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# Budget Committee

Meeting Summary for September 15, 2016

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## COMMITTEE AGENDA TOPICS

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- I. Context for Services Review – Overview of General Fund Budget, Principles & Policies
- II. Services Inventory – Review Data Template/List of Services
- III. Services Inventory – Review Process and Timeline

## COMMITTEE INFORMATION

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Present: CM Phipps, CM Driggs, CM Kinsey, CM Lyles, CM Fallon  
Time: 2:00 p.m. – 3:30 p.m.

## ATTACHMENTS

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- 1. [Context for Services Review: Overview of Principles & Policies, General Fund Budget Presentation](#)
- 2. [Finance & Budget Principles, Financial Policies & Practices, and Community Investment Plan Program Policies](#)
- 3. [FY2017 Services Review Draft Template](#)
- 4. [List of General Fund City Services](#)
- 5. [Services Review – Process & Timeline](#)

## DISCUSSION SUMMARY

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### **I. Context for Services Review – Overview of General Fund Budget, Principles & Policies**

Kim Eagle, Management & Financial Services  
Eric Hershberger, Management & Financial Services

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

- Lyles: Can you provide information on how much Police and Fire’s budgets have increased over the past couple of years versus how much property tax has increased over that same period? I’d assume that Police and Fire have grown quicker than our revenue.
  - Eagle and Hershberger: From FY2016 to FY2017 Police and Fire’s budgets increased by \$21 million, which is about 6%, and that is outpacing our revenue. When you look at all revenue growth, it’s averaging about 3.3%. We will put together that kind of trend projection and bring it back to you at your October Budget Committee meeting. Given that one example, you can see that we’re out of balance.
- Lyles: We are building and building and as those new buildings come on line, they’ll be paying property taxes. Our growth in population will bring more people paying sales tax. However, the infrastructure for those buildings is needed immediately - the day that they’re open. I’m wondering about the lag and lead time on that growth and the infrastructure needed to catch up with the growth.

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- Driggs: A key to that is your revenue forecasting which impacts your debt capacity and that's what's going to impact infrastructure.
- Driggs: In our budget process we need to come up with some numbers for the upcoming fiscal year. A lot of what's presented here is pretty fundamental. Is it your intention that we tackle these policy and procedure questions in the context of our FY2018 budget? I can imagine some of these conversations taking place outside of budget season. I'm concerned that the immediate requirement we have is to come up with numbers for 2018.
  - Eagle: Staff can do some work on narrowing the focus on the immediate needs for FY2018 incorporating feedback from the departments.
- Lyles: I've assumed that the decisions we made last year regarding year one and year two will stay as is. We'd then look at some of these things as putting us in a position to plan for larger change. We need to have a conversation and make sure that our policy for FY2018 would be to stay status quo, knowing that status quo could only last for another 18 to 24 months.
  - Eagle: Purely from a calendaring perspective and the available time to tackle the larger, long-term issues that would require more policy conversations and engagement with Council, we'd need to balance that against how we get the FY2018 budget put together. We can step into some of those issues and have a phased approach, but more time will be necessary.
  - Driggs: When you look at the calendar and the available sessions, there's actually not that much time.
- Driggs: How will you tackle the long term financial viability piece? Will we get to the point where we're interpreting the things we do today and how they'll affect the out years?
  - Eagle: I think we'll be a good point in January to discuss what that process will look like. We'll learn a lot from the services review. Council has mentioned using a citizens committee or PCAC to do something in January to tackle some of those larger issues.
- Lyles: We have the Transportation and Planning (TAP) report on Monday and they came in with the updated TAP recommendations on transportation funding. The report actually started with the work of the Committee of 21 which I facilitated. That's the last time we looked at what we would do with revenues long term.
  - Eagle: As it relates to new revenues sources, staff can bring Council information on pros and cons and what some of the choices might be as you start having those conversations around which direction you might or might not want to go.
  - Phipps: Have we stepped back to any of those recommendations to see if any of them are applicable now or have merit in today's environment?
  - Eagle: I have the report from the 2010 Mayor's Efficient and Effective Government Taskforce, a citizens' committee that took a full year to complete their work. Many of those findings, we've put into place. They are more centered around structural budget observations. They are not long-range looking policies.
- Phipps: We're finding that on certain sections of the CityLYNX/Blue Line there are water infrastructure issues that are impeding development there.
  - Eagle: Infill is a real challenge right now for Water and Sewer. The lines were sized to take a lot that was a restaurant previously and put apartments on it. Planning for these types of things is an emerging issue.

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- Lyles: A lot of this is about how the city will continue to grow. People come here because of the quality of life we have and the opportunities created here. We spent a lot of times on things last year that we didn't get an opportunity to flesh out, but we have time now to talk about those issues among ourselves and with the community. For example, property taxes: everybody pays and it's a progressive tax. While with sales tax, everybody pays and it's a regressive tax. When we're determining how we fund City services, that's an important conversation to have.
- Kinsey: I think many people believe that the City is a bottomless pit of money and we aren't. I'm concerned because we have growth anticipated in the Police Department alone. We're guilty too. We say that we want or need something, but we can be spend thrifty ourselves.
- Driggs: I'd like to see our conversation for the long term evolve towards an understanding of the moving parts. We look at affordable housing and transportation. Those are not unrelated issues. Where you create transportation you create the potential for housing. But then you look at tax rates. You can make tax rates higher to create more revenue. At some point you start driving people away. For Council, it would be helpful to get a better feel for the implications of going in any particular direction. We have transportation projects like the Gold Line and the Silver Line. How are we weighing that against our need to keep tax rates within some reasonable bounds while accommodating growth? We often can agree on a need, but we don't make that work in the context of what's happening elsewhere. The more time we spend discussing these big picture issues, the better.
- Phipps: We had a budget request last year that we funded half of. I believe the public is going to expect for us to fund the rest of it. What happens if we decide to do something other than that?
- Lyles: For me, the four big services are Police, Fire, Transportation and Solid Waste. So how do we look at all of those and decide how do you want to pay for your city? The infrastructure discussion on maintenance as well as new projects, which is funded primarily by property tax.
- Kinsey: We'll also have to look at what else are we going to do outside of our area of responsibility. We talk about it every year but we don't do much about it.
- Lyles: I think one of the worst things we can do as a steward is make a decision that makes sense now, looking five years down the road and saying the consequences are someone else's job to take care of.
- Mayfield: We went to Columbus, Ohio for National League of Cities Conference. Columbus funds everything through their sales tax. They've done a lot of development and growth. We need to look at comparable cities that have the same form of government we have. I agree with Ms. Kinsey in that we need to get back to our core. There are a lot of services we provide that are outside of our core that we financially cannot afford to do. There are also things that are a high priority and are aligned with our core.
  - Eagle: The Services Inventory we're doing now will be able to isolate for you a lot of those things that we're doing that are other's responsibility, things that are discretionary, things tied to your Council Policies. We'll group those in buckets so that you'll easily see those areas.
- Driggs: One of the biggest issues we face in this community is housing. Housing investments we make and the quality of life that comes from housing. The question is: Do you want to do more of this or less of that? How far can we go with taxes before we start to hurt ourselves? I see benefits in trying to stay in a low tax

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- environment.
- Lyles: An important aspect of this conversation is the citizen involvement and participation and weighing in on these issues. Having an educated citizens group around financials is one of the more valuable things we can have.
    - Mayfield: We started the educating of citizens on financials when we started the budget charrettes. So the question is how we expand that to a broader audience.
    - Eagle: We've talked with the staff in Greensboro to discuss what they're doing in terms of automation of their budget simulation. So we're thinking we can automate that charrette process but in a way that allows us to get input and feedback. We want to be able to take citizens' feedback and do something with it.
  - Lyles: For me, success looks like our identifying the current trends that need addressing so that we can be a financially viable city for economic development growth three to five years out. We've got to say we want to be the best city for economic development which means we have to have transportation and affordable housing for all of the kinds of people who work in the economic development area.
  - Phipps: As we look at the areas where we need to focus and perhaps divest our support of other entities, that's going to be a tough conversation to have.

## **II. Services Inventory – Review Data Template/List of Services**

Kim Eagle, Management & Financial Services

Bill Parks, Management & Financial Services

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

- Mayfield: Police has a number of social programs they fund. Would that be reflected here?
  - Eagle: It would be rolled up into one of the services listed, but if you wanted to see those social programs and diversion programs listed separately, we can do that.
  - Kinsey: Some of these programs started with grant money and then three years down the road, we have to pick it up. That impacts the budget. We need to know that. And for some of these grants, we may have to say that we can't do it.
  - Phipps: I recall on one of the consent agenda items, they had grant funding for a diversion program that had expired. They were able to assimilate that cost into their operating budget.
  - Mayfield: It would increase transparency if we knew about the grant funding of some of these programs. There are some great programs being done, but some don't have enough funding and with others the question is how are we going to continue funding once the grant funding runs out, and whose responsibility is it.
- Driggs: This is an inventory. Do we have any measures of efficiency or effectiveness or connection to a balanced scorecard or other data associated with these categories to highlight where investment is needed?
  - Parks: Departments are submitting balanced scorecard measures as well as other data that departments keep and track as a part of this process.
  - Eagle: We'll provide to you operational measures, which is internal to the department's balanced scorecard. We'll also provide a focus on the community

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metric, which is a new addition this year as we start to update the focus area plans. We're going to capture how we're performing and the results we're achieving for each of the programs.

- Driggs: Would that also include efficiency as compared to other communities?
- Eagle: As we have that information on benchmarking, we'll provide it.
- Lyles: Can we put a traffic light to show performance?
- Lyles: On the services list, when you think about Police and Fire making up 60% of our budget, can we have discussion based on proportionality of impact? We could examine the entire City Attorney's Office and save \$3 thousand. While we could look at one division of the Police Department and save \$3 million. I rely on management staff to keep operational cost low in support departments.
- Driggs: Can we get the actual budget amounts for services?
  - Eagle: Yes, you'll get budget dollars as well as number of staff allocated to services.

### **III. Services Inventory – Review Process and Timeline**

Kim Eagle, Management & Financial Services

The Services Review Process and Timeline was provided as information with no discussion.

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**Context for Services Review:**  
Overview of Principles & Policies, General Fund Budget

Council Budget Committee  
September 15, 2016



## City Services

On Any Typical Day...



- 255 Firefighters on duty, responding to 260 calls
- 376 Police Field Units, responding to 1,000 resident and 2,200 officer-initiated calls
- 755 signalized intersections
- 4,400 service calls to CharMeck 311
- 42,500 households receive trash pick-up
- 102,570,000 gallons of drinking water treated and delivered
- 80,630,000 gallons of wastewater collected and treated
- 79,292 transit riders

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 **Building Blocks**

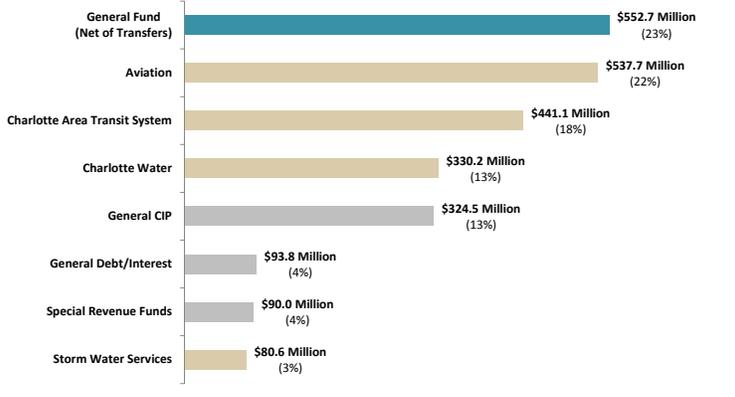
- Finance & Budget Principles
- Financial Policies & Practices
- Community Investment Plan Program Policies
- Community Investment Plan Financial Policies

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 **Budget Overview**

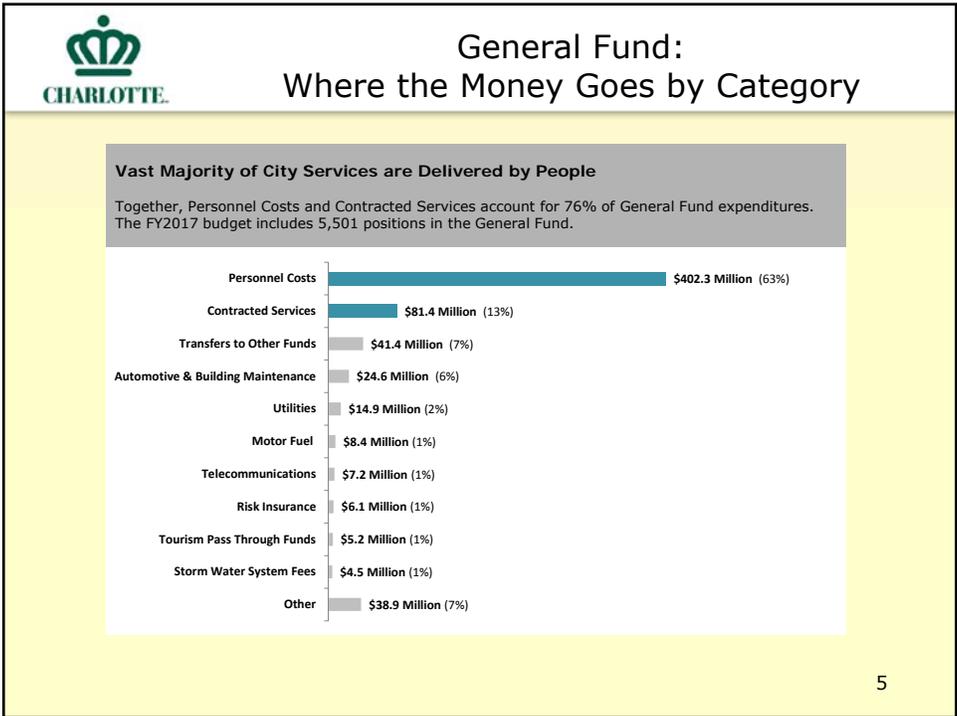
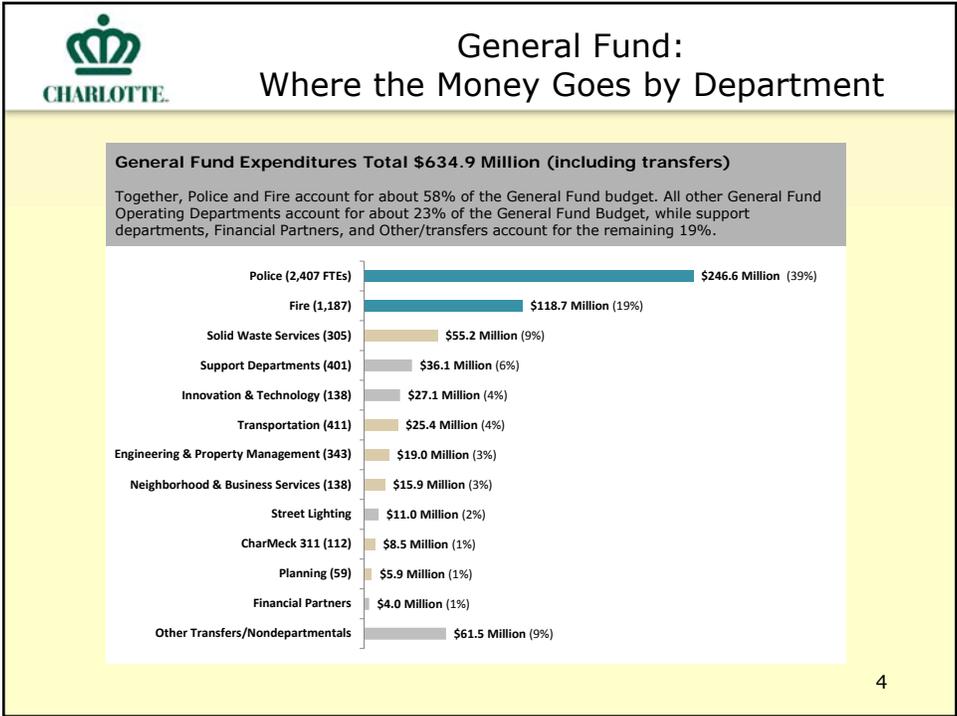
**City of Charlotte FY2017 Approved Budget Totals \$2.45 Billion (net of transfers)**

Net of transfers, the General Fund Budget is nearly one quarter of the City's overall budget, the self-supported Enterprise Funds together make up about 57% of the City Budget, and the General Community Investment Program makes up about 13% of the total City Budget. The remainder of the budget is general debt/interest and special revenue funds (e.g., Cultural Facilities and Tourism funds).



Category	Amount (Million)	Percentage
General Fund (Net of Transfers)	\$552.7	23%
Aviation	\$537.7	22%
Charlotte Area Transit System	\$441.1	18%
Charlotte Water	\$330.2	13%
General CIP	\$324.5	13%
General Debt/Interest	\$93.8	4%
Special Revenue Funds	\$90.0	4%
Storm Water Services	\$80.6	3%

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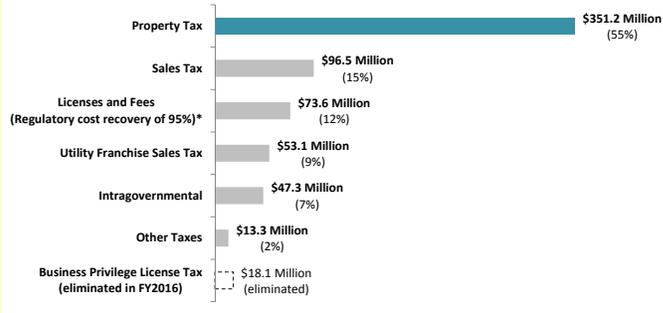




## General Fund: Where the Money Comes From

### General Fund Revenues Total \$634.9 Million (including transfers)

The largest source of revenue in the General Fund is Property Tax, which generates more revenue than all other sources combined. The FY2017 General Fund property tax rate is 37.41¢ per \$100 valuation; 1 penny ≈ \$9.2 Million in revenue. No replacement revenue has been identified for the elimination of the Business Privilege License Tax.



\*Reflects multiple development fees with exception criteria (from 100% recovery) as established by Council.



## \$ Public Safety > \$ Property Tax

### A Balanced Budget Reflects Priorities and Needs, with Revenue Limitations

The FY17 General Fund budget reflects Council priorities and accommodates the resource needs of a dynamic, growing City. But revenue limitations bring challenges. For example, public safety expenditures alone total more than the revenue generated from property tax, with a gap of approximately \$14 Million.





## City Services Review -Goals

- Positioning the City for the future includes:

### Phase 1 (September – January)

- Providing a common foundation of knowledge pertaining to current City service delivery and financial implications
- Creating a framework for FY2018 budget development deliberations



## City Services Review – Goals What Does Success Look Like?

- Positioning the City for the future includes:

### Phase 2 (January - TBD)

- Providing a work-plan to address two strategic needs -
  - Council Policy and Resource Planning
    - Public Safety Resource & Compensation Needs
    - Economic Opportunity, Affordable Housing, and Transportation/Mobility
    - Existing Infrastructure Maintenance Needs
    - Technology Needs (Cyber Security, Public Safety, Infrastructure)
  - Long-term financial viability
    - Service expectations and growing needs
    - Appropriate balance of revenue sources
    - Potential alternative revenues
    - Potential pursuit of related legislation
    - Other considerations as identified
    - Citizen committee or other structure as determined by Council



  
**CHARLOTTE**  
MANAGEMENT & FINANCIAL SERVICES

Questions?

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## Finance & Budget Principles

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Using the framework set forth by North Carolina General Statute 159, the Local Government Budget and Fiscal Control Act, the City Charter and City Code, the City will follow the principles outlined below. The development of the City's annual operating budget will be a transparent process that welcomes community input and involvement.

1. The City will adopt a balanced budget. The budget process will begin by first evaluating available revenues. Funds for operating and capital expenditures will then be budgeted where there is the greatest community need.
2. Program funding will be approved in the overall context of competing priorities across City services. Anticipated future needs will play a prominent role in the prioritization process.
3. The City will have a structurally balanced budget. Ongoing costs will be funded with recurring revenues. One-time monies, such as certain federal grants, will be used for one-time expenses. New, significant expenses brought forward outside the budget process should be avoided, when feasible.
4. Provide funding to ensure that compensation and benefits are sufficient to recruit and retain the workforce talent necessary to meet service delivery needs. Pay and compensation increases shall not exceed growth in general revenue for any given year.
5. Provide adequate operating funding to maintain previous investments in assets including technology, tools, equipment, and infrastructure.
6. Engage in a continual evaluation of the most cost-effective means for providing City services.
7. Evaluate the total tax and fee burden – not just the property tax rate – the citizen pays in exchange for government services as part of the budget development process.
8. The budget will maintain a General Fund fund balance equal to 16% of the operating budget. Capital reserves in excess of the 16% General Fund balance will be available for transfer to the Pay-As-You-Go capital program for one-time uses unless otherwise recommended by the City Manager and approved by City Council for other purposes.
9. The budget will maintain the Municipal Debt Service Fund Balance at a ratio of debt service fund balance to actual annual debt service costs of approximately 50%.
10. The City will continue to promote a user fee goal of 100% cost recovery.
11. Enterprise funds shall set their rates and fees in a manner to recover the full cost of their operation and necessary capital investments.

12. Restricted revenue (such as Asset Forfeiture funds) will only be used for the purpose intended and in full compliance with all applicable policies, rules, regulations, or laws.
13. Reimbursement to the General Fund will occur from enterprise and internal service funds for general and administrative services provided. Reimbursement will be determined through generally accepted cost accounting principles.
14. Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the anticipated useful life of the project.
15. The general government debt program will maintain adequate cash and fund balance reserves at levels required to maintain top-tier credit ratings.

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## Financial Policies & Practices

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The City's budgetary policies are based upon guidelines and restrictions established by North Carolina General Statute 159, the Local Government Budget and Fiscal Control Act, the City Charter and City Code, and generally accepted accounting principles for governmental entities. These broad policies and statutes set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. The policies and practices help to protect the fiscal integrity of the City and ensure that the City is poised for future growth.

### Revenue Policies and Practices

1. As provided by the North Carolina Local Government Budget and Fiscal Control Act, estimated revenue from Ad Valorem Tax levy will be budgeted as follows:
  - a. Assessed valuation estimates are provided by the Mecklenburg County Tax Assessor's Office.
  - b. The estimated percentage rate of collection of the tax levy shall not exceed the rate of the preceding fiscal year.
  - c. The tax rate shall be set each year based on the cost of providing general government services.
  - d. The City shall operate under an annual balanced budget ordinance adopted and administered in accordance with North Carolina General Statute 159-8(a). A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.
2. The City will set fees for services to maximize user charges for identifiable services.
  - a. To the extent possible, the rate structure established for water, sewer, and storm water customers will be sufficient to finance all operating, capital, and debt service costs for providing said services.
  - b. To the extent practical, any general City service for which is of a higher level to benefit recipients shall be supported by user fees designed to recover costs from those recipients. Examples include zoning and code enforcement activities funded through zoning permit fees and demolition charges.
  - c. Where user fees are based on cost recovery, costs should be reviewed annually during the budget process and user fees adjusted as practicable.
3. In accordance with North Carolina General Statute 143C, the City will accumulate and maintain a general fund balance equal to or greater than 8% (City policy is higher at 16%) of the prior year's General Fund operating budget to address unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies. Balances in excess of 16% are eligible for appropriation in the Pay-As-You-Go Capital Program.
4. Restricted revenue will only be used for the purpose intended and in a fiscally responsible manner.

5. The City will strive to achieve a structurally, balanced budget in which one-time revenue and/or one-time expenditure savings will be used for non-reoccurring or one-time expenditures.

#### Inter-fund Policies and Practices

1. The General Fund will be reimbursed annually by the Enterprise and Internal Service Funds for general and administrative services provided, such as self-insurance, accounting, personnel, and administration.

#### Capital Investment Policies and Practices

2. The City will update annually a five-year Community Investment Plan (capital investment program), which details the estimated cost, project description, and anticipated funding source for each capital project.
3. The City's adopted Annual Budget Ordinance will include capital project appropriations for all projects with funding identified in the first year of the five-year Community Investment Plan.
4. Operating Budget expenditures will be used to maintain and provide any salaries, operating costs, and small capital outlay that may be required for adopted Capital Improvement Projects once they are completed and in service.
5. The City will strive to fund a portion of capital improvements with Pay-As-You-Go sources of financing that do not increase the City's debt liability.

#### Accounting Policies and Practices

1. The City will establish and maintain its accounting systems in compliance with the North Carolina Local Government Budget and Fiscal Control Act and the North Carolina Local Government Commission.
2. Financial systems will be maintained to monitor revenues and expenditures on a monthly basis.
3. All revenue collections will be consolidated under the Finance Director and audited annually.
4. The Finance Office's Procedures Manual will be maintained as a central reference source and handbook for all procedures, which have a fiscal impact within the City. It will serve as the City's authoritative source for fiscal procedure.
5. An annual audit will be performed by an independent certified public accounting firm, which will issue an official opinion on the annual financial statements, with a management letter explaining recommended improvements, if required.
6. The City's comprehensive annual financial report will be prepared in compliance with the necessary criteria established to obtain the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting submitted each year for that recognition.

#### Basis for Budgeting

1. In accordance with the North Carolina Budget and Fiscal Control Act, the budget is developed and adopted under the modified accrual basis of accounting. Under this

format, revenues are recognized when measurable and available and obligations of the City are budgeted as expenditures. During the fiscal year, budgets are monitored and accounted for using the modified accrual basis. At fiscal year-end, the City's Comprehensive Annual Financial Report (CAFR) is prepared using Generally Accepted Accounting Principles.

2. All governmental funds are reported on using the modified accrual basis of accounting. Although the CAFR reports all proprietary funds using the full accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized in the period incurred, for simplicity, the budget document reports all proprietary funds' prior year actuals using the modified accrual method.

#### Debt Policies and Practices

1. Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the anticipated useful life of the project.
2. Maintain a per capita debt ratio within the moderate range as defined by rating agency criteria as published periodically sufficient to maintain current credit ratings.
3. Outstanding long-term maturity variable rate bonds not to exceed a sum equal to the debt service fund equity requirement plus 15% of total long-term fixed rate debt.
4. Continue the dedication of multiple revenues to a Pay-As-You-Go fund established to provide a material portion of the non-enterprise, general government capital needs. The revenue sources include a dedicated portion of the property tax rate, sales tax, and motor vehicle fees.
5. The debt issuance method will be periodically re-evaluated as City conditions change or new or changed financial market methods emerge. The review and change of issuance method, if any, will be with the objective to utilize the method that offers the lowest effective market interest cost available to the City. Accordingly, the following issuance method(s) will be currently utilized:
  - New money fixed rate bond issues may be placed on a competitive or negotiated basis
  - New money variable rate bond issues will be placed on a negotiated basis
  - Refunding bond issues may be placed on a competitive or negotiated basis
  - Issuance methods will be continuously reviewed and changes made to various offerings methods as appropriate and cost efficient for the City.
6. The City will maintain its financial condition so as to continue its AAA bond rating.

#### Cash Management and Investment Policies and Practices

1. The City maintains a cash management pool to facilitate disbursement and investment and maximize investment income. Earnings on the pooled funds are apportioned and credited to the funds monthly based on the average daily balance of each fund. Since individual funds may deposit additional amounts at any time and may withdraw funds at any time without prior notice or penalty, the pool is used essentially as a demand deposit account and considered cash and cash equivalents. This pool is used by all funds except the Firefighters' Retirement System Fund. For arbitrage purposes, the City also maintains separate pools for the proceeds of each bond sale subsequent to 1986 in compliance with the Internal Revenue Code relative to yield restrictions and rebate requirements. For funds not included in the pools

described above, cash and cash equivalents consist of cash, demand deposits, and short-term, highly liquid investments.

2. North Carolina General Statute 159-30 authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), a Securities and Exchange Commission (SEC) registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. Although the City does not have a formal investment policy, internal investment guidelines prohibit maturities longer than five years, which helps manage exposure to fair value losses in rising interest rate environments.
3. All deposits of the City are made in board-designated official depositories and are secured as required by North Carolina State Statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as Negotiable Order of Withdrawal (NOW) and SuperNOW accounts, money market accounts, and certificates of deposit.
4. The City has no formal policy on custodial credit risk. However, the City's internal policy limits custodial credit risk by providing that security in the collateral be delivered to a third party safekeeping bank designated by the City.
5. The City's informal investment policy limits the amount of commercial paper or bankers acceptances to a maximum of 25% of the portfolio. For commercial paper, a maximum of \$20,000,000 may be invested in any one issuer. For bankers' acceptances, the maximum investment is limited to 10% of the portfolio for any one issuer.
6. The restricted cash and cash equivalents/investments are restricted pursuant to bond covenants and other financing agreements. All restricted money market funds of the enterprise funds are considered cash or cash equivalents. The remaining amount of restricted assets is considered investments.
7. North Carolina state law limits investments in commercial paper to the top rating issued by Nationally Recognized Statistical Rating Organizations (NSRO's). Although the City had no formal policy on managing credit risk, internal investment guidelines for commercial paper require at least two ratings from either Standard & Poor's (S&P), Fitch Ratings (Fitch), or Moody's Investors Service (Moody's).
8. Investments, except for North Carolina Capital Management Trust (NCCMT) and Firefighters' Retirement System Fund, are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a Securities and Exchange Commission registered money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost. Investments with an original maturity of three months or less are considered cash equivalents.

City Manager Contract Approval Policy

1. The City Manager is authorized to award contracts, reject bids, re-advertise to receive bids, and waive bid bonds or other deposit requirements pursuant to North Carolina General Statute Chapter 143-129(a). Specifically the Manager is authorized to:
  - a. Exempt particular projects from the provision of the North Carolina General Statute Chapter 143, Article 3D, Procurement of Architectural, Engineering and Surveying Services in cases where the estimated professional fee for a particular project is less than \$50,000.
  - b. Approve and execute contracts involving informal bids of up to \$100,000 for construction projects previously budgeted in the annual ordinance.
  - c. Approve and execute maintenance contracts in amounts under \$100,000.
  - d. Approve and execute leases of City real property in amounts under \$100,000.
  - e. Approve and execute engineering contracts under \$100,000.
  - f. Approve and execute professional service contracts in amounts under \$100,000.
  - g. Approve and execute change orders to all approved contracts not to exceed \$100,000 in the total amount of change order unless previous authority is authorized by City Council action for the specific contract.
  - h. Approve and execute the purchases of apparatus, supplies, materials, or equipment for all purchases that do not exceed \$100,000, as authorized by the 1977 North Carolina General Assembly Session Law S.L. 1197-184.
2. The City Manager is authorized to dispose of surplus property under the informal procedures described in North Carolina General Statute 160A-266(c).
3. The City Manager is authorized to approve the purchase of a capital item when the purchase price does not exceed \$100,000.

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# Community Investment Plan Program Policies

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Improving the quality of life of its citizens is the City of Charlotte's mission and the foundation of the Community Investment Plan. The Plan's goal is to maintain or replace high priority infrastructure as needed. By facilitating economic development, enhancing the tax base, and protecting the community's safety and environmental resources, the Community Investment Plan benefits all segments of the community and supports all roles of municipal government.

## **City Council's policies for developing and implementing the Community Investment Plan**

1. Evaluate capital projects requests according to the following priorities:
  - 1st priority: Maintenance and/or retrofitting of existing infrastructure
  - 2nd priority: Replacement of existing infrastructure
  - 3rd priority: Expansion of existing infrastructure
  - 4th priority: New infrastructure
2. Develop and implement a capital program based on Smart Growth principles:
  - Maintain land use planning
  - Sustain effective land use decisions
  - Strengthen neighborhoods
  - Build a competitive economic edge
  - Design for livability
  - Safeguard the environment
  - Expand transportation choices
  - Use public investment as a catalyst
3. Preserve the existing tax base, a fundamental principle for City capital investment decision-making
4. Affirm neighborhoods as a foundation of the community and emphasize a reinvestment program for all neighborhoods
5. Form partnerships with citizens and businesses to leverage public dollars and make the community one of choice for living, working, and leisure activities
6. Serve as a platform for economic development through the funding of priority projects in targeted investment areas
7. Provide a balanced capital plan, which funds the highest priority community needs in a variety of program areas
8. Anticipate infrastructure and facility needs resulting from future changes in the City's boundaries and density that are consistent with Council's development and growth policies
9. Comply with applicable federal and state mandates

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# Community Investment Plan

## Financial Policies

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1. General government debt policies:
  - Diversify revenue sources dedicated to capital formation and debt service
  - Maintain a balanced mix of financing strategies for funding capital projects without an excessive reliance on any one source. Examples of financing strategies include:
    - Pay-As-You-Go
    - Grants
    - Debt
  - Provide for issuance of additional debt at reasonable time intervals without increasing taxes, and timed in such a way as to avoid erratic impacts on tax rate changes
  - Maintain the highest credit ratings by scheduling and issuing debt that sustains reasonable ratios (e.g. percent of outstanding debt to assessed value)
2. Maintain revenues dedicated to the capital program in the Municipal Debt Service Fund:
  - Allocation of the property tax rate
  - Investment (interest) income
  - Sales Tax (one-half cent)
  - Other miscellaneous revenues including Alcoholic Beverage Control (ABC) profits, beer and wine license revenues, and a contribution from Mecklenburg County for its share of debt costs remaining from the consolidation of Park and Recreation
3. Maintain the Municipal Debt Service Fund Balance at an adequate level to cover debt costs:
  - The ratio of debt service fund balance to actual annual debt service costs will be approximately 50%.
4. Use the Pay-As-You-Go Tax Fund in conjunction with long-term debt financing to finance capital projects
5. Dedicate asset sales to the Community Investment Plan:
  - The retirement of any outstanding debt on sold assets will be the first use of sale proceeds.
6. Maintain the General Government fund balance at 16% of the operating budget:
  - Funding in excess of 16% of the General Fund balance is dedicated to Pay-As-You-Go capital expenses, unless otherwise directed by Council.

7. Maintain the Enterprise Funds' capital programs on a self-sustaining basis:
  - Water and Sewer, Storm Water, and Aviation capital projects are financed from revenues generated from user fees and charges.
  - The Water and Sewer rate study assumes maintenance of debt service coverage as required in Revenue Bond financing documents.
  - Charlotte Area Transit System projects are supported by federal and state grants, and the one-half cent sales tax dedicated to transit.
  
8. Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8% of the total assessed value of real and personal property.

## Draft Template FY2017 Services Review

### Data to be collected & examined for each City Service/Service Component

#### What Do We Do?

Service Name	Service Description
Curbside Rollout Garbage Collection & Disposal	Provides weekly curbside garbage collection and disposal to approximately 214,000 curbside residential units

#### Why Do We Do It?

Focus Area Alignment /Community Metric	Council Strategic Policy Objective
Environment – Develop a baseline towards 100% achievement of waste diversion from landfill	6. Advance a clean and healthy environment. <ul style="list-style-type: none"> <li>B. Adopt a multi-year plan to reduce energy and fuel use by the City government.</li> <li>D. Continue evaluating solid waste collection and disposal to support recycling and waste reduction policies</li> </ul>

Output/Workload Indicators	Operational Measures
175,919 tons of garbage collected and disposed in FY2016	Increase alternative fuel fleet; Maintain an average garbage cart collection rate of 125/hr for residential garbage routes; Maintain average number of garbage collection complaints/ 1,000 units < or = to prior 2yr rate + 5%

Legal/Regulatory Requirement	Is it Discretionary
No	Yes, but for Council Ordinance & Interlocal Agreement

Based on Council Policy	Contractual Obligations
Yes. City Code Ordinance, Chapter 10, Health & Sanitation	Yes. Interlocal Agreement with Mecklenburg County (expires 2028); Rollout garbage cart purchase contract with Otto Environmental (expires in 2020); Rollout garbage cart maintenance and repair contract with Otto Container Management (expires 2020).

#### How Much Does It Cost?

FY2017 Budget	FY2017 Position Count
\$19,629,619	92.5
Off-setting Revenue	Interdepartmental Transfers
\$495,000 reimbursed from State Solid Waste Disposal tax	None

## List of General Fund City Services

Department	Service Name
CDOT	<ul style="list-style-type: none"> <li>Traffic Control &amp; Transportation Safety</li> <li>Neighborhood Services</li> <li>Street Lighting</li> <li>Street Maintenance</li> <li>Transportation Regulation Services</li> <li>Transportation Planning and Capital Project Implementation and Management</li> </ul>
City Attorney	<ul style="list-style-type: none"> <li>Legal Advice and Representation</li> </ul>
City Clerk	<ul style="list-style-type: none"> <li>Recording and Maintenance of Municipal Records</li> <li>Boards &amp; Commissions</li> <li>City Council Support</li> </ul>
City Manager's Office	<ul style="list-style-type: none"> <li>Customer Service and Information</li> <li>Policy Development and Organizational Leadership</li> <li>City Government Communications and Information</li> <li>Community Relations</li> <li>Internal Audit</li> <li>Community Leadership and Policy (M/CC)</li> </ul>
Engineering	<ul style="list-style-type: none"> <li>Municipal Capital Project Planning, Design and Construction</li> <li>Land Development</li> <li>Municipal Facilities Maintenance</li> <li>Cultural Facilities Maintenance</li> <li>Neighborhood Centers</li> <li>Landscape Maintenance</li> <li>Right-of-Way Acquisition and Asset Management of Real Property</li> </ul>
Management & Financial Services	<ul style="list-style-type: none"> <li>Charlotte Business INclusion</li> <li>Finance-Accounts Payable/Receivable</li> <li>Finance-Accounting/Reporting</li> <li>Finance-Business Systems</li> <li>Finance-Procurement Management</li> <li>Finance-Revenue</li> <li>Finance-Treasury</li> <li>Fleet Management</li> <li>Strategy &amp; Budget-Budget Development &amp; Management</li> <li>Strategy &amp; Budget-City Strategy Development</li> <li>Strategy &amp; Budget-Council Business Agenda</li> </ul>
Innovation & Technology	<ul style="list-style-type: none"> <li>Enterprise Project Management</li> <li>Information Security</li> <li>Enterprise Application</li> <li>Operations &amp; Service Management</li> <li>Network &amp; Telecommunications Operations</li> <li>Facilities &amp; Data Service</li> <li>Public Safety Communications (Radio &amp; Data)</li> </ul>

## List of General Fund City Services

Department	Service Name
<b>Fire</b>	<ul style="list-style-type: none"> <li>Fire Emergency Response</li> <li>Emergency Preparedness and Homeland Security</li> <li>Fire Communications</li> <li>Fire Investigations</li> <li>Fire Prevention &amp; Code Enforcement</li> <li>Fire Community Education and Involvement</li> <li>Firefighter Training</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Human Resources Management</li> <li>Organization Development &amp; Learning (ODL)</li> <li>Human Resources Management Systems</li> </ul>
<b>Neighborhood &amp; Business Services</b>	<ul style="list-style-type: none"> <li>Targeted Area Economic Development</li> <li>Business Services</li> <li>Workforce Development</li> <li>Housing Services</li> <li>Community Engagement</li> <li>Neighborhood Code Enforcement &amp; Zoning</li> </ul>
<b>Planning</b>	<ul style="list-style-type: none"> <li>Business/Executive Services</li> <li>Long Range Planning Services</li> <li>Strategic Planning Services</li> <li>Development Services</li> <li>MPO Services</li> </ul>
<b>Police</b>	<ul style="list-style-type: none"> <li>Community Policing/Crime Prevention</li> <li>Patrol Support Services</li> <li>Criminal Investigation</li> <li>Special Operations</li> <li>Police Communication</li> <li>Community Services</li> <li>Crime Lab</li> <li>Police Officer Training / Recruiting</li> <li>Grant Funded Position (0413)</li> </ul>
<b>Solid Waste Services</b>	<ul style="list-style-type: none"> <li>Single Family Curbside Rollout Garbage Collection &amp; Disposal</li> <li>Single Family Curbside Rollout Single Stream Recycling Collection &amp; Disposal</li> <li>Single Family Curbside Yardwaste Collection &amp; Disposal</li> <li>Single Family Curbside Bulky Collection &amp; Disposal</li> <li>Multi-Family Dumpster/Compactor Collection &amp; Disposal</li> <li>Special Maintenance &amp; Collections Services</li> </ul>

## Services Review – Process & Timeline

September 15 <sup>th</sup>	<p>Council Budget Committee</p> <ul style="list-style-type: none"> <li>- Review data templates and services listing, provide feedback</li> </ul>
October 20 <sup>th</sup>	<p>Council Budget Committee</p> <ul style="list-style-type: none"> <li>- Preview services review data and provide feedback</li> </ul>
October – early November	<p>One-on-one meetings with Council Members</p> <ul style="list-style-type: none"> <li>- Review data and key questions</li> </ul>
November 7 <sup>th</sup>	<p>Council Workshop</p> <ul style="list-style-type: none"> <li>- Discussion/Q&amp;A with Department Directors</li> </ul>
December 5 <sup>th</sup>	<p>Council Workshop</p> <ul style="list-style-type: none"> <li>- Discuss results of review in conjunction with Focus Area Plans</li> </ul>
January-February	<p>Council Annual Retreat</p> <ul style="list-style-type: none"> <li>- Preview key budget needs for FY2018 in conjunction with Phase 1 services review results</li> <li>- Recommend citizen committee or other structure for Phase 2 to address structural budget challenges, and long-term financial strategy</li> </ul>