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# Budget Committee

Meeting Summary for February 8, 2016

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## COMMITTEE AGENDA TOPICS

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- I. Budget Committee Work Plan Update/Retreat Follow-up
- II. Pay Plan for Non Exempt/Hourly Employees
- III. Solid Waste Service Delivery Model
- IV. Storm Water Services FY2017 Budget
- V. February 24 Council Budget Workshop Agenda
- VI. Charlotte Area Transit System FY2017 Budget
- VII. Additional Information

## COMMITTEE INFORMATION

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Present: CM Phipps, CM Driggs, CM Kinsey, CM Lyles, CM Mayfield

Time: 12:00 p.m. – 1:30 p.m.

## ATTACHMENTS

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1. [Budget Committee Work Plan](#)
2. [Non Exempt/Hourly Pay Plan Proposal](#)
3. [Solid Waste Services Study](#)
4. [Storm Water Services Presentation](#)
5. [February 24 Workshop Agenda](#)
6. [CATS Budget Discussion Points](#)

## DISCUSSION BRIEFING

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### I. Budget Committee Work Plan Update/Retreat Follow-up

Kim Eagle, Management & Financial Services

#### **Committee questions included**

- Kinsey: How are we going to tie these six priority areas discussed at our retreat to our overall Focus Areas or are we?
  - Phipps: We're going to allow this document to help us prioritize throughout the budget process
  - Driggs: That's almost a separate issue that we need to talk about. We need to go through what we want to do in terms of strategy, and then allow the budget conversation to be guided by these priorities. Focus Area Plans are still up for discussion.
- Lyles: The budget document, the Focus Area Plans, and the 23 priority areas per the Manager's review are the three documents that come up when we discuss strategy. I would like to get a sense of how aligned these three documents are. Council needs to have discussion around those areas where there are high priorities but we're not aligned.
  - Carlee: The priority document that Council worked on at their retreat arose

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from the other three documents. We can lay out what is and is not in those documents. If you take day to day services, that's not what we looked at in the retreat. We looked at policy initiatives that Council could do. We want to ensure that these policy areas are reflective of Council priorities.

- Lyles: When will we see the high priority operational items that we may want to influence or talk about?
  - Carlee: The operational issues that are really high level wind up sliding into the priority areas. Solid waste, public safety and compensation. Those are the three that slide into priority areas.

## **Committee decisions included:**

- Eagle: We will work on the matrix that will serve as the road map, connecting the strategies we discussed with the budget process, and we'll get that back to you prior to the February 24 Workshop. There was some discussion around using that to frame the discussion at the Workshop so that you have a priority-driven approach. We can also draft for your review some ideas around those key policy decisions. We know that they'll center around the pay plan, community safety, and affordable housing. At that first workshop there will be some time for that strategic policy-level conversation and less time with staff delivering presentation on content. We'll modify that agenda based on this approach.

## **II. Pay Plan for Non Exempt/Hourly Employees**

Kim Eagle, Management & Financial Services

DeLane Huneycutt, Human Resources

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

- Driggs: Is the merit increase of 3% across the board?
  - Huneycutt: It's an average. It's based on performance and where employees are in the market. It reflects a merit matrix. If an employee is low in market, managers want to gravitate that employee towards midpoint, which is the competitive rate of pay.
- Driggs: There's not a separate inflation adjustment, correct?
  - Huneycutt: That's correct.
- Mayfield: A lot of this sounds great for new hires. However, we may have new hires coming at the same rate or a higher rate of our current employees who have been here a number of years. Have we identified those employees who might be impacted that way?
  - Huneycutt: Yes, we will have a transition plan for those employees.
  - Eagle: That is one of the critical challenge areas. And in the conversion approach we accommodate for that.
- Phipps: You've said that most hiring managers hire at 90%, but that it's flexible. How do we ensure that this hiring rate is being consistently applied?
  - Huneycutt: Hiring managers will now have to hire at 90% of the market midpoint. The only way they will be able to hire above that pay rate is if they attain HR approval, which will look at equity across the City.
- Driggs: Since the conversation is mainly about the lowest rung of employees, how is someone in range 13 going to be affected? Is the same methodology being used for every hourly employee?

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- Carlee: The actual pay is based on the market survey. So all of these are based on the 50<sup>th</sup> percentile of that survey.
- Driggs: The lowest paid people receive benefits that are substantial in relation to their actual salary. When we make comparisons with midpoints, etc. are we recognizing benefits in these comparisons?
  - Huneycutt: No, base salary is completely different process from benefits.
- Driggs and Lyles: Are there big differences in benefits among the populations we're comparing with? As we look at the medians and try to establish those reference points, are there people receiving benefits that are very different from the benefits we pay? Do we take a total compensation view?
  - Cheryl Brown: We benchmark on benefits in the public sector and private sector, and then we benchmark on salaries. We don't really have a mechanism to compare the total compensation pieces.
  - Huneycutt: That reflects the compensation philosophy approved by Council, that we will be at or around the 50<sup>th</sup> percentile with pay and benefits but they are done separately.
- Mayfield: Individuals who are coming in at entry level and are taking advantage of all of the benefits are paying the exact same dollar amount in benefits. Those benefits impact their household in a very different way than someone at an upper range.
- Driggs: In the private sector a lot of employers are cutting back on these kinds of benefits, which is why I bring up the points of comparison.
- Mayfield: If a laborer has been working for 11 years, there's a concern that a new employee would make just \$3,000 less than the veteran laborer. If a laborer has been working for 11 years, have they been given the opportunity to grow?
  - Huneycutt: We're going to create a Laborer 1 and a Laborer 2, which is something Solid Waste has been requesting. We're also going to have an Associate Sanitation Equipment Operator who will ride for a year and learn. We are trying to create a career path there.
- Driggs: It looks like the aggregate pay for these 2,800 employees is about \$100 million. How much more will it cost implement this pay plan than to not implement it? What's the total impact to payroll for the transition?
  - Eagle: The total implementation cost for both general and enterprise funds is about \$1.2 million. \$565,000 is just the general fund implementation cost.
- Driggs: How can it be that little?
  - Huneycutt: That is the difference between if Council approved a 3% merit increase and if you implemented this plan.
  - Driggs: So people who get larger increases will be offset by people who get smaller increases.
- Driggs: Have you been able to get input from employees about the plan?
  - Huneycutt: We've been working on this for a couple of years. We've met with several hourly pay employees from three departments. Then we went out to those departments with a survey. We then created the plan and took it back to those employees for feedback. We haven't been able to communicate the plan out to the employees because needed to wait until we got your input.
- Lyles: Your example included laborers who had 11 years of experience. In your plan, after 10 years they would get to market. I'm worried about a lag situation where they will never be able to get to the top of market because of the transition plan. If that's the case of a large number of the 96 employees, that would be problematic.
  - Eagle: We'll go back and check that scenario.

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- Driggs: We are targeting a minimal dollar amount. Is there any concern about people bunching up in these categories?
  - Huneycutt: There will be some compression in the very lowest minimum hiring ranges; however, there will not be any leapfrogging.

### **III. Solid Waste Services Delivery Model**

Kim Eagle, Management & Financial Services

Victoria Johnson, Solid Waste Services

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

- Kinsey: Why wasn't the Environment Committee involved? Was Solid Waste Services involved?
  - Eagle: We got the feedback at the conclusion of the Environment Committee but it was in the context of this topic coming to the Budget Committee. It was just a brief chat to talk about their input as a stakeholder. And yes, Solid Waste was involved.
- Driggs: The industry representatives pointed out that this issue has been coming up for 25 years. We've been trying to put in place a framework that has long term sustainability and not be back here two years later having the same conversation.

#### **Committee decisions included:**

- Phipps: We had some discussion Solid Waste Services and members of the Greater Charlotte Apartment Association regarding some concerns they had about the overarching process related to Multi Family Service. And we've agreed to establish a working group to be included in the overall process prior to any final decisions being made.
- Driggs: Last year during the budget process this subject came up and we recognized the need to have a conversation. At the Environment Committee the general consensus was that the investigation of discontinuing the service should continue so we have a better alternative to our current status which is that we provide the services. The apartment association protested that that appeared to step in a certain direction without a process having occurred which would have involved community involvement. We agreed to have a working group to bring forth the issue to Council.
- Eagle: I'll follow up with Hyong Yi and the Environment Committee, and we'll work on the working group. Regarding the presentation that was scheduled for today, we'll send copies around. We're sharing what was provided to the Environment Committee with a couple of additional slides at the end that have more context around financials.

### **IV. Storm Water Services FY2017 Budget**

Jennifer Smith, Storm Water Services

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

- Mayfield: I'm concerned about what we mean when we say minimal erosion. There have been cases where the City has identified a project, completed the project, and within six months to three years, we're seeing problems at that property. We are seeing situations where we have standing water, which breed mosquitos and other insects creating health and sanitation issues. We're seeing minimal erosions but not

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addressing the ongoing issues that have been identified by the community. We're making fixes for the future without making fixes related to the past and the impact that's having. Though some of these properties have changed owners, a lot of them can't because of work approved or authorized by the City. So they're seeing a negative impact but we're changing the rules saying that those issues no longer fall in our wheelhouse. We need to have a conversation about what the impact is on these older communities. It seems that we're sending conflicting messages in terms of livability, walkability and having a greater quality of life. In this conversation of what's identified as minimal erosion and our saying that we no longer work on this particular issue, it would be helpful to know when did we stop and what was the deciding factor on why we would stop, and when did we have the community conversation that we were going to stop.

- Smith: When we're looking at projects, we're looking to see if any previous work was done at that location. And we're looking to see if any work was done in that area to see if that caused the problem.
- Driggs: There's a similarity between this and an issue we've discussed in the Housing & Neighborhood Development (H&ND) Committee, wherein people are applying for funds and then are put on waiting list. They've made a proposal where instead of having an endless list, they would have an annual process of accepting applications each year and they would approve the number that they can get done in a year. They would then prioritize that list. So they have a more focused conversation on what will get done each year. They can accept the amount of work that can get done each year, and prioritize the list based on greatest acuity. Applicants then know what to expect. The only concern with bringing that practice here is the dollar amount. The H&ND staff said that by using this approach they would be able to catch up the list in a two year period. Last year we did discuss how it didn't make much sense for people to have a service that people were nominally entitled to get but practically were never able to receive. A different approach would bring into sharper relief whether we think we can fund the list or not and then create realistic expectations.
- Phipps: Do we have a program wherein residential owners can get a credit if they have a garden in their yards?
  - Smith: If a property has a pond, we'll evaluate then pond to make sure the runoff is going to that, and they could get a credit for that. A rain barrel doesn't capture enough water to merit a credit.
  - Phipps: So it would have to be a substantial rain garden.
  - Lyles: There would also be a credit if a property had a pervious surface on their driveway versus concrete.
- Driggs: How much do we actually grant in credits in aggregate?
  - Smith: \$1.5 million. If we were to make a change it would increase revenue by \$800,000.
- Phipps: Do we know how much our impervious surface increases on an annual basis?
  - Smith: A 1% increase is what's in the model now.
- Driggs: What will be your proposal in terms of a rate increase?
  - Smith: I was going to show you some options. If you wanted to start working on C's in 2017 or 2018; if you wanted to work on A's and B's that we have the backlog with, we can address those.
- Driggs: When we take up that backlog conversation and look at that number, I'd like us to think about how we deal with our list to get us caught up.
- Kinsey: I'd like to know what we absolutely have to do by law and what that cost is. I

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continue to be concerned about the growing cost to the citizens, and every year it's an increase. I'm beginning to think in the future we need to be more careful.

- Mayfield: We're having conversations across the nation about water quality. It would be good to have a snap shot of the controls and procedures we have in place above the minimum. And also what the minimum is.

## **V. February 24 Council Budget Workshop Agenda**

Kim Eagle, Management & Financial Services

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

*See questions/comments from agenda item I. Budget Committee Work Plan Update/Retreat Follow-up.*

## **VI. Charlotte Area Transit System FY2017 Budget**

John Lewis, Charlotte Area Transit System

*The Budget Committee received the CATS Budget Discussion Points as information.*

## **VII. Additional Information**

Kim Eagle, Management & Financial Services

*The Budget Committee received the Questions & Answers from January 11<sup>th</sup> Budget Committee and additional questions for Council Member Mitchell as information.*

## Budget Committee Work Plan Update

<i>Meeting Date</i>	<i>Item</i>	<i>Description</i>	<i>Discussion/Decision Points Future Action Requested</i>
Monday, September 28; 2:00 – 3:30 pm – Room 280	Storm Water Ordinance (referred on July 28)	Review of funding approaches - General Fund/property tax base for large projects, etc.	Committee voted to recommend Staff's amendment to the Ordinance (passed unanimously)
	Threshold for Agenda Placement (referred on July 28)	Discuss placement of items on Council Business Agenda (Consent vs. Business)	Committee discussed different alternatives and recommended leaving current process in place
	Pay Plan for Non-exempt Employees	Overview of current process and reasons for modification to City pay plan for non-exempt City employees	Committee discussed need for modifications to hourly pay plan and supported concept for changes
	Follow up from FY2016 Budget Process and Committee Work Plan	Discuss items from FY2016 Budget process & provide a list of future Committee topics	Committee discussed project list and determined the following projects would not be revisited by Committee during current Budget cycle: <ul style="list-style-type: none"> <li>• Take home vehicles</li> <li>• Water meter upgrade (include as part of Charlotte Water CIP)</li> <li>• Asset Sales Leaseback (to be reviewed by PCAC)</li> </ul>
Monday, January 11; 1:30 – 3:00 pm – Room CH-14	Budget Committee Work Plan Update	Discuss Budget Committee work plan through Council Budget Workshops	Committee discussed being more involved in substantively guiding what goes to full Council in Budget Workshops and in the budget process in general
	Budget Process Calendar	Review of Budget Process Calendar	Committee discussed their desire to focus more on key issues and decision points during Council Budget Workshops
	FY2016 Budget Outlook Report Content	Review Budget Outlook Report Content for Annual Council Retreat	Committee discussed potential topics at Annual Council Retreat. This was to include a revenue update and budget and financial indicators

<b>Meeting Date</b>	<b>Item</b>	<b>Description</b>	<b>Discussion/Decision Points Future Action Requested</b>
	FY2017-FY2021 Community Investment Plan Overview	Discuss current outlook of General Community Investment Plan	Committee discussed criteria for making any changes to Community Investment Plan. Committee discussed importance of not making vast changes to approved plan.
	General Fund-Fund Balance Policy	Update on City Fund Balance Policy and impact of potential modifications	Committee discussed the current policy and asked Staff return with additional information
Monday, February 8; 12:00 – 1:30 pm – Room 280	Budget Committee Work Plan Update	Discuss Budget Committee work plan through Council Budget Workshops	Discussion & Feedback
	Pay Plan for Non-exempt/Hourly Employees	Discuss proposed modifications to City pay plan for non-exempt/hourly City employees	Discussion & Feedback
	Solid Waste Services Delivery Model (primary referral is to Environment Committee)	Process status update	Discussion & Feedback
	Storm Water Budget	Preview of Storm Water Operating Budget & Overview of current Storm Water Capital Program	Discussion & Feedback
	CATS Budget	Preview of CATS Operating & CIP Budget	Discussion & Feedback
	February 24 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Discussion & Recommendation
Monday, February 29; 1:30 – 3:00 pm – Room 280	General Fund Update	Discuss Preliminary General Fund Revenues and Expenditures	Discussion & Feedback

<b>Meeting Date</b>	<b>Item</b>	<b>Description</b>	<b>Discussion/Decision Points Future Action Requested</b>
	Community Safety strategic needs including Fire companies, in-fill Fire stations, Police patrol services and Police stations location planning (joint referral to the Community Safety Committee)	Community Safety Committee to discuss and determine relative priority within each area, not funding recommendation. Budget Committee to discuss funding.	Discussion & Feedback
	Compensation & Benefits	Review Draft Compensation & Benefits Information	Discussion & Feedback
	Community Investment Plan	Review Draft Community Investment Plan	Discussion & Feedback
	March 16 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Discussion & Recommendation
Monday, March 21; 1:30 – 3:00 pm – Room 280	Aviation Budget	Preview of Aviation Operating & CIP Budget	Discussion & Feedback
	Storm Water Budget*	2 <sup>nd</sup> Review of Storm Water Operating & Capital Program	Discussion & Feedback
	Charlotte Water Budget	Preview of Charlotte Water Operating & CIP Budget	Discussion & Feedback
	Charlotte Water Assessment of Capital Funding Model	Overview of capital funding model used by Charlotte Water	Discussion & Feedback
	Financial Partner Recommendations	Preview of Financial Partner Recommendations	Discussion & Feedback
	Community Investment Plan*	2 <sup>nd</sup> of Review Draft Community Investment Plan	Discussion & Feedback

<b><i>Meeting Date</i></b>	<b><i>Item</i></b>	<b><i>Description</i></b>	<b><i>Discussion/Decision Points Future Action Requested</i></b>
	April 6 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Discussion & Recommendation

\* If necessary



## Non-Exempt/Hourly Pay Plan Proposal

Council Budget Committee

February 8, 2015



### Pay Plan Study Background

- Council concerns related to living wage for lower paid employees
- City Practice
  - City current minimum pay = 60% of Area Median Income
  - FY16 Council approved \$27,000 (\$12.98)
  - Propose to go to \$28,260 (\$13.59) in FY17
- Pay plan for entry-level workers in labor, trades and administration reviewed (hourly classifications)
- Feedback from employees concerning pay

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## Current Broadbanding Pay Plan

- Market rates are established based on extensive data gathered directly from other employers and survey sources
  - Based on median of actual wages paid in recruitment area for comparable work
  - Comparable to mid-point in a traditional range pay plan
- Emphasis on pay based on two factors: performance and position relative to market
- Employees receive merit increase, if funded, on their annual merit date

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## Pay Plan Evaluation

- Study included surveys, interviews, and focus groups
  - Local municipalities, private sector, City staff
- Department Directors expressed challenges with Broadbanding pay plan for hourly employees
  - Does not address recruitment and retention adequately
  - No clear career paths or focus on pay range based on skill
  - Difficult for employees to reach market rate due to structure
  - Rules can be applied inconsistently causing pay inequities

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 <b>Proposed Pay Plan Focus Group/Survey Findings</b>	
<b>Challenges Identified in Focus Groups and Surveys</b>	<b>Proposed Solutions</b>
Employees never make it to "market rate"	Gravitate employees towards 100% of market (midpoint)
Employees don't understand broadbanding	Restructure to be easily understood by employees with flexibility for management
Employees desire cost of living, performance pay, and skill pay	Market increases and performance pay Recognition for skill attainment - Promotions – base pay increase - Reclassifications – base pay increase - Certifications/trainings – lump sum payment
Pay inequities exist within divisions and departments	Employees treated consistently across organization, pay scale based on years in position and performance
No clear career-paths for promotion	Defined pay scales and promotion pay increases

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 <b>Proposed Pay Plan Comparison</b>	
<b>Broadbanding</b>	<b>Non-Exempt/Hourly Pay Plan</b>
Over 200 market rates	20 Ranges
Difference between market rates vary	5% between midpoints
Market Rate = median (50th percentile) of survey data	Midpoint = median (50th percentile) of survey data
85% hiring guideline	90% Minimum hiring rate
Hire rates vary greatly	Hire above minimum (up to midpoint), need Department Director or designee and City HR approval
No scale adjustment increases	Annual scale adjustment increases = 1/2 Broadband merit - February
Merit matrix	Merit matrix = 1/2 Broadband Merit
Promotion increases vary greatly	Promotion increases 5%, 10%, or to minimum of range, whichever is greater. Exceptions (up to midpoint) need Department Director or designee and City HR approval

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### Proposed Pay Plan Structure

**Ranges**

Range	Min	Mid	Max	Num Emps	Example Job Classification
Range 1	27,569	30,632	35,227	96	LABORER
Range 2	28,947	32,164	36,988	48	STREET CREW MEMBER
Range 3	30,395	33,772	38,838	83	UTILITIES TECHNICIAN I
Range 4	31,914	35,460	40,779	25	ACCOUNTING CLERK I
Range 5	33,510	37,233	42,818	165	AIRPORT SHUTTLEBUS DRIVER
Range 6	35,186	39,095	44,959	420	SPECIAL TRANSPORTATION DRIVER
Range 7	36,945	41,050	47,207	99	311 CONTACT CENTER REP
Range 8	38,792	43,102	49,568	339	SANITATION EQUIPMENT OPERATOR
Range 9	40,732	45,257	52,046	247	POLICE TELECOMMUNICATOR
Range 10	42,768	47,520	54,648	107	CRIME SCENE TECHNICIAN I
Range 11	44,907	49,896	57,381	276	LABOR CREW CHIEF II
Range 12	47,152	52,391	60,250	127	RAIL OPERATOR
Range 13	49,510	55,011	63,262	129	CODE ENFORCEMENT INSPECTOR
Range 14	51,985	57,761	66,425	188	CONSTRUCTION INSPECTOR
Range 15	54,584	60,649	69,747	67	CONSTRUCTION INSPECTOR-SENIOR
Range 16	57,314	63,682	73,234	63	CODE ENFORCEMENT INSPECT-LEAD
Range 17	60,179	66,866	76,896	62	FIRE INSPECTOR-CERTIFIED
Range 18	63,188	70,209	80,740	33	CHIEF MAINTENANCE MECHANIC
Range 19	66,348	73,720	84,777	6	FIRE INSPECTOR-SENIOR
Range 20	69,665	77,406	89,016	5	CHIEF AIRPORT CONSTRUCTION INSPECTOR

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### Proposed Pay Plan: FY2017 Transition Overview

Job YOS	Pct to Mkt
< 1 - 4	90.0%
5 - 6	92.5%
7 - 8	95.0%
9 - 10	97.5%
> 10	100.0%

**Job YOS = Job Class Years of Service**

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**Proposed Pay Plan:  
FY2017 Transition Overview**

- 2,824 employees will average 4.2% transition increase and a 5.8% average increase with 1.5% market
  
- Transition to new pay in February 2017
  - Based on job class years of service, not hire date or position date
  - There will be no decreases
  - Increase ranges by 1.5%
  - All employees receive market adjustment of 1.5% on top of conversion
  - Minimum Pay brought to \$28,260

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**Proposed Pay Plan:  
FY2017 Transition Overview**

**Distribution of Transition Increases Chart**

% Inc	# Emps	% to Ttl
<b>0%</b>	<b>831</b>	<b>29.4%</b>
<b>0% - 4.99%</b>	<b>851</b>	<b>30.1%</b>
<b>5.0% - 9.99%</b>	<b>835</b>	<b>29.6%</b>
<b>10% - 14.99%</b>	<b>250</b>	<b>8.9%</b>
<b>15.0 - 19.99%</b>	<b>48</b>	<b>1.7%</b>
<b>20.0 - 24.99%</b>	<b>9</b>	<b>.3%</b>

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## Proposed Pay Plan: FY2017 Transition Overview

### Transition Examples

<i>Laborer with 2 years experience</i>				<i>Laborer with 11 years experience</i>			
Pay Increase Reason	Date	Salary	% Increase	Pay Increase Reason	Date	Salary	% Increase
FY16 Merit	10/1/2015	\$27,405	1.5%	FY16 Merit	10/1/2015	\$27,405	1.5%
Transition Increase	2/4/2017	\$27,569	0.6%	Transition Increase	2/4/2017	\$30,632	11.8%
Market Adjustment	2/4/2017	\$27,982	1.5%	Market Adjustment	2/4/2017	\$31,091	1.5%
Increase Hiring Rate	2/4/2017	\$28,260	2.5%				
FY18 Merit	10/1/2017	\$28,684	1.5%	FY18 Merit	10/1/2017	\$31,558	1.5%

<i>Sanitation Equipment Operator with 2 years experience</i>				<i>Sanitation Equipment Operator with 11 years experience</i>			
Pay Increase Reason	Date	Salary	% Increase	Pay Increase Reason	Date	Salary	% Increase
FY16 Merit	10/1/2015	\$35,423	1.5%	FY16 Merit	10/1/2015	\$35,423	1.5%
Transition Increase	2/4/2017	\$38,792	9.5%	Transition Increase	2/4/2017	\$43,102	21.7%
Market Adjustment	2/4/2017	\$39,374	1.5%	Market Adjustment	2/4/2017	\$43,749	1.5%
FY18 Merit	10/1/2017	\$39,964	1.5%	FY18 Merit	10/1/2017	\$44,405	1.5%

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## Future Fiscal Year Cost

- Non-Exempt/Hourly pay plan merit funded at half of the Broadbanding merit budget percent
  
- Non-Exempt/Hourly pay plan market adjustment funded at half of the Broadbanding merit budget percent
  
- Only additional cost during future budget years may be additional market adjustment if ranges fall below competitive market

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## Next Steps

- Present at March 16<sup>th</sup> Council Workshop
  - Included in Pay & Benefits Presentation
  
- City Manager's Recommended Budget
  - Pay & Benefits Recommendation May 2<sup>nd</sup>

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## Solid Waste Services Study

Budget Committee

February 8, 2016



## Agenda

- Background
- Goals
- Current Policy & Services
- Issues
- Options
- Summary

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	Background
<p>As part of FY2016 Budget process, Council approved Work Plan for FY2017 Budget included:</p>	
<ul style="list-style-type: none"><li>• Solid Waste Services delivery and cost recovery model<ul style="list-style-type: none"><li>– Staff has reviewed this work as well as conducted a cost analysis of alternative options</li></ul></li></ul>	
3	

	Goals
<ul style="list-style-type: none"><li>• Equitable service delivery</li><li>• Delivering high quality residential waste collection at the lowest possible cost</li><li>• Aligning services with national best practices</li></ul>	
4	



## Current Policy

**Charlotte Code of Ordinances: Services**

- **Rollout container collection service** shall be provided to single residential units and special residential units, provided such special residential units are not part of a multifamily complex containing 30 or more units.
- **Any multiple-residential units and/or city governmental agency**, referred to in this division as "unit," that furnishes and maintains a bulk container, detachable container or portable packing container will be eligible to receive service provided by the city's private contractor.

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## Current Policy

**Charlotte Code of Ordinances: Definitions**

- **Residential unit** means one single-family residence or an individual apartment or condominium in a multiple-family residence, unless otherwise specified by the city.
- **Single residential unit** means any dwelling place occupied by one family.
- **Multiple residential unit** means any apartment, group of apartments, or condominiums used for dwelling places of more than four families.
- **Special residential unit** means any duplex, triplex, or quadruplex.

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## Current Services

- **Resources**
  - \$52.4M Operating Budget; 302 Employees; 177 Heavy Trucks
- **Services Provided**
  - Single-Family and Multi-Family Residential Collection
  - Street Sweeping, Litter Picking, Special Events Support
  - Small Business Garbage and Dead Animal Collection
  - Maintain Central Business District and Tryon Street Mall
- **Contracts**
  - Single-Family Recycling Collection (\$6M)
  - Multi-Family Garbage, Recycling, Bulk Items, Christmas Trees (\$3.7M)
  - Rollout Carts – Purchase and Maintenance (\$1.6M)

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## Issues with Current Practices

- Approximately 12% of all multi-family (in complexes of 30 or more) units in Charlotte choose to pay for private rollout service rather than the City-subsidized dumpster service
- The 30 unit threshold for rollout service was based on development trends in the 1990's
- In 2015, City worked with the Tax Office to remove the Solid Waste Fee from the units opting to use private haulers

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## Options

**Recommendation of 2014 Consultant Study and the Privatization and Competition Advisory Committee (PCAC)**

1. Eliminate collection services for multi-family homes (complexes with five or more units)
2. Revise the City Code to limit provision of collection services to single family dwellings and special residential units (duplex, triplex, quadraplex)
3. Eliminate multi-family solid waste fee

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## Benchmark Cities – outside NC

Multi-family Services	Charlotte	Austin	Baltimore	Columbus
Size Criteria	> 29 units	> 4-plex units	> 4-plex units	> 4 attached units
<b>Waste Collection</b>				
Waste Services Provided	Trash and Bulky	SNP	SNP	Trash
Service Frequency	Weekly	SNP	SNP	Weekly
Service provided by	Contracted Hauler	SNP	SNP	City
<b>Recycling Services</b>				
Recycling Services Provided	Yes	SNP	SNP	220 Drop box locations
Service Frequency	Weekly	SNP	SNP	N/A
Service provided by	Contracted Hauler	SNP	SNP	SWACO*
<b>Cost and Funding</b>				
Multi-family Service Funding Source	General Fund	NA	NA	General Fund
Fees Charged	Disposal Only	NA	NA	Collection & Disposal

*SNP = Service not provided to multi-family complexes larger than specified in the Size Criteria.  
 NA = Not Applicable  
 \* - Solid Waste Authority of Central Ohio*

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### Benchmark Cities – inside NC

Multi-family Services			
	Charlotte	Greensboro	Raleigh
Size Criteria	> 29 units	> 8 units <sup>1</sup>	> units <sup>2</sup>
Waste Collection			
Waste Services Provided	Trash and Bulky	Trash, Bulky and Yard Waste	SNP
Service Frequency	Weekly	Weekly (cart) 1-5 times week dumpster	SNP
Service provided by	Contracted Hauler	City	SNP
Recycling Services			
Recycling Services Provided	Yes	SNP	SNP <sup>3</sup>
Service Frequency	Weekly	Bi-Weekly	SNP
Service provided by	Contracted Hauler	City	SNP
Cost and Funding			
Multi-family Service Funding Source	General Fund	General Fund	NA <sup>4</sup>
Fees Charged	Disposal Only	Collection and Disposal	Service Dependent

1- Provides Dumpster or semi-automated cart service to multi-family units.  
 2- Raleigh considers properties with greater than five units to be multi-family and does not offer service to such properties; however, this is a relatively new policy and there are some legacy customers with up to twenty-five units that continue to receive service as of this report.  
 3- Provides drop boxes if requested by complex  
 4- System funding source is Enterprise Fund as of FY 2013

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### Service Model Change Impact

Unit Count	Impact		Current Service Model # Units			Change to Service Model # Units			Change to Service Model Annual Savings / Cost Avoidance Estimate*	
	# Complexes	# Units	Curbside	Private Hauler	Dumpster/ Compactor	Curbside	Private Hauler	Dumpster/ Compactor	FY17	FY18
			11%	12%	78%	0%	100%	0%		
> 4 Units	1,398	152,348	16,230	17,695	118,423		152,348		\$3.27M - \$3.62M	\$3.48M - \$3.85M

*\*Includes proposed multi-family unit growth, projected tipping fee and contract pricing increases*

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## Summary

- Option 1 - Eliminate collection services for multi-family homes (complexes with five or more units)
  - Recommendation of 2014 Consultant Study & Privatization and Competition Advisory Committee (PCAC)
  - Consistent with service provided by other Cities of comparable size
  - Savings/cost-avoidance of \$3.2 – \$3.8 million
  - Approximately 135,000 multi-family units would shift to private hauler
- Option 2 - Continue current service provision for multi-family homes

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## Additional Information

	FY17	FY18
Multi-Family Contract-Dumpster/Compactor Collection	\$3.97M	\$4.27M
Curbside Collection	\$0.83M	\$0.84M
Disposal	\$2.26M	\$2.46M
<b>Cost Savings/Avoidance</b>	<b>\$7.06M</b>	<b>\$7.57M</b>
Solid Waste Fee	\$3.61M	\$3.91M
<b>Revenue Reduction</b>	<b>\$3.61M</b>	<b>\$3.91M</b>
<b>Net Cost Savings/Avoidance +/- 5%</b>	<b>\$3.27M-\$3.62M</b>	<b>\$3.48M-\$3.85M</b>

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## Storm Water Services

Budget Committee Meeting  
February 8, 2015



### Outline

- FY2016 Council Decisions Update
  - Low Priority C Classification Requests
  - Fee Credits
- Preliminary Budget Outlook
- Next Steps



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## FY2016 Council Decisions Update

- Low Priority C Classification Requests
  - Stop qualifying new low priority C's
  - Approved additional staff to start evaluating existing C's and determine future resource needs



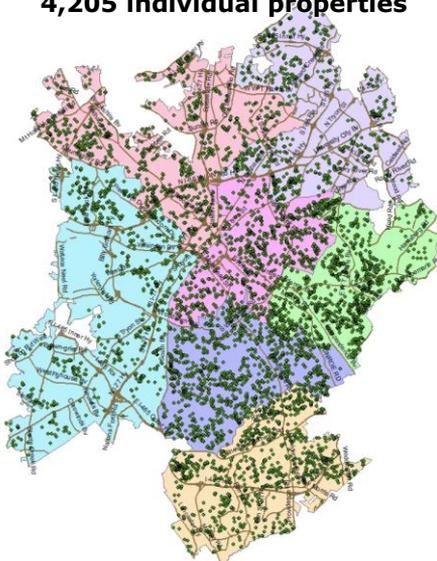
- Fee Credit
  - Review the current Fee Credit Policy to determine the appropriate credit

3

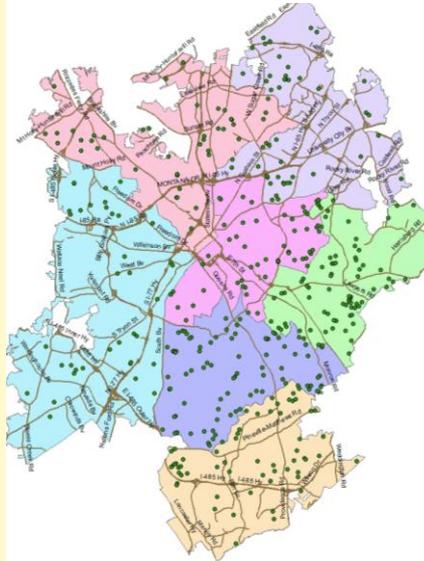


## Low Priority C Classification Requests

**5,705 C requests**  
**4,205 individual properties**



**400 reinvestigated**

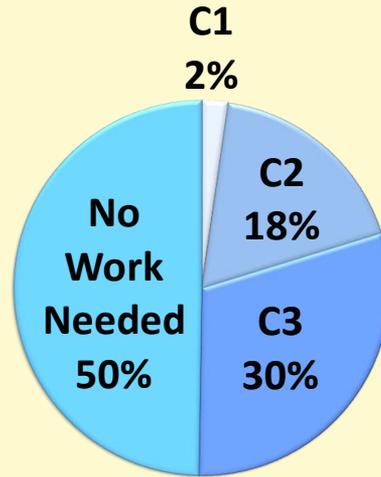


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### Low Priority C Classification Requests

STAFF FINDINGS Reinvestigated C Requests (3-Month Evaluation)	
Classification	#
C1 similar to AI & A's	9
C2 similar to B's	72
C3 typical C	120
No Work Needed	199
<b>TOTAL</b>	<b>400</b>

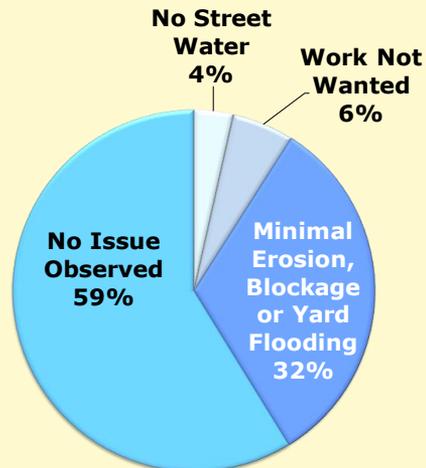


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### Low Priority C Classification Requests

STAFF FINDINGS Reinvestigated C Requests (3-Month Evaluation)	
No Work Needed	#
No Street Water	7
Work Not Wanted by Owner	11
Minimal Erosion, Blockage, or Yard Flooding	64
No Issue Observed	117
<b>TOTAL</b>	<b>199</b>



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### Low Priority C Classification Requests

- 201 of the 400 reinvestigated requests will require design and construction
- Estimated costs to construct vary greatly
- Prepare conceptual designs and construct several C projects to increase confidence in cost estimates and determine future resource needs

<b>STAFF FINDINGS Reinvestigated C Requests (3-Month Evaluation)</b>	
<b>Estimating Costs</b>	<b>#</b>
Detailed Engineering Designs Completed (no construction)	3
Conceptual Engineering Designs Completed	9
Basic Cost Estimates Developed	189
<b>TOTAL</b>	<b>201</b>

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### Low Priority C Classification Requests

- 4,205 individual property requests
- 400 reinvestigated over last 3 months
- 3,805 still need to be reinvestigated
- Over next 12 months design and construction 10-15 projects to determine future needs

	<b>STAFF FINDINGS Reinvestigated C Requests &amp; Projection</b>	
	<b>Reinvestigated</b>	<b>Projected</b>
C1	9	94
C2	72	757
C3	120	1,262
No Work Needed	199	2,092
<b>TOTAL</b>	<b>400</b>	<b>4,205</b>

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## Current Fee Credit Practices

- Applied County-wide
- Credits are available in three categories:
  - Properties with stormwater control measures (296)
  - Properties draining outside of the County (41)
  - Waterfront properties along the Catawba River (309)



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## Fee Credits Basics

- Cumulative program expenditures results in the amount of fee charged
- Fee is charged on amount of impervious surface
- If stormwater runoff is reduced then site is eligible for credit
- Amount of credit determined by runoff reduction
- Maximum credit is 100%, however program expenses are required even if runoff is reduced



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## Program Expenditures and Fee Credits

- Analysis & Findings
  - Evaluated 2012-2016 expenditures and projections
  - 28% of expenditures are required for the Storm Water Program
    - infrastructure maintenance
    - federal water quality permit requirements
    - federal flood insurance program requirements
  
- Outreach
  - Public meeting held
  - Direct mailers asking for feedback via web & phone
  - Open forum at Storm Water Advisory in November
  - Storm Water Advisory Committee voted January 21 to support a policy change

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## Preliminary Budget Outlook

- AAA & Aa1 Credit Rating
- 2.2 billion square feet of impervious surface
- 84 cents of each dollar collected from fees is spent on community investment plan (CIP)  
*(20 cents paid to debt service)*

	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
	<b>Actuals</b>	<b>Approved</b>	<b>Projected</b> <i>(0% Fee Increase Assumed)</i>				
Revenue	\$59.37M	\$66.73M	\$67.54M	\$68.22M	\$68.90M	\$69.59M	\$70.28M
Operating	\$ 9.87M	\$13.82M	\$14.67M	\$15.11M	\$15.56M	\$16.03M	\$16.36M
CIP	\$53.35M	\$59.65M	\$59.10M	\$87.78M	\$73.00M	\$65.98M	\$68.85M

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## Next Steps

- February
  - February 18: Present to Storm Water Advisory Committee
  - February 24: Present at Council Budget Workshop
- March
  - Storm Water Advisory Committee Recommendation
- May
  - City Manager’s Recommendation
- June
  - Council Adoption

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# Draft 2017 Budget Workshops

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## City of Charlotte

February 24, 2016  
1:30 p.m. – 4:30 p.m.  
Room 267

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	Page
<b>I. Introduction – Budget Overview</b>	Ron Carlee/Kim Eagle
<b>II. Charlotte Area Transit System Budget</b>	John Lewis
<b>III. Storm Water Services Budget</b>	Jennifer Smith
<b>IV. Financial Partner Requests</b>	Kim Eagle
<b>V. Solid Waste Service Delivery Model</b>	Victoria Johnson
<b>VI. Review of Budget Questions &amp; Answers from Mayor &amp; Council Retreat</b>	Kim Eagle

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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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# Draft 2017 Budget Workshops

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## **Future Budget Workshops and Possible Topics**

Workshop formats will be adjusted as necessary to include time for strategic policy discussions, as discussed at the Council retreat on January 28, 2016.

### March 16, 2016 Budget Workshop

- General Fund update
  - Revenues
  - Expenditures
- Draft General Community Investment Plan
- Compensation and Benefits

### April 6, 2016 Budget Workshop

- Aviation Budget
- Storm Water Budget II
- Charlotte Water Budget
- Financial Partner Recommendations
- Draft Community Investment Plan II

### April 20, 2016 Budget Workshop (Optional)

- Topics to be Determined

**SUMMARY OF CATS BUDGET**  
**CITY COUNCIL BUDGET COMMITTEE MEETING**  
**DISCUSSION POINTS: February 8, 2016**

SUMMARY

CATS will explore options to develop and enhance an interconnected network of mobility services for the region

- CATS prepares to implement revenue service on the Blue Line Light Rail Extension in the summer of 2017
- Recovery of sales tax revenue.
- Fare structure options
- State-of-the-art fare collection system, equipment and smart cards to enhance customer convenience and leverage interconnected mobility options
- Alternative types of revenue vehicles and energy to lower emissions and costs
- Complete construction and implement CityLYNX Goldline-II service; relocate Amtrak to the Charlotte Gateway Station
- Asset Management, Safety and State-Of-Good Repair

FY2017 Transit Operating Program

- Sales Tax is projected to grow at 3.0% vs. FY2016 year-end projection
- Add 103 new positions, 93 of which are directly related to operation of the Blue Line Extension light rail service and 10 address operations and regulatory need
- Metropolitan Transit Commission offered a menu of options for changes in fares and/or fare structure to increase fare revenue with minimal impact on riders
- 25.3 million riders are projected to ride CATS in FY2017

FY2017 Debt Service Program

- CATS Debt Service program receives revenue from Federal grants, TIFIA loan, debt proceeds and the local ½% sales tax
- The Revenue Reserve Fund is projected to reach the \$30 million goal by FY2017

FY2017-21 Community Investment Program

- Implementation of the BLE Light Rail and Blue Line Capacity Expansion (Phase 2) projects
- State-of-the-art fare collection technology and introduction of smart card technology
- Replacement of 284 revenue vehicles and expansion of 15 STS buses
- Functioning Automatic Train Protection equipment
- Asset Maintenance of Bridges, alignments rail cars, etc.

CONCLUSION

- New mobility paradigm –expanded, interconnected mobility options
- Convenient transportation options, partnerships and sustainability