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# Budget Committee

Meeting Summary for April 18, 2016

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## COMMITTEE AGENDA TOPICS

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- I. FY2017 Public Safety Request Update
- II. Updated FY2017 Revenue Projection
- III. FY2017 Base Budget Review
- IV. FY2017 General Fund Balancing Tools and Discussion

## COMMITTEE INFORMATION

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Present: CM Phipps, CM Driggs, CM Kinsey, CM Lyles, CM Fallon  
Time: 10:00 a.m. – 11:30 a.m.

## ATTACHMENTS

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1. [General Fund Update: Budget Development Presentation](#)

## DISCUSSION BRIEFING

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### I. FY2017 Public Safety Request Update

Kim Eagle, Management & Financial Services  
Kerr Putney, Police  
Kevin Gordon, Fire

#### **Committee questions/comments included:**

- Driggs: The \$22 million is the total per annum cost of the requested increases. We haven't slashed that number to \$6.5 million. We've recognized the ramp up and the mix of deferral to later period and possible net reductions of the initial request. We will see in future periods how much of the initial amount we can accommodate.
- Fallon: Chief Putney, how does 13 fewer officers in FY2017 affect you?
  - Putney: The need is 125 officers. I can only accommodate 63 per year. 13 fewer means one less officer per division. One per division is not excessive. Anything beyond one per division would hamper our ability to increase our opportunities to try to fight crime and reduce crime. 13 fewer officers is about as much of a cut as I can make while still having a functional opportunity for improvement.
  - Fallon: The city has grown so much in the North division. That takes in Reames Road, the mall, all of Highland Creek, where we're putting in another 250 apartments and townhouses in the next couple of months. How do we do reducing? What we should be doing is expanding. We don't even have a police station up there. It's in a mall where no one can find it.
  - Putney: The police station has been requested as a part of our Capital Improvement Plan. The need is 125 officers which I can absorb over two years. What we're asking for is 50 now and then we'll reassess and see what next year looks like.

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- Lyles: In the past we've increased officers by 120, and then it spikes and then levels off. Given our growth, I think we should consider as a part of our budget policy, every year coming back and evening it out. I like the two year phasing, which gets us quality officers. I like the idea of having standards and being able to meet those. It's not just about delivering officers, but rather about what services you can deliver.
- Fallon: Does the 50 officer request include replacement of officers who are retiring or leaving?
  - Putney: Yes, what we've been doing over the last years is get to where the June recruitment class gets us fully staffed. This request gives us an opportunity to grow and be fully staffed. The request allows for attrition.
- Phipps: Last time we added officers was in 2008 and we're here now. Should there be an incremental growth of officers in the intervening years to keep track of attrition?
  - Putney: Yes, we're changing the way we look at it. We're looking at indicators of growth across the city and what impact it has on our ability to provide the police service, so that we can more consistently let you know what our needs are.
- Phipps: At the community meetings I attend, the police officers are there as a part of their routine relationship with the neighborhood. There's always an emphasis on "see something, say something" and to dial 911. Do people still call 311 for non-emergency issues? You kept the 911 communicators staffing at the same level. Are those increases in 911 service calls a direct correlation to encouraging everyone to call 911 instead of calling 311 for non-emergency services?
  - Putney: The City decreased the hours at 311, so all of the calls after hours are absorbed by 911.
- Driggs: It would be helpful in output presentations to be able to see what the initial goal was. That way we will have identifiable shortfalls, which gives us something to respond to. Also, it would be good to see where we are in comparison to other cities.
  - Putney: We're working through what our peer cities should look like. We have to look at the southeast and non-union. The big thing for us is that 90% of calls are responded to in under 5 minutes, and currently we're at 60%.
- Phipps: Given the number of officers you have currently assigned to the District Attorney's office, how critical are those services? In future budget cycles, we may be looking closely at that area to see if it's still something we should be devoting resources to. It may be the responsibility of another party.
  - Putney: With the staffing as it exists, we couldn't do the work we need to do get the chronic, repeat felons off of the street. We couldn't get the witnesses to show up; we couldn't get the victims to show up. I have reduced it now to a couple of people, but that skill set loss would be a huge hit to the DA's office. The numbers prove that if we didn't do that work, given that the DAs don't get the resources to do that work, we'd be in even worse shape.
- Fallon: We had an incident in traffic. Ladder 18 had to come down Beatties Ford Road. It didn't get there when it should have, and the place burned down. We're now responsible for I-485 and all of the accidents there. There are 300 apartments coming on line within the next three months. We don't have a ladder out there. It's dangerous, and that was proven by the incident that happened the other day.
- Kinsey: What street is 13 located on?
  - Gordon: 13 is on Glenwood Drive, on the 4300 block, just off of Hemby.

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## **II. Updated FY2017 Revenue Projection**

Kim Eagle, Management & Financial Services

Eric Hershberger, Management & Financial Services

### **Committee questions/comments included:**

- Driggs: Do you expect any further adjustments to revenue?
  - Carlee: I think between now and the Manager's recommendation, there will be no further adjustment. There may be some other changes as we go through the budget deliberation with Council and future meetings with the County monitoring that number.

## **III. FY2017 Base Budget Review**

Kim Eagle, Management & Financial Services

Eric Hershberger, Management & Financial Services

### **Committee questions/comments included:**

- Lyles: We've talked about adding new positions, for a total of 93 positions in public safety. Are there any other positions included in the recommendation that are General Fund funded?
  - Eagle: None that are General Fund funded. There will be some that you see that have a revenue source, such as being charged to the CIP.
  - Carlee: We're reviewing all of the Service Level Change requests that came in. I'm not anticipating that there will be any in the Manager's recommendation. However, based on Council priorities those requested positions not included in the recommendation will be highlighted for you.
  - Lyles: You talked about \$8 million in department budgets. It's going to be difficult to determine how to move people around to do what's important, required, and mandated without some additional assistance. I hope that you'll provide a list of everything you think we should be doing. We should be aware of what's not happening as much as we know what is happening.

## **IV. FY2017 General Fund Balancing Tools and Discussion**

Ron Carlee, City Manager

Kim Eagle, Management & Financial Services

### **Committee questions/comments included:**

- Fallon: How much money do we have in the slush fund? And does it bring in interest? And where do we use it? Could that finish the gap off?
  - Carlee: I believe you're referring to our general reserve funds. It could close the gap, but it would require a change in your policies. The general reserve funds are kept at 16%. We monitor it at that level. If there is a surplus, those wind up being one-time funds. We make the assessment of the general reserve fund at the end of the fiscal year. We bring the reserve up to where it's supposed to be. The one time funds that are remaining go into capital so that they can be used for one-time expenses in the capital program.
  - Fallon: So, that's PAYGO. Could that be used? Would there be enough of it to cover the gap without a tax increase?
  - Carlee: I would strongly recommend that you not use one-time funds to fill the gap. You could do that.

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- Fallon: Well just the interest.
  - Carlee: It would still be one-time funds. What that would then do is create a bigger gap for you in FY2018. I expect that we'll show you some of those options as Council goes through its deliberation process. But we will work very hard so that you do not start out in FY2018 with a structural deficit.
- Driggs: I'm encouraged by the \$3.6 million gap. That seems feasible. I would note that that gap incorporates the 3% pay increase and the adoption of the pay plan. So we can look at how we address those items as well. On Solid Waste, if we go forward with the comprehensive strategy review, am I correct that the options wouldn't have an impact on FY2017?
  - Carlee: That was one of the options: a July 2017 implementation. You could do a January 2017 implementation; you could do a July 2018 implementation. That does become a fairly significant part that you can move around which you could include as a part of the equation.
  - Driggs: I just have a concern that if we're going to do this kind of strategic interim steps as we go through the budget. Council may want to discuss that.
  - Kinsey: I thought that this Solid Waste fee was going to be this year. Somehow with discussions, it's been put off. I'm not sure if Council as whole voted to put it off.
  - Phipps: I felt the same way. But given that we haven't looked at ordinance in 20 years, that's going to be the blueprint which dictates a number of our services we may want to do. Without that blueprint, I don't know how we would proceed.
  - Kinsey: I think we've talked about it enough that we could go ahead if that's the intent. I think we still need comprehensive overhaul of the plan and we could slide this into the plan. I thought this was something we would tackle this year because we've talked about this for over a year.
  - Carlee: You could do either. You could look at the plan comprehensively or make a decision on apartments by revising the ordinance. The one thing I would highlight is that there is a \$3 fee per account which would generate just over \$1 million. This would be a pass through fee representing an increased cost from the County to us this year.
  - Eagle: The County is raising the cost by \$1.50 per ton. We currently pay \$29 per ton.
  - Driggs: I think that is something we could look at without the question of what our policy changes should be. That's a smaller step we could take sooner. I'm leery of looking for other revenue answers out of the context of this conversation.
- Fallon: Going back to the Capital Reserve, how do we have a deficit next year if it's \$2.9 million? You leave it steady at the amount you have. It draws the same amount of interest each year that you then move every year. How do you have a deficit from it?
  - Carlee: If you talk about moving interest out of the reserve and into operating, we'd have to look at that. Whatever the surpluses are, they go into your PAYGO program. You're essentially talking about taking money that would be going into capital and moving it to operating. That is the third bullet on slide 11. There are ways you could take ongoing revenues dedicated to capital.
  - Fallon: Just to put that money in capital while you have a budget deficit, it seems like you should cure that first.

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- Carlee: Your priorities around operating and your priorities around infrastructure and investments create tension in budgeting.
- Fallon: What infrastructure do we have to pay for?
  - Carlee: All of our buildings and IT infrastructure. The biggest portion is transportation: streets, sidewalks, bike trails, traffic signals. We call it a lot of different names, but it's mainly neighborhood development. The other thing that prior Councils have identified is affordable housing, where we do gap financing.

## **Additional Committee Decisions**

- Lyles: Would the committee be willing to make a recommendation to full Council that we agree to review program budgets? How do we get to know what we're doing that falls into high, medium and low? How do we get to know the programs that we should be saying are really important as a collective Council? In the context of recruiting a new City Manager, that might be a good way to have some good interaction around our most important policy document, our budget, with our new City Manager. Perhaps we could have the departments start now on that program review. That gives us some preparation for our retreat in January around our long term plan for our operating budget and capital budget.
  - Phipps: Is this something we've done on a formal basis?
  - Lyles: The Council has done this before in different forms and formats. The intent is to find out where the high, medium and low programs are from the experts we've hired.
  - Driggs: What you're talking about is moving to priority-based budgeting. The County already does quite a bit of this with their balanced scorecard, seven levels of priorities, etc. What I would suggest is that is that we request staff give us an idea of what that would look like. I'm not sure what we'd be asking our colleagues to do without that step. We've made a big step this year by taking our strategic priorities and aligning it to our budget.
  - Kinsey: I think it will help us moving forward to know the programs that are really important. When times were good, we took on some programs that were good, but can we still afford them? It's a tough decision, but it's important for us to look ahead.
  - Fallon: I think what the County did was rated above the line and below the line. They decided what was most important and what was bringing them the most results.
  - Lyles: Even if we don't have the structure, I'd like to ask our colleagues if we're moving in the right direction. I'd like us to come to Budget Workshop and see if they think it's a good idea.
  - Carlee: I think staff would find that helpful to give Council guidance. If you went through these budgets on a schedule and really went into the culture and history behind decisions, if that could be done in the fall, that could be helpful for the new Manager.
  - Phipps: I think this is something we should do especially given the transition. Let's propose this at Wednesday's workshop with staff's assistance.





General Fund Update

Budget Development

April 18, 2016



Public Safety Request Update



## Public Safety Requests Progression

FY2017 Budget Request	Initial Request \$	Initial Request FTEs	Phased Request \$	Phased Request FTEs	04/11/16 Reduced Option \$	04/11/16 Reduced Option FTE's	04/18/16 Reduced Option \$	04/18/16 Reduced Option FTE's
<b>Police</b>								
Sworn Positions	\$ 9,438,471	125.00	\$ 3,291,965	63.00	\$ 2,358,020	50.00	\$ 2,358,020	50.00
911 Communicators	\$ 2,675,321	35.00	\$ 1,011,094	20.00	\$ 1,011,094	20.00	\$ 1,011,094	20.00
Crime Scene/Crime Lab	\$ 590,903	12.00	\$ 223,322	5.00	\$ 222,514	5.00	\$ 222,514	5.00
Other Civilian Positions	\$ 2,905,642	33.00	\$ 1,098,141	18.00				
Capital Cost	\$ 1,904,431		\$ 998,814		\$ 795,709		\$ 795,709	
<b>Total Police</b>	<b>\$ 17,514,768</b>	<b>205.00</b>	<b>\$ 6,623,336</b>	<b>106.00</b>	<b>\$ 4,387,337</b>	<b>75.00</b>	<b>\$ 4,387,337</b>	<b>75.00</b>
<b>Fire</b>								
Ladder 28 Operating	\$ 1,906,595	18.00	\$ 1,906,595	18.00	\$ 1,906,595	18.00	\$ 1,224,158	18.00
Ladder 28 Capital	\$ 899,782		\$ 899,782		\$ 899,782		\$ 899,782	
Engine 65 Operating	\$ 1,832,390	18.00	\$ 1,832,390	18.00				
Engine 65 Capital	\$ 582,562		\$ 582,562					
<b>Total Fire</b>	<b>\$ 5,221,329</b>	<b>36.00</b>	<b>\$ 5,221,329</b>	<b>36.00</b>	<b>\$ 2,806,377</b>	<b>18.00</b>	<b>\$ 2,123,940</b>	<b>18.00</b>
<b>Total Public Safety Request</b>	<b>\$ 22,736,097</b>	<b>241.00</b>	<b>\$ 11,844,665</b>	<b>142.00</b>	<b>\$ 7,193,714</b>	<b>93.00</b>	<b>\$ 6,511,277</b>	<b>93.00</b>

- Personnel would be hired over the course of the fiscal year. Full year costs in FY2018 would be \$1.3 million higher
- Additional resources for police or fire would be considered based on conditions at the time of development for the FY 2018 budget



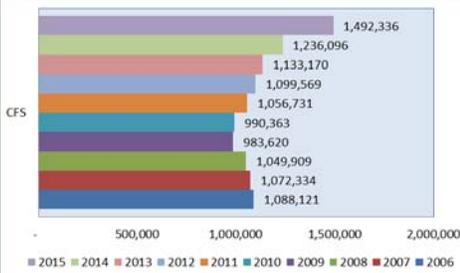
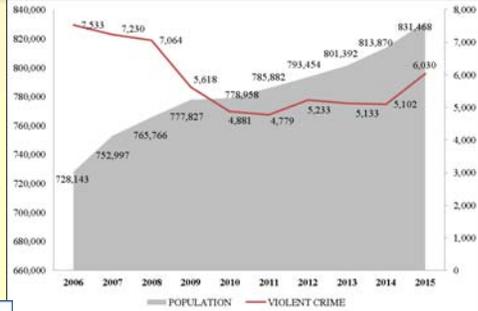
## Public Safety Desired Outputs

Description	Output
A. Increase CMPD resources in programs where additional staff can have the greatest impact on crime.	<p>Answer 90% of 911 calls in ≤ 10 seconds</p> <p>Improved response times to calls for CMPD service</p> <p>Analyze 90% of DNA evidence in 10 working days and 90% of non-DNA evidence within 5 working days</p> <p>75% clearance rate for homicide cases</p> <p>Obtain court orders for electronic monitoring for 90% of robbery offenders in Mecklenburg County</p> <p>40% of applicant base will be minorities and females.</p>
B. Ensure that the Charlotte Fire Department can meet response standards by adding companies based on analysis to target resources to have the greatest impact.	<p>The call volume for Station 28's service area (the area surrounding Northlake Mall) has increased 66% over the last 10 years due to development. The increased call volume has resulted in Engine 28 only responding to 67% of calls within the Charlotte Fire Departments 6 minute standard. When Ladder 28 is unavailable, adjacent units are only able to respond to calls within the 6 minute standard 31% of the time.</p>



## Police Metrics

- Police
  - Violent crime increase of 18.2% since 2013
  - Population increase of 17% since 2010
  - 5 minute emergency responses down from 55.9% in FY2015 to 51.8% in FY2016

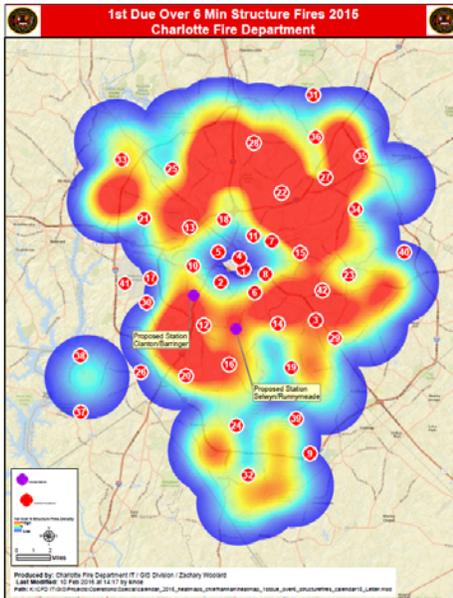


- Calls for services increase of 31.7% since 2013

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## Ladder 28



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## Updated FY2017 General Fund



## General Fund Summary

- Revenues = \$632.3m
- Base Expenses = \$629.4m
- Current available = \$2.9m
- Current Public Safety request = \$6.5m
- Current Gap = \$3.6m



## General Fund Revenue Progression

- Annual Retreat = \$623.9m
  - + \$2.1m for adjustment to Property Tax Collection Rate
  - + \$2.8m for adjustment to Utilities Franchise Sales Tax
  - \$0.6m for adjustment to Solid Waste Fee Collection
    - offset by expenditure savings from refunds and lower than anticipated small business garbage collection
  - + \$0.8m in projected Law Enforcement Services District
  - + \$3.3m on other revenues
- Current General Fund Revenue Projection = \$632.3m
- + \$8.4m since Council Retreat

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## Base Budget Increases

- Market Pay Policy (3% merit/Public Safety Steps & 1.5% Market Adjustment/Hourly Pay Plan) = \$9.2m
- Other Pay & Benefits = \$7.8m
  - Health Insurance
  - Retirement Contribution
  - Public Safety Overtime
- Expenditures linked to Revenues = \$3.2m
- Contractual Increases = \$6.7
- Other = \$2.0m
- Total Base Budget increase of \$28.9m

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## General Fund Budget Balancing Toolbox

- Property tax increase
- Service/expense reductions (including pay, solid waste service to apartments, etc.)
- Transfer from Capital
  - \$890k = \$10m in debt capacity, or 0.1¢
- ***Solid Waste fee increase***

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## Next Steps

- April 20<sup>th</sup> Budget Workshop
- May 2<sup>nd</sup> Manager's Recommended Budget
- May 11<sup>th</sup> Council Budget Adjustments
- May 25<sup>th</sup> Council Straw Votes
- June 13<sup>th</sup> Budget Adoption

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