

Council Budget Committee
Monday, March 21, 2016, 1:30 – 3:00 p.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

AGENDA

	<u>Page</u>	<u>Time Frame</u>
I. <u>Community Investment Plan</u> <i>Staff: Bill Parks, Management & Financial Services</i> <i>Action requested: Discussion and Feedback</i>	To be distributed March 21	20 minutes
II. <u>Solid Waste Services–Multi-Family Service Options</u> <i>Staff: Kim Eagle, Management & Financial Services</i> <i>Victoria Johnson, Solid Waste Services</i> <i>Hyong Yi, City Manager's Office</i> <i>Action requested: Discussion and Feedback</i>	To be distributed March 21	20 minutes
III. <u>Budget Committee Work Plan Update/Council Priorities/ Base Budget Review</u> <i>Staff: Kim Eagle, Management & Financial Services</i> <i>(Attachment 1 – Budget Committee Work Plan Update)</i> <i>Action requested: Discussion and Feedback</i>	1	15 minutes
IV. <u>Charlotte Water FY2017 Budget</u> <i>Staff: Barry Gullet, Charlotte Water</i> <i>(Attachment 2 – Summary of Charlotte Water Budget Request)</i> <i>Action requested: Discussion and Feedback</i>	5	10 minutes
V. <u>Aviation FY2017 Budget</u> <i>Staff: Brent Cagle, Aviation</i> <i>(Attachment 3 – Summary of Aviation Budget Request)</i> <i>Action requested: Discussion and Feedback</i>	7	10 minutes
VI. <u>April 6 Council Budget Workshop Agenda</u> <i>Staff: Kim Eagle, Management & Financial Services</i> <i>(Attachment 4 – April 6th Budget Workshop Agenda)</i> <i>Action requested: Review and Recommendation</i>	9	10 minutes

NEXT MEETING: April 11th, 12:00 p.m.

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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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"> • Take home vehicles • Water meter upgrade (include as part of Charlotte Water CIP) • Asset Sales Leaseback (to be reviewed by PCAC)
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

Meeting Date	Item	Description	Discussion/Decision Points Future Action Requested
	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	Committee discussed how to align budget priority discussion with document production. Staff offered to provide decision matrix and road map
	Pay Plan for Non-exempt/Hourly Employees	Discuss proposed modifications to City pay plan for non-exempt/hourly City employees	Committee asked specific questions related to implementation of the hourly pay plan. Staff provided answers and notated Committee feedback
	Solid Waste Services Delivery Model (primary referral is to Environment Committee)	Process status update	Committee received synopsis of Environment Committee meeting from February 1 st . Next step were outlined and presented
	Storm Water Budget	Preview of Storm Water Operating Budget & Overview of current Storm Water Capital Program	Committee discussed several issues related to City Storm Water and water quality.
	CATS Budget	Preview of CATS Operating & CIP Budget	Committee received summary document which previewed Budget Workshop topic
	February 24 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Committee did not amend February 24 th Council Budget Workshop agenda as presented by staff

Meeting Date	Item	Description	Discussion/Decision Points Future Action Requested
Monday, February 29; 1:30 – 3:00 pm – Room 280	Budget Committee Work Plan Update/Council Priorities	Continue to discuss Budget Committee work plan through Council Budget Workshops and continue discussion of Council Priorities as they relate to the development of the FY2017 budget	Committee discussed adding action steps to priority matrix and provided staff the opportunity to amend descriptions. Committee discussed the synergy between the Council Priorities and the current Focus Area Plans. Committee asked for draft of document prior to going to full Council
	Solid Waste Services Multi-Family Service Review Update	Process status update	Committee discussed equity issues among multi-family residential properties. Committee discussed county classifications of multi-family property
	Compensation & Benefits	Review Draft Compensation & Benefits Information	Committee discussed the proposed non-exempt hourly pay plan. Committee discussed employee benefits and the recently opened employee health clinics
	Community Investment Plan	Review Draft Community Investment Plan	Committee discussed different options for future Community Investment Plan presentations
	March 16 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Committee did not amend March 16 th Council Budget Workshop agenda as presented by staff
Monday, March 21; 1:30 – 3:00 pm – Room 280	Solid Waste Services Multi-Family Service Review Update	Multi-Family Service Options	Discussion & Feedback
	Budget Committee Work Plan Update/Council Priorities	Continue to discuss Budget Committee work plan through Council Budget Workshops and continue discussion of Council Priorities as they relate to the development of the FY2017 budget	Discussion & Feedback

<i>Meeting Date</i>	<i>Item</i>	<i>Description</i>	<i>Discussion/Decision Points Future Action Requested</i>
	Community Investment Plan	2 nd Review of Draft Community Investment Plan	Discussion & Feedback
	Aviation Budget	Preview of Aviation Operating & CIP Budget	Discussion & Feedback
	Charlotte Water Budget	Preview of Charlotte Water Operating & CIP Budget	Discussion & Feedback
	April 6 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Discussion & Recommendation

* If necessary

Summary of Charlotte Water Budget
City Council Budget Committee
March 21, 2016

SUMMARY

Charlotte Water is an enterprise department funded primarily with revenue from drinking water and sanitary sewer charges. Charlotte Water provides drinking water and sanitary sewer service to about 1,000,000 people in Charlotte, the six towns in Mecklenburg County, and the unincorporated areas of the County. Charlotte Water's fee structure is based on the principle that customers should pay for the cost of the service they receive and that the fees are set to fully recover the cost to construct, operate, maintain, and sustain the Utility. User fees consist of fixed fees based on the cost to provide infrastructure and make service available (availability fee) and a tiered rate based on the amount of water used that also encourages water conservation.

CHALLENGES

- **Customer Confidence** – Local and national media attention toward drinking water quality is eroding confidence in the safety of drinking water. More work is needed to maintain customer confidence that contributes to quality of life, economic development and long-term sustainability of the water/sewer system.
- **Operational resiliency** - Ongoing costs for cleaning up the illegal discharge of PCB into the sewer system in 2014 are over \$10 Million in FY16/FY17.
- **Cost Increases** – Costs of constructing, operating, and maintaining water and sewer utilities are rising faster than general cost of living indices. Improvements in efficiency and cost savings are not enough to avoid the need for rate increases to sustain service levels.
- **Growth** - Economic development drives the need for more water and sewer system capacity. Growth also pressures natural resources including our source of water supply and the ability of streams to receive and assimilate wastewater treatment plant discharges.
- **Financial Planning** – A 10-year financial planning process projects the need for annual rate increases to sustain capital investments needed and to maintain the highest bond ratings to assure ready access to capital at lower interest rates.

FY2017 Operating Program

- FY16 total revenues are on budget. However, expenses due to PCB clean-up efforts are higher than projected. Charlotte Water expects it will end the fiscal year 2016 on budget.
- Operating budget drivers include power, chemicals, and the new hourly pay plan. Charlotte Water is also requesting 24 new positions– 4 to reduce sewer spills, 3 to increase laboratory capacity, 2 to improve water quality, 4 to maintain aging treatment plants, 3 to accommodate growth, 3 to improve safety, security, & regulatory compliance, and 5 to support general operations and administration.
- Capital expenses are anticipated to increase from \$147.5 Million in FY16 to \$225.3 Million in FY17, which reflects increases in Debt Service and PAYGO required funding for investment in growth, commitment to public projects/utility operations, regulatory requirements, and system rehabilitation/replacement.

FY2017-21 Community Investment Program

- Invest in **Rehabilitation & Replacement**: \$217M
- Invest in meeting **Regulatory Requirements**: \$101.9M
- Invest in **Capacity for Growth**: \$190.9M
- Invest in **Commitment to Public Projects & Utility Operations**: \$128.6M

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FY2017 Budget Overview

- **FY17 Operating Budget - \$149.7 million** (3.45% increase over FY16)
- **FY17-FY21 Capital Budget - \$1.6 billion**

- **Budget Considerations:**
 - Budget designed around CLT’s six guiding principles
 - Department made a commitment to City Council and airline partners to keep operating growth between 3-5% for FY17
 - Focused on converting high price contracts to permanent positions to provide better service and recognize savings
 - Projected FY17 Cost Per Enplanement for airlines is \$1.43; down from FY16 Budget of \$1.56
 - Budget includes projects that support both CLT and the airline objectives for future growth
 - Focus on Airport’s \$1.6 billion five-year Community Investment Plan, including Concourse A Expansion, West Ramp Expansion Phase I, Lobby Expansion, Terminal Rehabilitation, and Environmental Impact Study for Fourth Parallel Runway

- **Strategic Principles:**

Principle	Overview	Budget Increase	Positions Added
Safety & Security	Our first priority	\$1.8m	14
Strategic Growth	Includes demand driven investment in development and engagement in economic development efforts	\$1.1m	9
Asset Preservation	Focused on proactively maintaining equipment and facilities to ensure reliable operations	\$0.2m	6
Valuing Employees	Focused on development, education, and compensation	\$0.3m	10
Strong Partnerships	Partnering with business partners and the community	\$0.1m	5
Customer Focus	Quality and customer satisfaction will be our competitive advantage in the aviation industry	\$1.5m	6
Total		\$5.0m	50

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Draft 2017 Budget Workshops

City of Charlotte

April 6, 2016
1:30 p.m. – 4:30 p.m.
Room 267

	Page	Time
I. Introduction/Budget Committee Report	Council member Phipps Budget Committee Chair	5 minutes
II. General Community Investment Plan Budget	Kim Eagle Bill Parks	30 minutes
III. Solid Waste Services – Multi Family Services Review Options	Victoria Johnson/ Hyong Yi	30 minutes
IV. Financial Partner Recommendations	Kim Eagle	10 minutes
V. Council Priorities/Base Budget Review - Detailed CMPD Review	Ron Carlee/Kim Eagle	30 minutes
VI. User Fee Update	Kim Eagle/ Debra Campbell	20 minutes
VII. Charlotte Water FY2017 Budget	Barry Gullet	20 minutes
VIII. Aviation FY2017 Budget	Brent Cagle	20 minutes

Note: Budget Questions & Answers from March 16th Budget Workshop included in materials

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

Draft 2017 Budget Workshops

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.

April 20, 2016 Budget Workshop

- Topics to be Determined