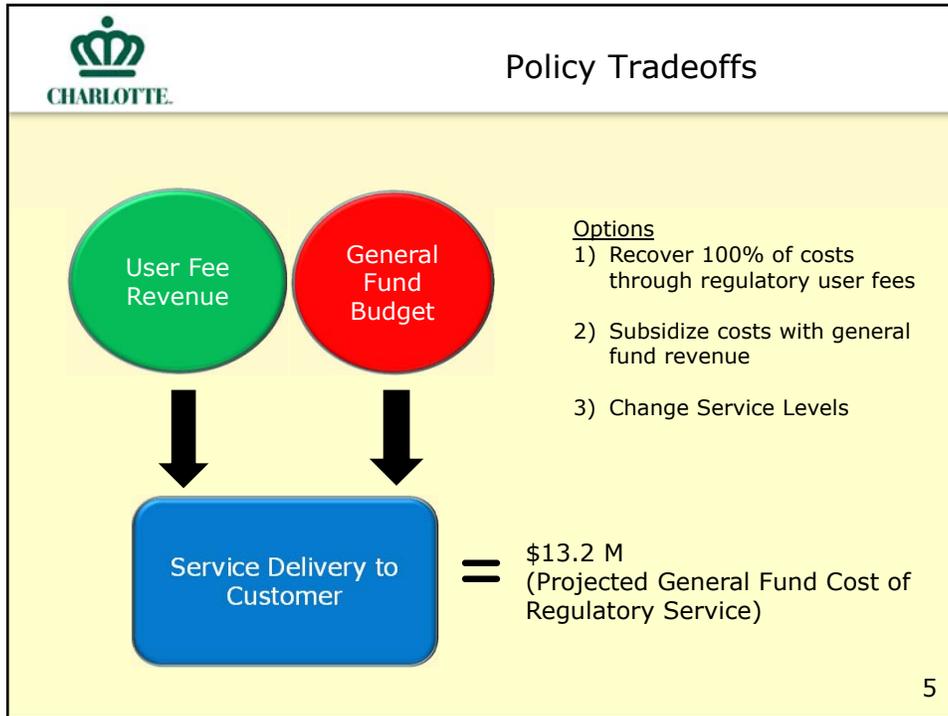
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User Fee

Includes:  
 Labor Costs  
 +  
 Operating Expenses  
 +  
 Overhead Expenses  
 (Insurance, Legal Support, Etc.)

Projection is based on assessing trends in historical data.

4





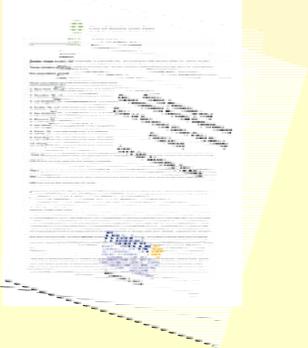
## Research & Findings

**Research**

Surrounding Towns  
Staff reviewed user fees in the surrounding towns in Mecklenburg County.

- Recovery rate is close to 100%
- Fee amounts are comparable for similar services.

Other Cities  
Staff reviewed consultant reports for Austin, TX and Palo Alto, California.



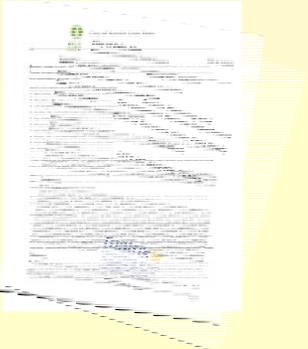
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## Research & Findings

**Findings**

- 1) Important to have a clear community-wide policy on user fee recovery.
- 2) Charlotte's methodology (formula) is consistent with other cities.
- 3) Matrix report (Austin) recommends 100% fully allocated recovery rate.
- 4) Consultants conducting reviews identify specific reasons why some types of fees might be appropriate for a subsidy.
- 5) Difficult to make "apples-to-apples" comparisons.
- 6) Many cities do not review user fees annually, unlike Charlotte.



8



## Initial Staff Recommendation

Staff recommends continuing Council's adopted 100% regulatory user fee recovery rate.

The policy should include the ability for the City Manager to recommend exceptions to the 100% regulatory user fee recovery for specific services as part of the annual budget process in order to:

- 1) Avoid significant jump in price from year to year
- 2) Ensure regulatory compliance
- 3) Recognize a greater benefit to the general public

9



## Summary of Stakeholder Feedback

### Stakeholder Groups

- NAIOP (3/9)
- Development Services Technical Advisory Committee (3/9)
- Homebuilder's Association (3/11)
- Greater Charlotte Apartment Association (3/16)
- Charlotte Water Developer Board (3/17)
- Charlotte Water Advisory Board (3/17)
- Charlotte Chamber Land Use Committee (3/23)

### Group Composition

Approximately 80 attendees

Developers, Design Professionals, Contractors, Citizens Serving in Appointed Advisory Roles

10



## Industry Feedback Received

### What issues or concerns do you have about the policy to recover 100% cost through user fees?

- There is always public benefit derived from projects.
- Costs of higher user fees are passed along and impacts affordable housing.
- Developers do not have a choice to comply with City's regulations or in who provides regulatory services (no competition)
- 100% recovery could jeopardize City's ability to sustain proper staffing levels when market conditions fluctuate.
- Charlotte Water should be treated differently as an Enterprise Fund
- For most projects, user fees are a small percentage of total cost.
- Land development fees much higher in comparison to other N.C. cities.

11



## Industry Feedback (cont.)

### What feedback do you have about the criteria used for exceptions to the 100% recovery rate?

- Many activities have public benefit, including increased tax base and economic vitality for the city.
- Donated water facilities generate revenue, and should be considered a public benefit.
- Generally agreed with criteria-no additions or deletions.

**Full Summary Available at [Development.Charmeck.org](http://Development.Charmeck.org)**

12



## Final Staff Recommendation

Staff recommends continuing Council's adopted 100% regulatory user fee recovery rate.

The policy should include the ability for the City Manager to recommend exceptions to the 100% regulatory user fee recovery for specific services as part of the annual budget process in order to:

- 1) Avoid significant jump in price from year to year
- 2) Ensure regulatory compliance
- ~~3) Recognize a greater benefit to the general public~~
- 3) Account for service costs that may include or be dedicated to public involvement

13



## Economic Development & Global Competitiveness Committee

**Committee Action:** Unanimous support (5-0) of recommendation:

- Continue Council's adopted 100% regulatory user fee recovery rate policy.
- Ability for the City Manager to recommend exceptions to the 100% regulatory user fee recovery rate for specific services as part of the annual budget process in order to:
  - 1) Avoid significant jump in price from year to year
  - 2) Ensure regulatory compliance
  - 3) Account for service costs that may include or be dedicated to public involvement.

13

 **CHARLOTTE.**

Questions



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# **Budget Questions & Answers from April 6<sup>th</sup> Budget Workshop**

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# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

### Aviation

**Question 1:** *What is Aviation's current cash reserve? How many days of cash on hand does the current reserve represent? What are Aviation's primary purposes for maintaining high levels of cash reserves?*

Aviation's cash reserve is calculated based on the total number of days' worth of cash on hand available to continue airport operations. The most recent cash reserve information that is available is from FY2014. As of June 30, 2014, Aviation's total cash reserve was \$389,070,000; representing 1,410 days of cash on hand.

As Aviation implements its Community Investment Plan (Destination CLT), it is important to maintain healthy cash reserves to preserve credit strength and cost-competitive market access. In addition to maintaining sound credit, unrestricted cash serves as a critical source of project "pay-as-you-go" funding, which will ultimately serve to minimize the amount of leveraged funding required to implement the capital projects associated with maintaining the Airport.

### Charlotte Water

**Question 2:** *What are the security options for protecting Charlotte Water infrastructure and facilities?*

This type of information is best provided on an individual Council member basis.

**Question 3:** *Please describe the rate impact of Charlotte Water's service level change requests listed in the April 6<sup>th</sup> presentation based on the following categories:*

Current data indicates the potential for a rate increase of approximately \$2.40 to \$2.70 on a typical monthly bill for FY2017 (the typical customer uses 7 ccf, or 5,236 gallons of water each month). The requested increase is still being finalized as additional financial data becomes available and will be presented as part of the City Manager's Recommended Budget. Charlotte Water's Community Investment Plan projects are the primary driver of water and sewer rate increases because significant capital investment necessary to maintain and expand utility infrastructure. Based on the current range projected, the rate impacts across service categories are described below in **Table 1**.

**Table 1**

Need Area	Contribution to Rate Increase
Capital for Community Investment	\$1.49 to \$1.67
Operating Budget	\$0.86 to \$0.97
FY2017 Service Level Change Requests	\$0.05 to \$0.06
<b>Total Projection</b>	<b>\$2.40 to \$2.70</b>

# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

The categories that comprise the Charlotte Water Community Investment Plan program are listed in **Table 2** below.

**Table 2**

<b>FY2017 Community Investment Plan Programming by Percentages</b>	
Capacity for Growth	23.54%
Commitment to Public Projects and Utility Operations	25.93%
Regulatory Requirements	17.84%
Rehabilitation and Replacement	32.69%

**Question 4:** *Please provide information on the impact of having no water and sewer rate increase in FY2017 and subsequent fiscal years.*

Charlotte Water has conducted a high-level evaluation of the implications associated with not having a water and sewer rate increase in FY2017. This evaluation has been vetted by Charlotte Water's financial consultants.

Key Assumptions:

- Customer growth and water consumption follow the previously projected trends for the five-year period evaluated. FY2016 water and sewer rates were applied to the projected consumption each year going forward to estimate available revenue.
- Operating costs were projected based on moderate, realistic expectations of inflation and cost increases, and are consistent with the increases projected in previous financial models. Reductions in fund balance and debt service coverage were made such that operating and capital spending levels could be sustained at a slightly higher level since a policy change of no rate increases would likely result in a bond rating reduction, regardless of debt coverage ratios
- All remaining capital spending would be financed primarily through debt issuance with less reliance on "pay-as-you-go" financing than is currently planned.
- No new revenue sources, such as transfers from the General Fund, would be available to Charlotte Water.
- It should be noted that a zero rate increase scenario would result in the restriction of new service connections. Restricted growth is not consistent with the assumptions listed above related to future revenue growth.

Community Investment Plan Impact:

Based on these assumptions, Charlotte Water's capital spending would need to be reduced by approximately \$55 - \$60 million each year over the five year evaluation period.

- Reduction amounts are based on the financing capacity of currently projected rate increases.
- At the end of the five year evaluation period, cash reserves in fund balance would have been drawn down to a level corresponding to two months' worth of operating expenses (the current target is to maintain at least six months of operating expenses in reserve), which is the level required by existing bond covenants.

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## *Questions and Answers*

### *From April 6<sup>th</sup> Budget Workshop*

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- The debt coverage ratio would be pulled down from 2.0 currently to approximately 1.6. This would result from lower revenue received each year and continued increases in debt.
- A bond rating reduction from the current AAA to no higher than AA, and possibly lower, would be expected based on having a lower fund balance, lower debt coverage ratio, and lower commitment to addressing aging infrastructure and other capital needs.
- The reductions in capital spending would need to be made relatively evenly over the five year period, which could stop work on some capital projects that are currently under construction.
- In a long-term zero rate increase scenario, compliance with regulatory and other legal requirements will be difficult extremely difficult, or potentially impossible, to achieve.

A preliminary evaluation of potential projects is listed in greater detail in the chart below. Spending cuts required to obtain the targeted reduction are deep, will have substantial impacts, and will be difficult to prioritize. The preliminary evaluation identified the following capital spending reductions, totaling \$286 million, over five years:

- FY17     \$66m (includes canceling Steele Creek Lift Station Project)
- FY18     \$62m
- FY19     \$71m
- FY20     \$36m
- FY21     \$51m

The impact of these capital spending reductions would be immediate and extremely disruptive.

The ability to approve new service connections (houses, businesses, schools, etc.) over large areas of the city and county would be very restricted unless substantial costs for water/sewer system expansions and upgrades were paid for by customers or some other unidentified funding source. Charlotte Water's practice of allowing developers to accelerate future capital projects by providing the initial funding and receiving reimbursement from Charlotte Water would need to be stopped immediately as it would be unlikely that reimbursement funds would be available when needed.

**Table 3** details the projects included in the spending reduction scenario.

# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

**Table 3**

Project/Impact	Capital Budget Reduction
<u>Water &amp; Sewer Street Main Extensions</u> Rate increase elimination would require customers to pay the full cost of extending water and sewer lines along existing streets to obtain service where there are no existing water/sewer lines currently.	\$10.0 million per year for five years
<u>Steele Creek Lift Station and Force Main</u> This project is currently in the initial stages of construction but may need to be stopped to meet the spending reduction target in FY2017. Stopping this project would eliminate wastewater capacity for growth in Southwest Charlotte and Mecklenburg County, triggering a likely moratorium on new sewer connections.	\$40.0 million total project
<u>Dixie/Berryhill Water &amp; Sewer Infrastructure</u> Elimination would mean no water/sewer capacity in this area targeted for development <i>or</i> that developers would be required to fund. Additionally, elimination or scaling back of the Steele Creek Lift Station and Force Main project in FY2017 may also hinder the ability of the sewer system to receive wastewater from this area.	\$11.0 million in FY2018
<u>Gum Branch Outfall Replacement</u> Elimination would mean no wastewater capacity for growth in the Coulwood/Oakdale area and would also mean an increased likelihood of sewer spills/overflows.	\$3.0 million in FY2018
<u>Plaza Road Booster Pump Station</u> Reduces drinking water capacity and reliability of service for eastern parts of Charlotte and Mecklenburg County. Could limit growth in parts of University City.	\$2.8 million in FY2018
<u>Upper McAlpine Creek Relief Sewer</u> Reduces wastewater capacity in southeast Mecklenburg / Mint Hill area – may result in an immediate moratorium on new development in that area.	\$8.0 million in FY2018
<u>Upper Taggart Creek Outfall</u> Reduces wastewater capacity in the areas around the Airport.	\$2.4 million in FY2018 and \$4.5 million in FY2020

# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

Project/Impact	Capital Budget Reduction
<u>Emergency generator replacement at Mallard Creek Wastewater Treatment Plant</u> Reduces the reliability and increases the risk of environmental damage in the event of a power failure at this wastewater plant.	\$8.0 million in FY2018
<u>Technology Projects</u> Reduces responsiveness and efficiency of operations.	\$1.2 million per year for five years
<u>Vest Water Plant Improvements</u> Reduces operational efficiency and increases operating costs.	\$3.5 million in FY2018
<u>Sewer Line Rehabilitation Program</u> Reduces the program by 50% each year, which would lead to increased sewer spills, potential violations of Clean Water Act and possible moratorium imposed by regulators.	\$7.0 million per year reduction
<u>Water Line Rehabilitation</u> Reduces the program by 50% each year; lowering the drinking water quality; reducing water pressure; reducing flow for firefighting; and increases in water main breaks	\$5.0 million per year reduction
<u>McDowell Creek Trunk Sewers</u> Restricts capacity for growth in North Mecklenburg.	\$17 million in FY2019
<u>McMullen Creek Parallel Sewer</u> Restricts capacity for growth in Cotswold and surrounding areas.	\$7 million in FY2019
<u>Wastewater Collection Division Site Needs</u> The current metal building that houses the Operations Center was built in the 1970s. The equipment is too small, in poor condition, and creates an unfavorable work environment.	\$15 million in FY2019
<u>New Water and Sewer Service Installations</u> Due to other cuts, by FY2020 new connections are limited due to moratoriums.	\$8 million in FY2020 and \$8.0 million in FY2021
<u>Beaver Dam Creek Sewer Line</u> Eliminates expansion of service area in Southwest Charlotte/Mecklenburg.	\$1.3 million in FY2021
<u>Campus Ridge Road Sewer Line</u> Eliminates expansion of service area in Matthews area.	\$2.5 million in FY2021
<u>Cane Creek Sewer Lines</u> Eliminates expansion of service area in Huntersville/East Mecklenburg.	\$1.1 million in FY2021

# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

Project/Impact	Capital Budget Reduction
<u>Catawba River Water Pump Station Pump Addition</u> Eliminates planned addition of pump that moves untreated water from Mountain Island Lake to the water treatment plants. Not installing this pump reduces resiliency and dependability of water service for Charlotte since the existing pumps are aging and will become less reliable.	\$0.2 million in FY2021
<u>Clear Creek Tributary Sewer</u> Eliminates expansion of service area in the Mint Hill area.	\$1.0 million in FY2021
<u>Dixon Branch Trunk Sewer Extension</u> Eliminates expansion of service area South of Huntersville	\$1.6 million in FY2021
<u>Fuda Creek Trunk Sewer</u> Eliminates expansion of service area in northeast Charlotte/Mecklenburg.	\$1.5 million in FY2021
<u>Goose Creek Lift Station and Outfall</u> Eliminates expansion of service area in the Mint Hill area.	\$3.0 million in FY2021
<u>Hambright Road Water Line</u> Restricts drinking water service in the Huntersville area.	\$1.0 million in FY2021
<u>Lake Road Trunk Sewer</u> Eliminates expansion of service area north of Mint Hill.	\$0.6 million in FY2021
<u>McKee Creek Tributary Sewer Lines</u> Eliminates expansion of service area in East Charlotte/Mecklenburg.	\$2.5 million in FY2021
<u>Upper Clear Creek Sewer Line</u> Eliminates expansion of service area in the Mint Hill area.	\$1.0 million in FY2021

# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

**Question 5:** Please describe the tangible outcomes that Charlotte Water customers will realize if the projected FY2017 water and sewer rate increases are implemented.

If the FY2017 proposed water and sewer rate increase is approved, Charlotte Water customers will receive the following service outcomes:

- Aging water and sewer pipes will be maintained to ensure safe and reliable water is available for all customers;
- All required testing (regulatory and proactive) will be conducted to ensure water quality;
- System enhancements to support community growth and development will be provided; and
- Growing customer service requests will be evaluated and addressed.

Tangible outcomes from water and sewer rates are difficult to summarize; the additional capital funding that the rate increases would provide would provide benefits ranging from a reduction in sewer spills to improved drinking water quality and continued capacity to serve the growing community.

**Question 6:** Please provide historical trend data on water and sewer rate increases.

Charlotte Water has a rolling 10 year financial planning model. The model considers environmental conditions and changing circumstances by allowing staff to work with subject matter expert financial consultants to continuously update data and analyze occurrences such that the best possible immediate and long term financial position for the management of the community water resources is maintained.

Previous rate increases and projected rate increases are found in **Table 4** below. These rates are for a typical 7 ccf (equal to 5,236 gallons per month) customer.

**Table 4**

Year	2012	2013	2014	2015	2016	2017	2018	2019
Percent Increase	9.72%	5.78%	4.04%	3.08%	2.78	4.36%*	4.58%**	4.11%**

\*Projected

\*\*Initial conservative projection

**Table 5** on the following page depicts Charlotte Water's 10 year financial model.

# Questions and Answers From April 6<sup>th</sup> Budget Workshop

**Table 5**

**Water and Sewer Projection Summary  
(\$ 000's where applicable)**

	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Adopted 2016	Proposed 2017	Planning 2018	Planning 2019	Planning 2020	Planning 2021	Planning 2022	Planning 2023
<b>Capital program</b>														
Debt - CP/revenue bonds	\$ 157,900	\$ 163,000	\$ -	\$ -	\$ 78,261	\$ 75,048	\$ 67,296	\$ 59,000	\$ 102,000	\$ 56,000	\$ 10,000	\$ 103,000	\$ 90,000	\$ -
Debt - equipment LP	1,850	0	1,364	4,000	0	0	4,500	6,500	4,000	4,000	4,000	4,000	4,000	4,000
Capital funds balance	16,950	27,850	27,850	59,475	85,855	63,930	(17,126)	74,639	18,344	7,456	11,325	(1,531)	336	246
PAYGO	\$ 176,700	\$ 190,850	\$ 29,214	\$ 63,475	\$ 164,116	\$ 138,978	\$ 119,855	\$ 227,139	\$ 220,344	\$ 160,456	\$ 140,325	\$ 230,469	\$ 239,336	\$ 160,246
<b>Total</b>														
	10%	15%	95%	94%	52%	46%	54%	38%	44%	58%	82%	54%	61%	97%
PAYGO as % of total														
Commercial paper balance (6/30)	\$ -	\$ -	\$ -	\$ -	\$ 87,054	\$ 171,704	\$ 59,000	\$ 118,000	\$ 102,000	\$ 158,000	\$ 10,000	\$ 113,000	\$ 90,000	\$ 90,000
<b>Capital program by bond issue:</b>														
Series 2009 issue dated 12/1/09	\$ 157,900	\$ 163,000			\$ 78,261	\$ 75,048	\$ 8,296							
Series 2015 issue dated 8/27/15							\$ 59,000	\$ 59,000						
Series 2017 issue dated 7/1/17									\$ 102,000	\$ 56,000				
Series 2019 issue dated 7/1/19											\$ 10,000	\$ 103,000		
Series 2021 issue dated 7/1/21														
Series 2023 issue dated 7/1/23														\$ -
<b>Number of water customers</b>	245,854	247,000	248,235	257,683	260,673	265,789	262,836	273,860	275,229	276,605	277,988	279,378	280,775	282,179
% incr. in avg. residential bill	5.14%	7.94%	9.72%	5.78%	4.04%	3.08%	2.78%	4.36%	4.58%	4.11%	4.14%	4.12%	4.05%	4.00%
% incr. in water sales volume	3.59%	0.44%	2.66%	-3.98%	-4.16%	0.54%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
<b>Total revenue</b>	\$ 251,851	\$ 270,367	\$ 293,023	\$ 306,340	\$ 321,943	\$ 349,824	\$ 342,893	\$ 366,993	\$ 384,053	\$ 402,871	\$ 422,381	\$ 443,812	\$ 465,213	\$ 487,195
Total operating expenditures	100,376	100,286	103,937	104,866	108,713	119,583	120,711	133,511	140,162	146,086	152,344	159,118	166,081	173,479
Net income available for DS	\$ 151,475	\$ 170,080	\$ 189,086	\$ 201,473	\$ 213,230	\$ 230,241	\$ 222,183	\$ 233,481	\$ 243,891	\$ 256,785	\$ 270,037	\$ 284,694	\$ 299,132	\$ 313,717
<b>Total revenue bond DS<sup>(1)</sup></b>	\$ 77,673	\$ 92,617	\$ 98,227	\$ 105,556	\$ 107,772	\$ 107,142	\$ 108,135	\$ 115,542	\$ 119,871	\$ 127,510	\$ 129,107	\$ 136,155	\$ 139,045	\$ 141,621
Total G.O. and other DS	48,708	44,488	42,372	40,416	39,555	38,193	37,148	38,443	36,046	32,063	24,948	20,434	11,243	10,580
Total DS	\$ 126,380	\$ 137,104	\$ 140,599	\$ 145,972	\$ 147,327	\$ 145,335	\$ 145,283	\$ 153,985	\$ 155,917	\$ 159,573	\$ 154,055	\$ 156,589	\$ 150,288	\$ 152,201
DS as % of total revenue	50%	51%	48%	48%	46%	42%	42%	42%	41%	40%	36%	35%	32%	31%
<b>DS coverage - revenue bonds</b>	1.95	1.84	1.92	1.91	1.98	2.15	2.05	2.02	2.03	2.01	2.09	2.09	2.15	2.22
DS coverage - total	1.20	1.24	1.34	1.38	1.45	1.58	1.53	1.52	1.56	1.61	1.75	1.82	1.99	2.06
<b>Debt service/operating fund bal.</b>	\$ 110,487	\$ 130,613	\$ 149,945	\$ 142,462	\$ 118,510	\$ 162,566	\$ 174,280	\$ 166,881	\$ 159,855	\$ 163,067	\$ 164,048	\$ 167,152	\$ 170,996	\$ 176,512
As % of op. exp. and DS	49%	55%	61%	57%	46%	62%	66%	58%	54%	53%	54%	53%	54%	54%

Targets	Actuals	Definition
50%	56.35%	FB of following years operating and debt service
40%	38.30%	PAYGO as % of total
2.00	2.02	DS coverage - revenue bonds

<sup>(1)</sup> Includes interest on commercial paper.

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# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

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### **Solid Waste Multi-Family Service Delivery**

**Question 7:** *What percentage of the 17,380 affordable housing multi-family units currently served by Solid Waste Services are market rate affordable housing compared to committed (subsidized) affordable housing?*

The City's Housing Trust Fund was established in 2001. Since then, 5,348 committed affordable multi-family rental units have been financed using the Fund in combination with Low-Income Housing Tax Credits. This total comprises approximately 30 percent of the affordable multi-family units currently served by Solid Waste Services.

**Question 8:** *Please describe the federal policy for Section 8 housing that addresses market rate adjustments for solid waste fees?*

Section 8 refers to the specific section of the U.S. Housing Act that authorizes federal rental assistance programming for low-income households. The Section 8 Housing Choice Voucher Program provides tenant based rental and utility assistance to approximately 2.1 million households nationwide.

Generally, the federal policy for Section 8 housing does not allow a household to pay more than 30% of their annual income for housing expenses. However, in a few rare instances, the federal government will allow a resident to pay up to 40% of their annual household income for housing expenses. This subject is being researched further.

**Question 9:** *Please describe the implications of deferring the policy decisions concerning multi-family service delivery.*

The current multi-family service contract is valid through December 31, 2016, with the City having the option to extend the contract for an additional six months –or until June 30, 2017. If a new multi-family contract is not in place by July 1, 2017, an additional contract extension would be required. The additional contract extension would likely result in a higher cost to provide service to multi-family units. Costs will also continue to increase as additional multi-family complexes are built. In addition to cost concerns, deferring the multi-family policy decision would impact the scope of services and terms for a future multi-family service contract. In order to have a new contract in place by July 1, 2017, a Request for Proposal needs to be issued in fall 2016 so that staff has adequate time to evaluate the bid responses, and develop/implement a service agreement.

# Questions and Answers

## From April 6<sup>th</sup> Budget Workshop

### Financial Partner Recommendations

**Question 10:** *What factors are considered when Municipal Service District funding projections are developed?*

Municipal Service Districts (MSDs) are defined geographic areas used to fund, through additional ad valorem property tax levy, services, facilities, or functions in addition to or to a greater extent than provided in other parts of a city.

The five MSDs within the City of Charlotte were created to enhance the economic viability and quality of life in select geographies. Three MSDs are located in the Center City area, the fourth is located in the South End area, and the fifth is located in the University City area. All MSD revenues for these districts are generated through ad-valorem taxes paid by property owners (residential and commercial) in the designated districts and must be spent on programs and services that enhance the quality of the districts.

The revenue projections are calculated using the same methodology as all real estate assessments. The MSDs are merely geographical subsets. The values used for MSDs are the same values used for City and County real estate taxes.

**Question 11:** *Please describe the City's efforts to create opportunities for the chronically under-employed, including apprenticeship and job training programs.*

#### **Neighborhood & Business Services Programs**

Neighborhood & Business Services (N&BS) engages in the following efforts to create opportunities for the chronically under-employed, including apprenticeship and job training programs:

##### Charlotte Works

The \$9,183,520 contract with Charlotte Works includes funding for adults, youth, and dislocated workers. Of this amount, \$3,361,846 is specifically dedicated to youth. The FY2016 Charlotte Works contract provides training assistance for 800 eligible adults and dislocated workers; coaching, workshops, and classes are provided to 100,000 adults; and 575 youth are served through training, recruitment, or employment services.

##### Goodwill Industries Housing Rehabilitation Program

Goodwill Industries participates in the City's housing rehabilitation activities by bidding on housing rehabilitation work as a rehabilitation contractor. Goodwill then uses its awarded jobs as work opportunities for clients in their construction trades training program. Goodwill provides instruction in the areas of construction math, blueprint reading, hand and power tool use, and safety training. The course also includes a 10-hour Occupational Safety and Health Administration Construction Compliance course, as well as "soft skills" training that is needed for employment such as interviewing and resume writing. Program participants are typically low income men and women from the Charlotte area lacking the skills needed to obtain employment that pays a living wage. By working with Goodwill on housing rehabilitation projects, funding is leveraged once as an investment that improves the quality of life for a low income homeowner and again as a job training opportunity.

##### Construction Pre-Apprenticeship Program

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## **Questions and Answers**

### **From April 6<sup>th</sup> Budget Workshop**

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In addition to the programs described above, N&BS staff is developing a pilot job training and employment program for individuals who are difficult to employ. If the pre-apprenticeship program is approved, N&BS will partner with Goodwill to provide a construction pre-apprenticeship program that would replicate best practices in such programs, provide skill development, job training, work experience, and job coaching/mentoring. The pilot would be funded with \$250,000 of existing Community Development Block Grant funds and is expected to serve up to 20 participants. Over the next year, staff will evaluate the program and explore a sustainable funding source pending the results of the pilot program.

#### **Charlotte Fire Veteran Vocational Training**

The Charlotte Fire Department (Fire) has developed an informal vocational training program for military veterans in an effort to reintroduce them to the civilian workforce. Fire works directly with Charlotte Bridge Home, a local veteran support group, to identify program participants.

Fire's goal is to provide program participants with the knowledge, skills, and experience necessary to obtain North Carolina Level 2 Fire Inspector certification. Once certification is achieved, program participants should be employable across the North Carolina and would be considered for future vacancies within Charlotte Fire's Fire Prevention Bureau as they arise.

Fire initiated a successful pilot of the veteran vocational program in November 2015. The pilot participant has received their initial probationary certification and is actively conducting fire prevention inspections for the Charlotte Fire Department.

#### **Aviation Apprenticeship Program**

As a part of their FY2017 departmental budget, the Aviation Department requested a Workforce Development Coordinator to create, develop, implement, and oversee all aspects of the Aviation's workforce development programming. This programming includes apprenticeships, internships, externships, employee growth and development, the Mayor's Youth Employment Program, and job fair coordination.

Aviation's Workforce Development Coordinator will develop and manage a new state-certified apprenticeship program, which will provide economic opportunities to at-risk youth and adults by ensuring program participants have the technical and professional skills necessary to obtain a job that pays a living wage. Upon program completion, apprentices will be encouraged to pursue promotional opportunities at the Airport.

## **General Community Investment Plan Budget**

**Question 12:** *Please describe the City's current policies for land use and land sales. Describe the evaluation process for the disposition of surplus City property.*

The Real Estate Division of the Engineering & Property Management Department follows the asset management guidelines established by the Privatization and Competition Advisory Committee (PCAC) and approved by City Council in 1994. The guidelines focus primarily on

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# *Questions and Answers*

## *From April 6<sup>th</sup> Budget Workshop*

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the disposition of surplus City real estate with a goal of transforming surplus City property into a more productive community asset.

Real estate disposition for City owned property follows a multi-step process that involves multiple City departments and community partners. Below is an outline of the real estate disposition process:

1. Property is first evaluated for alternative City uses.
2. Property identified as potential surplus is then reviewed through the Planning Department's departmental polling and mandatory referral processes.
  - Departmental polling provides an opportunity for City staff from a variety of departments to offer feedback regarding any potential issues with the proposed uses of the surplus property (i.e. environmental concerns, existing easements, floodplain issues, etc.).
3. Following departmental polling, the Planning Department initiates the mandatory referral process.
  - Mandatory referrals include documentation of the proposed use of the property, the proposal's consistency with adopted public policies and land use plans, the proposal's impact, and its relationship to other public or private projects.
4. After departmental polling and all mandatory referrals, the surplus property is then discussed by the Joint Use Task Force (JUTF).
  - The JUTF meets monthly and consists of representatives from each City department, Charlotte-Mecklenburg Schools Real Estate Division, Mecklenburg County Real Estate, Mecklenburg County Park and Recreation, Mecklenburg County Health Department, Charlotte Mecklenburg Library System, Town of Matthews, and Central Piedmont Community College.
5. Once the JUTF has reviewed the potential surplus property, the property is then referred to the Planning Committee, which is a part of the larger Charlotte-Mecklenburg Planning Commission.
  - The Planning Committee meets monthly to discuss long-range policy issues, such as area plans and all mandatory referrals. The Planning Committee reviews the recommended use for the surplus property and provides its recommendation to the City Council.
6. City Council approval of the Planning Committee's recommendations is the final step in the process.
  - It is important to note that during each step of the review process, feedback from a variety of City and County departments as well as community partners such as TreesCharlotte and the Catawba Lands Conservancy is solicited and taken into consideration.

As the City's needs have evolved, Real Estate has transitioned to a more comprehensive real estate management process. This comprehensive approach was designed to support the City Council's economic development, tree canopy preservation, and affordable housing goals. In an effort to facilitate further consideration for the use of surplus City property as potential space for affordable housing, Real Estate and Neighborhood & Business Services are

# Questions and Answers

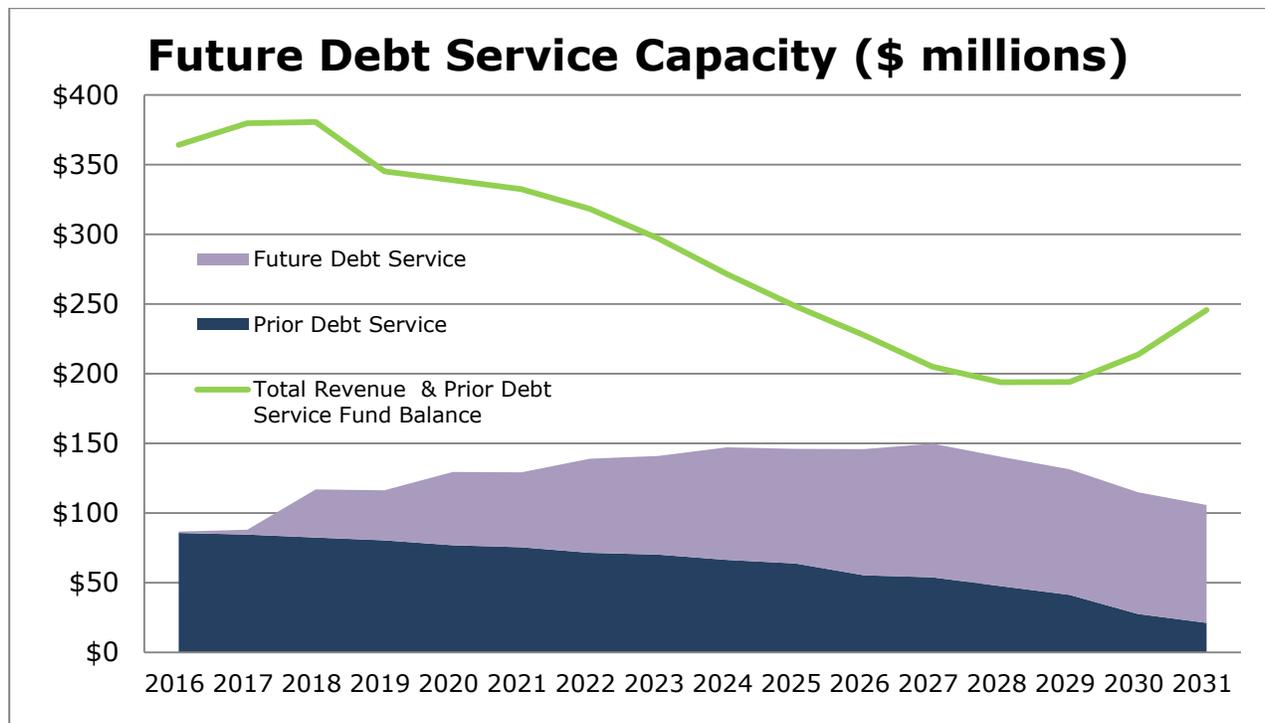
## From April 6<sup>th</sup> Budget Workshop

reassessing the process for obtaining feedback from affordable housing developers. City staff will provide a presentation about affordable housing to the Housing & Neighborhood Development Committee in May to obtain additional direction from Council. This input will be used to help further refine the City's property review process.

**Question 13:** Please provide an updated version of the Future Debt Service Capacity Chart that was shared during the January City Council Retreat.

**Chart 6** on the following page provides a graphical depiction of the conservative budget approach that the City uses when estimating future debt service obligations. The green line at the top of the graph shows the net revenue in the Municipal Debt Service Fund available to make debt service payments. The dark blue shaded area represents the annual debt service obligation for debt service that has already been approved by City Council and Charlotte voters. The purple shaded area represents the annual debt service for programmed and potential future debt service obligations, including the \$816 million programmed in the General Community Investment Plan through 2020, as well as the additional \$68.1 million in debt capacity being considered for allocation in FY2017. The combined shaded area represents the total annual anticipated debt service obligation on both existing and programmed debt. As the chart illustrates, even in the year when available revenue is at its lowest (approximately 2028), revenue will remain approximately \$60 million above the amount needed to cover total debt service payments on all existing and anticipated debt.

**Chart 6**



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# *Questions and Answers*

## *From April 6<sup>th</sup> Budget Workshop*

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### **Other Questions from City Council**

**Question 14:** *Please describe the budgetary impact of bringing all City employees to a minimum hourly pay rate of \$15 per hour.*

As part of the FY2016 budget, the City Council adopted an employee pay adjustment that brought the minimum starting wage for full-time permanent City employees to 60% of the Area Median Income. This adjustment equates to an annual wage of \$27,000, or about \$13 per hour.

There are currently approximately 282 full-time City of Charlotte employees that make less than \$15 an hour, but greater than \$13 an hour. The total budgetary impact of bringing those 282 employees to a starting wage of \$15 per hour would be approximately \$907,000, of which an estimated \$567,000 would be in the City's General Fund.

It should be noted that the purchasing power of a minimum wage is impacted by the cost of living in a particular location. When adjusted for regional price parity, Charlotte's current minimum starting wage of approximately \$13 is equivalent to \$15.90 in California and \$16.32 in New York; two states that recently adopted plans to phase in a \$15 minimum wage over the next several years.

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# **City of Charlotte's Human Resources Philosophy**

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## **City of Charlotte Human Resources Philosophy**

Attached is the Council-adopted FY2016 Human Resources Philosophy that was requested during the April 11<sup>th</sup> Budget Committee Meeting. This document also includes a brief description of the City's two existing pay plans (Public Safety and Broadbanding), along with the proposed Non-Exempt/Hourly Pay Plan that, if approved, will go into effect in FY2017.

# City of Charlotte

## Human Resources Philosophy

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.

### **Recruitment**

The City will recruit and hire employees who are technically competent and customer focused.

### **Employee Responsibility**

Employees will be held accountable for producing quality work and for exhibiting the highest commitment to honesty, integrity and customer service.

### **Commitment to Competition**

The City of Charlotte is committed to providing quality services at a market competitive cost through service delivery by City employees or, when costs would be lower, through privatization. The City is committed to the skills development of its employees to enhance services to citizens and to make the City more competitive. When necessary due to organizational changes or privatization, the City is further committed to skills development to prepare employees for other opportunities within or outside of the City organization.

### **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.

### **Health and Safety**

Employees will be reasonably protected against safety and environmental risks in the workplace.

### **Training and Development**

Employees will receive sufficient training and counseling to successfully perform their jobs.

### **Employee Communications**

Employees will receive clear and timely communications on issues which affect their work life and will have a reasonable opportunity for input into decisions on these issues.

### **Employee Relations**

Employees will be treated with respect and without regard to race, religion, color, sex, national origin, sexual orientation, age, disability, political affiliation, or on the basis of actual or perceived gender as expressed through dress, appearance or behavior or for any other reason not related to their organizational contributions. Diversity will be respected and viewed as an asset to our workforce.

Approved by City Council 1993, revised 1995, revised 2014, revised 2015 in FY2016 Pay & Benefits Recommendation

# City of Charlotte

## Employee Pay Plan Overview

### **Public Safety Pay Plan**

The City's Public Safety Pay Plan covers all Police classes below the rank of Police Lieutenant and all Fire classes below the rank of Battalion Fire Chief. There are two components of the Public Safety Pay Plan. The first is progression through the steps and the second includes market adjustment to the steps. Market adjustments are awarded each fiscal year and are equal to half of the Broadbanding merit percentage increase.

### **Broadbanding Pay Plan**

The City's Broadbanding Pay Plan currently covers all City employees with the exception of the positions included in the Public Safety Pay Plan. If the Non-Exempt Pay Plan (described below) is adopted with the FY2017 budget, the Broadbanding Pay Plan would only apply to non-Public Safety Pay Plan exempt employees. Unlike the current Public Safety Pay Plan, the Broadbanding Pay Plan does not include a general pay (market) adjustment for employees. Broadbanding employees receive merit increases that are determined individually based on each employee's performance and pay rate in relation to the market rate of their assigned position. The market rate is equal to the median (50<sup>th</sup> percentile) of market data.

### **Proposed Non-Exempt/Hourly Pay Plan**

As discussed throughout the FY2017 budget development process, the City Manager's FY2017 Recommended Budget will contain a proposal to create a pay plan for entry-level non-exempt employees in labor, trades, and administration positions (hourly classifications). These employees would then be transitioned from Broadbanding to the new Non-Exempt/Hourly Pay Plan in FY2017. The proposed new pay plan will consist of 20 traditional ranges, each with a minimum, midpoint, and maximum. The midpoint will be equal to the median (50<sup>th</sup> percentile) of market data, similar to how market rates are identified in the Broadbanding Pay Plan. In FY2017, all non-exempt/hourly positions will be converted to their new pay range and will receive a market adjustment equal to half of the Broadbanding merit percentage increase.

After the initial conversion in FY2017, non-exempt/hourly employees will receive an annual market adjustment equal to half of the Broadbanding merit percentage increase. These employees will also receive a merit increase each year; equal to half (on average) of the Broadbanding merit percentage increase.

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**April 11<sup>th</sup> Budget Committee  
FY2017 General Fund Balancing  
Handouts**

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**April 11<sup>th</sup> Budget Committee  
FY2017 General Fund Balancing Handouts**

Attached are the General Fund balancing handouts that were distributed to the Budget Committee on April 11<sup>th</sup>. These documents were not included in the original Budget Committee packet materials and were created to help frame the various tools available to balance the FY2017 General Fund budget while addressing additional public safety resource needs.



## General Fund Update

### Framework for Budget Balancing

April 11, 2016



#### General Fund Framework:

- Meet contractual obligations
  - County Landfill Fees
  - Technology
  - Utilities
- Ensure sustainability for FY2018
- Maintain core services
- Limit service expansions to development services funded by capital projects or user fees
- Address Public Safety Priorities

2



## General Fund Services

Category	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Operational	\$462,873,095	4,763.75	\$36,130,535	323.00
Governance	18,370,147	211.75	837,903	10.00
Support	43,097,409	430.00	1,478,338	25.00
<b>Total</b>	<b>\$524,340,651</b>	<b>5,405.50</b>	<b>\$38,446,776</b>	<b>357.00</b>

- Includes all key FY2017 program additions as requested by Departments
- Includes positions funded by other revenue sources

\*Updated to reflect most recent information. Numbers remain under review

3



## Operational Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Police	\$227,035,628	2,368.00	\$18,926,474	205.00
Fire	112,626,341	1,167.00	11,845,665	82.00
<b>Public Safety subtotal</b>	<b>\$339,661,969</b>	<b>3,535.00</b>	<b>\$30,772,139</b>	<b>287.00</b>
Solid Waste	52,431,227	302.00	2,685,787	5.00
Transportation	34,605,090	408.75	566,979	8.00
N&BS	12,295,538	137.00	841,808	13.00
E&PM	18,182,541	325.00	1,123,123	7.00
Planning	5,696,730	56.00	140,699	3.00
<b>Total</b>	<b>\$462,873,095</b>	<b>4,763.75</b>	<b>\$36,130,535</b>	<b>323.00</b>

4



## Support Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Human Resources	\$4,227,630	36.00	\$196,909	1.00
Innovation & Technology	24,576,112	131.00	657,095	13.00
Management & Financial Services	14,293,667	263.00	624,334	11.00
<b>Total</b>	<b>\$43,097,409</b>	<b>430.00</b>	<b>\$1,478,338</b>	<b>25.00</b>

5



## Governance Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
City Manager's Office/ Mayor & City Council	\$15,351,549	178.75	\$829,303	10.00
City Attorney	2,458,427	27.00	2,100	0.00
City Clerk	560,171	6.00	6,500	0.00
<b>Total</b>	<b>\$18,370,147</b>	<b>211.75</b>	<b>\$837,903</b>	<b>10.00</b>

6



## Public Safety Requests

Phased Option as Submitted	FY2017	FY2018	FY2019
CMPD Request Phase I	\$6,623,336	\$8,246,246	\$8,576,096
CFD Ladder 28	2,806,377	1,982,859	2,062,173
CFD Engine 65	2,414,952	1,905,686	1,981,913
<b>Total FY17</b>	<b>\$11,844,665</b>	<b>\$12,134,790</b>	<b>\$12,620,182</b>
<b>Reduced Option*</b>			
CMPD	\$4,387,338	\$5,793,192	\$6,024,920
CFD Ladder 28	2,806,377	1,982,859	2,062,173
<b>Reduced Option Total FY17</b>	<b>\$7,193,715</b>	<b>\$7,776,051</b>	<b>\$8,087,093</b>

- The table above outlines phase 1 costs only for the CMPD request.
- Phase II request would be considered as part of FY2018 budget.

\*Funded resources in the reduced option include \$4.4m for CMPD staff and \$2.8m to fund Ladder 28

7



## General Fund Budget Balancing Toolbox

- Property tax increase  
\$11.8m = 1.32¢ rate increase (2.7%)
- Service reductions in non-public safety departments' base budgets  
\$11.8m = 6.16% reduction in each department
- Reduce market-based employee compensation, implementation of hourly pay plan  
0% = \$9.2m; 1% = \$1.9m
- Transfer from Capital  
\$11.8m = \$118m in debt capacity, or 1.32¢  
\$890k annually = \$10m = 0.10¢

8



## Next Steps

- April 20<sup>th</sup> Budget Workshop
- May 2<sup>nd</sup> Manager's Recommended Budget

## DRAFT Toolbox for Budget Balancing

### Potential Revisions to Public Safety Requests

#### a. Police

CMPD's FY2017 Requests:	FY2016 Base	FY2017 Base	FY2017 Increase	Total FY2017 Budget/Section	FY2017 Base FTEs	FY2017 FTE Increase
Officers (includes all other CMPD)	\$ 194,668,159	\$ 202,348,051	\$ 3,291,965	\$ 205,640,016	1,840.00	63.00
Civilians						
911 Communicators	\$ 8,533,979	\$ 9,066,126	\$ 1,011,094	\$ 10,077,220	127.50	20.00
Crime Scene	\$ 1,830,521	\$ 1,953,388	\$ 151,004	\$ 2,104,392	27.00	4.00
Crime Lab	\$ 2,350,165	\$ 2,433,631	\$ 72,318	\$ 2,505,949	23.00	1.00
Human Resources	\$ 4,322,033	\$ 4,732,784	\$ 154,388	\$ 4,887,172	12.00	3.00
Computer Technology Services	\$ 4,614,249	\$ 4,789,442	\$ 235,863	\$ 5,025,305	22.00	4.00
Crime Analysis	\$ 1,819,440	\$ 1,943,159	\$ 166,854	\$ 2,110,013	20.00	2.00
Community Services	\$ 623,823	\$ 754,572	\$ 68,619	\$ 823,191	2.00	1.00
Special Operations	\$ 681,661	\$ 648,380	\$ 49,832	\$ 698,212	15.00	1.00
Crime Reporting Unit	\$ 1,954,727	\$ 2,176,682	\$ 165,607	\$ 2,342,289	22.00	3.00
Police Attorney	\$ 990,901	\$ 1,027,165	\$ 129,233	\$ 1,156,398	7.00	2.00
Training	\$ 1,900,061	\$ 2,071,855	\$ 127,743	\$ 2,199,598	2.00	2.00
Fiscal Affairs	\$ 7,549,973	\$ 7,970,706		\$ 7,970,706	8.00	-
<b>Total Personnel Services &amp; OpEx</b>	<b>\$ 231,839,692</b>	<b>\$ 241,915,941</b>	<b>\$ 5,624,522</b>	<b>\$ 247,540,463</b>	<b>2,127.50</b>	<b>106.00</b>
Capital Expenses (One Time)						
Marked Units			\$ 928,480	\$ 928,480		
Crime Scene Van			\$ 70,334	\$ 70,334		
<b>Total Capital</b>			<b>\$ 998,814</b>	<b>\$ 998,814</b>		
<b>TOTAL</b>	<b>\$ 231,839,692</b>	<b>\$ 241,915,941</b>	<b>\$ 6,623,336</b>	<b>\$ 248,539,277</b>	<b>2,127.50</b>	<b>106.00</b>
<b>Reduced Option</b>			<b>\$ 4,387,338</b>	<b>\$ 246,303,279</b>		<b>75.00</b>

#### b. Fire

Fire's FY2017 Requests:	FY2016 Base	FY2017 Base	FY2017 Increase	Total FY2017 Budget	FY2017 Base FTEs	FY2017 FTE Increase
Base Fire Budget	\$ 112,707,486	\$ 117,499,201	\$ 4,791,715	\$ 122,290,916	1,166.00	
Ladder 28			\$ 1,906,595	\$ 1,906,595		18.00
Engine 65			\$ 1,832,390	\$ 1,832,390		18.00
<b>Total Personnel Services &amp; OpEx</b>	<b>\$ 112,707,486</b>	<b>\$ 117,499,201</b>	<b>\$ 3,738,985</b>	<b>\$ 126,029,901</b>	<b>1,166.00</b>	<b>36.00</b>
Capital Expenses (One Time)						
Ladder 28			\$ 899,782	\$ 899,782		
Engine 65			\$ 582,562	\$ 582,562		
<b>Total Capital</b>			<b>\$ 1,482,344</b>	<b>\$ 1,482,344</b>		
<b>TOTAL</b>	<b>\$ 112,707,486</b>	<b>\$ 117,499,201</b>	<b>\$ 5,221,329</b>	<b>\$ 127,512,245</b>	<b>1,166.00</b>	<b>36.00</b>
<b>Reduced Option</b>			<b>\$ 2,806,377</b>	<b>\$ 125,097,293</b>		<b>18.00</b>

#### c. Potential Revised

<b>Police Total</b>			<b>\$ 6,623,336</b>			<b>106.00</b>
<b>Fire Total</b>			<b>\$ 5,221,329</b>			<b>36.00</b>
<b>Public Safety Request</b>			<b>\$ 11,844,665</b>			<b>142.00</b>
<b>Reduced Option</b>			<b>\$ 7,193,715</b>			<b>93.00</b>

## DRAFT Toolbox for Budget Balancing

The following is a list of data to be used as part of the decision making process. It does not represent a recommendation

### Public Safety Request = \$11.8 million

#### 1) Property Taxes

- a. 1% increase = \$4.3m
- b. \$11.8 million = 1.32¢ rate increase (2.7%)
- c. \$890k annually = 0.10¢
- d. Impact to median value home:

Annual Impact	1% Impact	2% Impact	2.5% Impact	2.73%
Median Value	\$6.75	\$13.51	\$16.89	\$18.63
25th Percentile Value	\$4.67	\$9.34	\$11.68	\$12.89
75th Percentile Value	\$11.01	\$22.01	\$27.51	\$30.36
85th Percentile Value	\$14.62	\$29.24	\$36.55	\$40.33
95th Percentile Value	\$25.79	\$51.58	\$64.47	\$71.14

#### 2) Department Reductions

General Fund	FY 17	FY18	FY19
Projected FY 2017 Base Budget	\$ 629,320,680	\$ 654,493,507	\$ 680,673,247
Less Police	\$ 387,404,739	\$ 402,900,929	\$ 419,016,966
Less Fire	\$ 269,905,538	\$ 280,701,760	\$ 291,929,830
Less Other Fixed	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
<b>Net GF for Reduction</b>	<b>\$ 192,297,243</b>	<b>\$ 199,989,133</b>	<b>\$ 207,988,698</b>
	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
CMPD Request Phase I	\$ 6,623,336	\$ 8,246,246	\$ 8,576,096
CFD Ladder 28	\$ 2,806,377	\$ 1,982,859	\$ 2,062,173
CFD Engine 65	\$ 2,414,952	\$ 1,905,686	\$ 1,981,913
<b>Total FY17</b>	<b>\$ 11,844,665</b>	<b>\$ 12,134,790</b>	<b>\$ 12,620,182</b>
	<b>FY 17 Reduction</b>	<b>FY 18 Reduction</b>	<b>FY 19 Reduction</b>
<b>Non Public Safety</b>	<b>6.16%</b>	<b>(\$290,125)</b>	<b>(\$485,392)</b>
Solid Waste	(\$3,391,172)	(\$83,064)	(\$138,969)
Transportation	(\$1,567,587)	(\$38,397)	(\$64,239)
E&PM	(\$1,158,045)	(\$28,365)	(\$47,456)
N&BS	(\$940,379)	(\$23,034)	(\$38,537)
Planning	(\$356,848)	(\$8,741)	(\$14,624)
Mayor & Council	(\$97,848)	(\$2,397)	(\$4,010)
Attorney	(\$158,042)	(\$3,871)	(\$6,477)
Clerk	(\$36,155)	(\$886)	(\$1,482)
City Manager	(\$873,114)	(\$21,386)	(\$35,780)
I&T	(\$1,674,109)	(\$41,006)	(\$68,605)
DMFS	(\$1,314,657)	(\$32,201)	(\$53,874)
HR	(\$276,710)	(\$6,778)	(\$11,340)

### 3) Employee Compensation

<b>Projected FY2017 with Benefits</b>	<b>1% merit, 0.5% market, steps</b>	<b>2% merit, 1.0% market, steps</b>	<b>3% merit, 1.5% market, steps</b>
Broadband Merit	\$ 680,388	\$ 1,360,775	\$ 2,041,163
Non-Exempt/Hourly	\$ 1,361,856	\$ 1,503,886	\$ 1,645,916
Public Safety Pay Plan			
Market	\$ 1,029,760	\$ 2,059,520	\$ 3,089,279
Steps	\$ 2,493,392	\$ 2,493,392	\$ 2,493,392
Total	\$ 3,523,151	\$ 4,552,911	\$ 5,582,671
<b>Grand Total</b>	<b>\$ 5,565,395</b>	<b>\$ 7,417,572</b>	<b>\$ 9,269,750</b>
Difference	\$ (3,704,355)	\$ (1,852,177)	

### 4) Transfer from Capital

- a. \$11.8m = \$118m in debt capacity, or 1.32¢
- b. \$890k annually = \$10m of debt capacity = 0.10¢
- c. Capital program would need to be reevaluated based upon level of reduction

## DRAFT Toolbox for Budget Balancing

The following is a list of data to be used as part of the decision making process. It does not represent a recommendation

### Public Safety Request = \$7.2 million

#### 1) Property Taxes

- a. 1% increase = \$4.3m
- b. \$890k annually = 0.10¢
- c. \$7.2 million = 0.79¢ rate increase (1.7%)
- d. Impact to median value home:

Annual Impact	1% Impact	1.7%
Median Value	\$6.75	\$11.32
25th Percentile Value	\$4.67	\$7.83
75th Percentile Value	\$11.01	\$18.44
85th Percentile Value	\$14.62	\$24.49
95th Percentile Value	\$25.79	\$43.21

#### 2) Department Reductions

General Fund	FY 17	FY18	FY19
Projected FY 2017 Base Budget	\$ 629,320,680	\$ 654,493,507	\$ 680,673,247
Less Police	\$ 387,404,739	\$ 402,900,929	\$ 419,016,966
Less Fire	\$ 269,905,538	\$ 280,701,760	\$ 291,929,830
Less Other Fixed	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
<b>Net GF for Reduction</b>	<b>\$ 192,297,243</b>	<b>\$ 199,989,133</b>	<b>\$ 207,988,698</b>
	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
CMPD Request Phase I	\$ 4,387,338	\$ 5,793,192	\$ 6,024,920
CFD Ladder 28	\$ 2,806,377	\$ 1,982,859	\$ 2,062,173
CFD Engine 65			
<b>Total FY17</b>	<b>\$ 7,193,715</b>	<b>\$ 7,776,051</b>	<b>\$ 8,087,093</b>
	<b>FY 17 Reduction</b>	<b>FY 18 Reduction</b>	<b>FY 19 Reduction</b>
<b>Non Public Safety</b>	<b>3.74%</b>	<b>(\$582,336)</b>	<b>(\$311,042)</b>
Solid Waste	(\$2,059,587)	(\$166,725)	(\$89,052)
Transportation	(\$952,055)	(\$77,069)	(\$41,165)
E&PM	(\$703,325)	(\$56,935)	(\$30,410)
N&BS	(\$571,128)	(\$46,233)	(\$24,694)
Planning	(\$216,727)	(\$17,544)	(\$9,371)
Mayor & Council	(\$59,427)	(\$4,811)	(\$2,569)
Attorney	(\$95,985)	(\$7,770)	(\$4,150)
Clerk	(\$21,958)	(\$1,778)	(\$949)
City Manager	(\$530,275)	(\$42,926)	(\$22,928)
I&T	(\$1,016,750)	(\$82,307)	(\$43,962)
DMFS	(\$798,441)	(\$64,634)	(\$34,523)
HR	(\$168,057)	(\$13,604)	(\$7,266)

### 3) Employee Compensation

<b>Projected FY2017 with Benefits</b>	<b>1% merit, 0.5% market, steps</b>	<b>2% merit, 1.0% market, steps</b>	<b>3% merit, 1.5% market, steps</b>
Broadband Merit	\$ 680,388	\$ 1,360,775	\$ 2,041,163
Non-Exempt/Hourly	\$ 1,361,856	\$ 1,503,886	\$ 1,645,916
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Steps	\$ 2,493,392	\$ 2,493,392	\$ 2,493,392
Total	\$ 3,523,151	\$ 4,552,911	\$ 5,582,671
<b>Grand Total</b>	<b>\$ 5,565,395</b>	<b>\$ 7,417,572</b>	<b>\$ 9,269,750</b>
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- a. \$7.2m = \$72m in debt capacity, or 0.79¢
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- c. Capital program would need to be reevaluated based upon level of reduction