CHARLOTTE

Charlotte City Council

Restructuring Government Committee

Meeting Summary for September, 30 2010

COMMITTEE AGENDA TOPICS

I. **Subject:** **Executive Compensation Policy**
Action: Directed staff to look into a policy framework for the Manager and Attorney's compensation.

II. **Subject:** **Water/Sewer Rate Study**
Action: None

III. **Subject:** **Technology Improvements at the Dais**
Action: None

COMMITTEE INFORMATION

Present:	Warren Cooksey, Patrick Cannon, Patsy Kinsey, Warren Turner
Absent:	James Mitchell
Time:	12:10 p.m. to 1:35 p.m.

ATTACHMENTS

1. Agenda Package
2. Executive Compensation handout

DISCUSSION HIGHLIGHTS

Chairman Cooksey called the meeting to order and asked everyone in the room to introduce themselves. He then turned it over to Assistant City Manager Eric Campbell to discuss the first agenda item.

I. Executive Compensation Policy

Mr. Campbell stated that this item was referred by the full Council for review of the Executive Compensation Policy. He stated that Human Resources Director Tim Mayes will discuss this item in more detail. Mr. Mayes pointed out the "Discussion of Executive Compensation Policy" document (copy attached) that has been placed in front of the Committee. He stated that the purpose of the handout is to capture the key questions that were out on the table during the recent conversations about the compensation for the City Manager and the City Attorney. He said this is just a guide to set the framework. The second section of the handout is to lay out some data collection options, depending on which direction the Committee wants to go.

Chairman Cooksey reminded the Committee that they use an evaluation structure similar to how the Manager evaluates his direct reports. Mr. Mayes said the first question relates to questions raised during the past evaluation. The performance incentives, retirement contributions and stipends are sorts of things that are in the package now and there were some questions in the conversations about whether all those items should or shouldn't be in a package going forward.

Mr. Mayes said the second question has to do with how you value the total package. The City has a Human Resources philosophy that has been in place for quite some time that applies to the entire workforce. It's not explicitly stated that the philosophy applies to the Manager and the Attorney, but they have been moving along the path that they believed Council's intention was to have that philosophy apply to those two positions. Mr. Mayes pointed out that the philosophy is to look at the areas in which we recruit and look at what comparable positions pay, and try to tag where we should have our package in the middle of the road, or the median. That's been a long standing philosophy that Mr. Mayes thinks has worked well for the City.

Mr. Mayes said the last question relates to how the structure of the City Manager's compensation impacts the compensation for the positions that report to the City Manager. The City Manager has 14 Key Business Executives (KBEs) that report to him. Something to keep in mind as the Committee thinks about the Manager's compensation is that the market data indicates there are a number of KBE positions that, compensation wise, bump right up closely to where the Manager's package has been. Mr. Mayes also added that he felt confident that if the City were to have a vacancy in a couple of those KBE positions now, that the City would have to pay a package well beyond what the Manager's package currently is. Chairman Cooksey asked if the Committee had any questions on those three items that Mr. Mayes has listed out.

Kinsey: Who do we benchmark against? Was it the cities we were presented during the evaluation process?

Mayes: Yes. We look at the larger Council-Manager forms of government. We also provide other information about local non-profit agencies.

Cooksey: Mr. Walton, would you like to make any comments about the general subject of how you view compensation from your perspective of hiring and paying folks and other elements there.

Walton: I think over the last 7-10 years or so, we got into an over reliance on the bonus for the Manager and the Attorney. There were a couple of consequences to that. One, in both cases, we drifted too far from the median of our peer groups for Managers and Attorneys, and it gets really hard to catch up. Secondly, regarding the impact on the direct reports for the Manager, it does create a compression of people that were .5%, 1%, or 2% from the Manager. So, its impact for them, particularly, is when it's time to recruit. I think we would see significant jumps at that point. It will be hard for the person who is selected as the next Airport Director, for example, to come in at significantly higher level, but that is what it will take to recruit. We have several of those that are right there together. I don't have an issue with a KBE making more than the Manager if that is what the market bares, as long as we have a fair way of determining what that compensation should be from the beginning.

McCarley: I agree with everything that Mr. Walton said and I would add that in making comparisons for City Attorneys, at least on the national comparison, I would want to talk about taking out those City Attorney positions in strong Mayor cities, where the City Attorney turns over every 2 or 4 years and is basically a private practice attorney on a 2-year sabbatical from a firm. That attorney is planning to go back to a firm to make what they used to make. It's a more valid comparison to look at the City Attorney's position against other career positions.

Cannon: Does the timing of when one should get an increase have anything to do with your decision making process?

Walton: They are all at the same time of year.

Cannon: That is something that we, as a body, also need to factor in. What we didn't get into during the evaluation is where we were in terms of the time and whether or not what we were going to do was appropriate or not. I met with some area Mayors and Managers last week and they indicated they didn't get their increases and they were frozen because of the economic times. Personally, I don't have any angst toward the way the process is going itself when it comes to the actual packages.

Turner: I think it would be helpful to know, when we compare ourselves to the other Council-Manager forms of government, the responsibilities those City Managers have compared to ours. We also don't know the number of people they manage. The other thing I've struggled with over the years is when we compare ourselves with Raleigh. We pay our Manager way less compared to them. We should look at a way to get us at market level with a fair comparison of what the Manager's do for each City. What would it take to have better data to support a position to help us justify bringing our salary to pay grade, which is at the bottom, up to the level we think they should be? That's the kind of information I would want to see. If we had an opening for the

City Manager at the same time as Raleigh, the person would probably look at his odds and say, "I'll have more headaches in Charlotte and less money and fewer headaches in Raleigh and more money." Another thing that is very important to me is finding if the KBEs are at their right pay grade. I really struggle with being as far behind as we are.

Mayes: That's a good point with the scope of the job. One example is in Airports. You see Authorities out in larger cities for that major operation and the decisions, in many of the cases, don't rest with the City Manager. Looking at the responsibilities will help compare apples to apples.

Cooksey: That issue of comparing responsibility will be a tricky one to deal with. Raleigh has a Park and Recreation Department and we don't. Also, if I recall correctly, Greensboro runs their library system. Ultimately, one of the things I think we need to be driving towards for this, which I sense that we are lacking, is a clear policy directive that we look at when we are doing their evaluations each year.

Cannon: I agree. Also, I rarely weigh the comparative data in my decision making process. I look at all the previous Manager's and look at where we are. It was good to have that data, but Council didn't have set criteria that we were to judge them on to render the decision. It was more open ended discussion. If you are proposing that we charge Mr. Mayes to bring something back that we can use to have a more concrete way to evaluate the two positions, then I am all for that. Shouldn't we look at some kind of point system to guide us? That would allow us to figure out what margin of increase one would qualify for.

Mayes: Over time there have been different iterations of how this has worked. The feedback from Council a few years ago was to simplify the process. We used to have a rather elaborate point system and at that point, they said it was too complicated.

Cooksey: My perspective of that very complicated tool was that we really didn't use it after all. We walked through it and did it, but by the time we actually got to the meeting it wasn't really used.

Kinsey: I don't have a problem with how we are doing it now. I don't have a problem with what Council member Turner requested and I think it would be good information. I also don't mind some kind of general policy. I don't regard the Manager and the Attorney as being evaluated the same way they would evaluate people under them. He is our CEO. We have to have more flexibility. At the end of the day, it takes the political will of this body to make the right decision and not listen to others on the outside that will always complain about anything we do. I know our City Manager is under paid. I don't think we treat them the way they treat the people that report to them. We expect a lot from them and get a lot from them, and they should be compensated fairly.

Turner: I was hoping our objective would be to find a process that is fair, that would try to remove the political process, but more importantly, to find a way to evaluate if we are at market. If we can accomplish that part, you take a lot of political part out of it for now.

Cooksey: I think we can. The solution, in my mind, would be an adopted policy guideline statement that when the political element comes around, we can float to an adopted framework that the number fits in. Right now, my concern is the number appears to always be pulled out of the air. Yes, there will always be muttering from the media, but if we could have an adopted framework to point to, that would help eliminate some of the muttering. If the Committee is okay with the discussion we have had now, we could move this forward to a future agenda and I can get with Mr. Mayes and codify this conversation, codify some of the conversations Council has had at previous evaluations and start working on a draft policy framework to start looking at in the Committee.

Kinsey: I do not want a grid of where we should be. It's our decision and we should make it.

Cooksey: At the end of the day, it will still always be our decision. I would contend that none of us would want to be evaluated the way we evaluate our Manager and our Attorney. I think we should give Council members a framework to help make a decision, whether it's high or low, or good or bad. I think we could accomplish that in the next few months.

Cannon: I agree that it boils down to us making a decision. It would help to bring some order to the evaluation process.

Cooksey: That's what I'm going for. Just by the way of reference, it is our adopted policy that the Council salary goes up by the same percentage that we approve for the average City employee. However, this year we voted down that option. So, the ultimate decision is ours, but it would help to have policy guidance.

Cooksey: Is there anyone not content with the notion of seeking a policy framework for how the Council compensates the Manager and the Attorney?

Kinsey: I'm not sure how it will be different from what we are doing now, but I'm willing to give it a try. I don't know that I would approve it, but I don't want to stop going forward.

Cooksey: I'd like to clarify that I'm looking for something similar to the written statement that is made about Council's salary increase. It's not going to be written in stone and every Council member will ultimately have to vote on it, but right now there is nothing but the survey, and it doesn't give guidelines of how they ought to be paid.

Kinsey: So, you are talking about something very simple and not reinventing something?

Cooksey: That's correct, just some guidelines.

Kinsey: I'm willing to look at it.

Mayes: One of your challenges is the fact that you don't have to go out and hire a Manager and an Attorney all the time. It makes it difficult to know if your philosophy is working or not.

Cooksey: Well, I think we've given enough direction. Thanks for all the information and we

will put this topic on the next agenda. Let's move on to the next item.

II. Water/Sewer Rate Study

Mr. Campbell said that as the Committee knows the Water/Sewer Rate Study is in process and the referral was made by Council for it to be reviewed by this Committee. Today, the Committee will get a quick update on the status and where they are.

Barry Gullet said that the Committee received two presentations in their packets (copies attached) for information only and he was not planning to go through them. He said they are the materials they have used in their public meetings and their stakeholder advisory groups. Mr. Gullet explained that he had three goals for today's meeting; 1) to give an update, 2) get some feedback on the process, and 3) discuss the schedule for the Committee's involvement and how they move forward.

Mr. Gullet reminded the Committee that in the spring they were in the midst of the budget process and there were a lot of questions that were raised about the rate structure; the tiers, fixed fees, and charges for various services. Also, the City Code prescribes the methodology for establishing rates and so when they were going through the budget process, they made recommendations on the budget and rates that were consistent with that methodology. There were some requests to look at other options, which they did, but the guidance that was provided in the end was to "stick with the policy." Mr. Gullet went on to say that after considering the questions from Council and the customer base, they proposed to do this rate study. Since that time, they went through a selection process and hired an expert to help. The schedule is to have it finished up by February, so they have a methodology as they go into the budget process for this year. It's a fairly progressive project.

Mr. Gullet said another goal with the project was to get broad public involvement. With that, they established a public input process that involved a Stakeholder Advisory Committee that is made up of 14 people. There were 15 people, but one has since dropped out. There are 2 series of 5 public meetings. One of the series is already completed. The meetings were spread geographically across the county and the attendance was pretty poor. There were typically 2 to 4 citizens that attended, who weren't in some way involved in the project as a stakeholder. Mr. Gullet said they did get some valuable input and feedback from the public process. The plan going forward is to take that feedback, the feedback they have gotten from the Stakeholder Advisory Group and the feedback from staff, and the consultant will put together different rate scenarios that they will bring back to the next series of public meetings, to the stakeholder group, and to this Committee for additional feedback and evaluation. Out of that, should come a recommendation to forward to Council about what the rate methodology should be.

The next set of stakeholder meetings begin on October 26 and the Stakeholder Advisory Group will meet on October 25. That also puts a little conflict with coming back to this Committee. He stated that he wanted to see if the Committee would consider a schedule change so they can get the alternatives in front of the Committee before they go to the public.

Mr. Gullet began talking about the Stakeholder Advisory Group and said it includes a number of

neighborhood representatives, along with the Green Industry Council, the Latino community, and many others. There are a lot of diverse interests.

Kinsey: What neighborhoods are represented?

Gullet: We had McCrory Heights, Forest Ridge, Beverly Crest, Spring Park, Peninsula, and a lot of the folks on here are residents, as well as representing other industry segments.

Kinsey: I didn't hear any from District 1.

Gullet: We tried to balance this by keeping the size of the group manageable and having broad representation. We tried to pick neighborhoods that were representative of our customers, in terms of water consumption and socio-economic cross section. We didn't have enough slots to get every area represented.

Kinsey: What was the ratio between the neighborhoods and the other industry groups?

Gullet: A third of the stakeholders are neighborhood representatives and we have Frito Lay as an industrial customer, the River Keeper as an environmental advocate, a lady from the *Mahinta* newspaper, a representative from the Utilities Advisory Committee, Andy Munn from REBIC, a fellow from Huntersville that the towns suggested, the Peninsula, the Greater Charlotte Realtors Association, the Green Industry Council, Childress Klein as a property manager and one of our large irrigation customers and also Ken Szymanski from the Greater Charlotte Apartment Association. That's the makeup of the Stakeholders Group.

Cooksey: You are using the Sounding Board option, right?

Gullet: That's correct.

Cooksey: I think that factors into it as well. This is not a group we are going to get a recommendation from. How is the conversation with the group going?

Gullet: It's going very well. One of the things that we have asked them to do is to rate evaluation criteria that are used in the rate setting process. That includes things like economic development, affordability, conservation, and other customer impact type things. Also, implementation ability, in other words, how much of an administrative burden is it to administer. The feedback we have gotten is they rank economic development and conservation as the two highest evaluation criteria.

Cooksey: It's interesting the effort that will have to get done to make sure the two of them work hand-in-hand.

Gullet: That's one of the challenges of this process is that there are some conflicting goals and conflicting interests. We need to come out with a rate methodology that best fits. The consultants are now looking at things like the sewer cap and where it kicks in, what should or shouldn't be in the fixed charge, the tiers and how the costs of service are assigned to the various

tiers, how wide the tiers should be, and the impact of the lifeline rate and revenue stability of the tiers. They are also looking at irrigation rates and any changes that should be made there, the issue of drought surcharges, and bulk rates. We've heard a lot of input on gated communities and multifamily developments and how the tiers apply to them, both for domestic use and for irrigation use. Lastly, they are also looking at capacity fees and what it costs to establish service. The consultant is putting together blends of those things and will bring the different scenarios back and give us some comparative data about what happens to the water bill. Are there things that you as a Committee would like us to consider that you haven't heard and how do we bring that back to the Committee for feedback?

Kinsey: What is the lifeline rate?

Gullet: That's what we refer to as the tier 1 rate. It's a rate that is slightly less than our actual cost of providing the service, but it gives folks that use a small amount of water or on a tight budget, an opportunity to control their utility cost.

Kinsey: I like that and a lot of people need to be in that tier. I hope what we will eventually be able to do is keep our rates as low as possible, particularly for those that don't use as much. That might mean we have to back down on our expansion. Those people who use a lot of water should pay for it.

Gullets: One of the challenges we have with going through this rate methodology process is separating the methodology from the budget. Issues like expansion are really budget issues that impact the rates. The purpose of this project is once we set the budget how do we distribute that amongst our customers.

Cooksey: The next scheduled Committee meeting is in the middle of the second cycle of public forums at which rate structure options will be unveiled. Is it this Committee's concern to see those before the public does, which would require moving our next meeting up, or are you content with the current schedule?

Kinsey: Would the entire Council need to see it first?

Cannon: I think that depends on what's in it. You have to weigh public opinion on our behalf and your own. My recommendation is that Chairman Cooksey has an opportunity to look at it and then let us know if he thinks we need to get it ahead of time.

Cooksey: I don't think there would even be an opportunity for the full Council to see it because we don't have a meeting on October 25.

Cannon: I trust that if there is anything in there that we need to see then Curt Walton could get that to full Council as quickly as possible.

Gullet: We can send it to the full Committee in your packets before the public meeting. Keep in mind that our intent is not to make a recommendation at that point; it's just to show options.
Kinsey: We just have to be careful that Council doesn't read about in the newspaper.

After more conversation, it was decided by the Committee that the information should be sent out to the Committee members before the first public meeting in the Wednesday, October 20 Council packets. Chairman Cooksey then thanked Mr. Gullet for the information and asked to move on to the next agenda item.

(Council member Cannon left the meeting)

III. Technology Improvements at the Dais

Chairman Cooksey said this item is a loose end that is carrying over. A proposal was put before the City Clerk and County Clerk to take a look at some technology improvements at the dais to bring it more up to date. City Clerk Stephanie Kelly added that this originated with former Mayor McCrory and Chairwoman Jennifer Roberts. When Mayor Foxx was elected he asked the staff to resurrect this. She said that the County had been exploring it and allocated some money to possibly expand the use of Granicus, but because it is a joint effort, it would require work with the City, County and possibly the School Board.

Ms. Kelly said that Gina Shell and some of her staff has looked into the project and have had discussions with the County. Ms. Shell referenced the Granicus document that was in the Committee's packet (copy attached) and said that the County is now testing the IPads. She said the County still has the $89,000 set aside, but they have gone on realizing how expensive it was going to be to do the hardwire approach in the Chamber, so they started looking more into a digital system. They also started looking at their back office agenda process and their ability to present the agenda in a usable format, meaning they would be able to transfer the agenda to a tablet device and make it page flipped and indexed for easy access and use. Ms. Shell said the County has talked with Granicus and are learning about upgrades that might occur with the IPad. They have also put out an RFI and have vendors responding to that explaining what each one might be able to offer in that realm. She added that the County has invited City staff to sit in on the evaluation meetings and they do plan to be involved in that. They are also open to setting up the contract so that if the City decided at some point we wanted this, then we could piggy back on their contract. Chairman Cooksey asked for questions and comments from the Committee.

Kinsey: I'm not excited about this. I don't want to change the look of the Chamber with all the electronic devices. Also, as long as I'm on Council I have to have paper. I go cross eyed looking at the screens. I don't like electronic voting either.

Cooksey: The view the public has will look the same.

Campbell: This conversation started under the context of electronic voting and then we quickly realized when we started looking into it that it entailed a lot more than just some rearranging of the wires to accommodate electronic voting. The equipment that is already there is 20-25 years old and at the end of its natural life now and if we wanted to upgrade it, we would have to make significant changes under the dais. There is some structural hardwiring that would occur, but cosmetically, it would look the same.

Cooksey: The only appearance change would be where the Council sits and it would be one 5

inch monitor in front of them. I think we should just keep this as a "keep up posted" item for now, but as we get further into the budget season it will be relevant to make a decision on this.

Turner: Does it make us more efficient?

Cooksey: Well, that's where the fact that it started with electronic voting comes into play. I wouldn't want to be the one that has to keep up with our votes.

Turner: What's the benefactor for us?

Kelly: From the voting aspect, it will be very clear and leave very little doubt as to how each individual member votes. Sometimes it is difficult to tell, but it's a lot easier to get the Mayor to revisit that if there is a question. From an efficiency standpoint, I think it would allow the person presiding to actually keep the meeting flowing. It will help with the speakers, as well as within the Council members and who is to speak first and whose hand was up first.

Kinsey: I might consider this if it contains some method by which Council members can be cut off after 3 minutes. That's the only way we will be efficient.

Turner: I'd like to know if it's necessary to go to this magnitude. This is kind of like a wish list. You can do it as elaborate as you like. Could we minimize it and make what we do more efficient?

Cooksey: Or given that the hardware is coming to the end of its useful life, what's it going to take to redo what we have versus this?

Turner: We need something to compare this too.

Cooksey: The thing I appreciate with my tablet that I have is the movement towards wireless. When I see this document that talks about how much it is to restructure the dais and get a lot of wires in there, I don't know that that is where the future is. Everything is going wireless.

Campbell: The issue with the dais and the wires is the television aspect.

Cooksey: Yes, there would still need to be some connections for the media to broadcast us out, but there still should be fewer wires on the dais for our screens because we would have wireless tablets.

Walton: Is the need for dais reconstruction due to the hardware?

Shell: Yes and there is a lot more wiring that would need to happen within that structure than we might have realized at first, for this solution.

McMillan: Also, to project the votes and to project the agendas on to the screen so T.V. can then support it and show it to the public.

Cooksey: Well, let's continue the review on this based on today's conversations.

(Chairman Cooksey adjourned the meeting at 1:35 p.m.)

Restructuring Government Committee
Thursday, September 30, 2010
12:00 – 1:30 p.m.
Charlotte-Mecklenburg Government Center
Room CH-14

Committee Members: Warren Cooksey, Chair
Patrick Cannon, Vice Chair
Patsy Kinsey
James Mitchell
Warren Turner

Staff Resource: Eric D. Campbell

AGENDA

I. Executive Compensation Policy
Staff Resource: Tim Mayes
At the September 13, 2010 City Council meeting, a referral was approved for the Committee to review and consider an executive compensation policy for the City Manager and City Attorney. Staff will facilitate a general discussion of the topic.

II. Water/Sewer Rate Study
Staff Resource: Barry Gullet
At the April 14, 2010 City Council Budget Retreat, a referral was approved for the Committee to review the Water and Sewer Rate Study. Staff will provide an update of the Water and Sewer Rate Study Process.
Attachment: 1. Utility Rates Study Update.doc
2. August 25 Stakeholder Advisory Group.ppt
3. September 15 Public Meeting.ppt

III. Technology Improvements at the Dias
Staff Resource: Gina Shell
At the January 11, 2010 City Council meeting, a referral was approved for the Committee to review the technology enhancements currently being considered by the City Clerk's office. Staff has done a preliminary review of the proposed project to include required work and cost projections. Staff will review its findings with the Committee.
Attachment: 4. Granicus VoteCast Solution Cost Estimates.doc

Next Meeting: Thursday, October 28 at Noon in Room 280

Distribution:	Mayor & City Council	Curt Walton, City Manager	Leadership Team
	Mac McCarley	Bob Hagemann	Gina Shell
	Tim Mayes	Barry Gullet	Mickey Hicks

Utilities Rate Study Update

Restructuring Government Committee

September 23, 2010

- Purpose of project
- Project plan and schedule
- Stakeholder Advisory Group meetings
- Public focus meetings
- Rate methodology alternatives
- Questions?

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Charlotte-Mecklenburg
Utilities

Water and Sewer Rate Stakeholder Advisory Group Meeting #1

August 25, 2010

Agenda

1. Introductions and Overview
2. Purpose of the Stakeholder Advisory Group (SAG)
3. Overview of Rate-Setting Process
4. Existing Rates and Limitations to Rate Structure Alternatives
5. Next SAG Meeting and Meeting Schedule
6. Additional Q&A

Introductions

- Charlotte Mecklenburg Utility (CMU) staff
- Red Oak – John Mastracchio
- Magnolia – Meg McElwain
- Stakeholder Advisory Group Members

Stakeholder Advisory Group Mission

Mission. Advise Utilities project team on issues related to existing and alternative water and sewer rate methodologies by providing comments, ideas, opinions about various rate methodology priorities, impacts and other considerations.

The Stakeholder Advisory Group will serve as a sounding board for ideas and alternatives developed by Utilities.

Stakeholder Advisory Group (SAG) Purpose

- Provide opportunities for dialogue and input
- SAG's role is to focus on the rate structure
- More depth and discussion than will be covered at public meetings

Ground Rules

- Meeting rules
  - Come prepared with questions in mind
  - Enter into the discussion enthusiastically
  - Listen alertly and speak your mind freely
  - Provide constructive feedback and receive it appropriately
  - Indulge in friendly disagreement
  - Confine your discussion to the topic
  - Appreciate the other person's point of view
  - Don't monopolize the discussion
  - Take responsibility for the success of this committee
  - Interaction with the news media and constituents
- Achieving Consensus – May not get to consensus, rather we hope to get to a place that everyone can live with.

Overview of the Rate-Setting Process

Step 1 — Determine Revenue Requirements

How much revenue is needed to be generated from rates? (Financial Management Plan)

Step 2 — Evaluate Cost of Service

What does it cost to serve utility customers?

Step 3 — Design Rates, Fees, Charges

What rate design alternatives are available that satisfy the pricing objectives and needs?

Stakeholder Involvement Meetings

♦ Meetings

Water and Sewer Rate Structure Requirements / Guidelines

- Charlotte City Code
  - Specifies that the fixed customer service charge relates to providing basic service (meter reading, billing, etc.) of customers accounts.
  - Rates, fees & charges established based on the “water and sewer rate methodology” documents

Water and Sewer Rate Structure Requirements / Guidelines

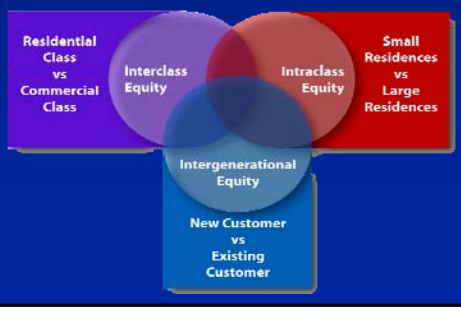
- NC Statutes (Ch 160A-314)
  - Rates and charges may vary according to:
    - Class of service.
    - Whether the property served is residential, commercial or industrial, the property’s use or the size of the property.
- NC Statutes (Ch 143-355.2)
  - Water conservation measures for drought
    - Tiered levels of water conservation measures corresponding to increased severity of the drought

Water and Sewer Rate Structure Requirements / Guidelines

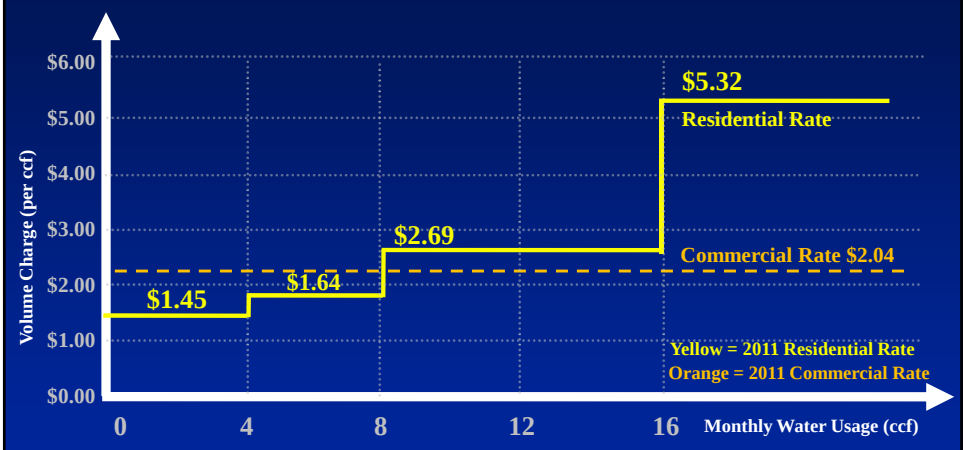
- Agreements with City, County, Towns
  - Prohibits different rates between inside/outside corporate limits
  - Requires the same utility policies apply to customers in all jurisdictions
- Catawba Basin Low Inflow Protocol
  - Drought response plan requires Utilities to have water conservation plans

Water and Sewer Rate Structure Industry Guidelines

- Rates designed based on a cost – causality relationship
- Rates should be reasonable, rational and avoid unjust price discrimination



Water Conservation Rate Structure



Description of Existing Rates – Rate History

- 1977 Original Rate Methodology established.
- 1993 Tiered Water Rates and Residential Sewer Cap was added
  - 3 tiers consisting of a base rate, excess use rate, and a peak demand rate
  - Water usage above a certain level not charged for wastewater

Description of Existing Rates – Rate History

- 2001 Water Rate Adjusted to be More Conservation Oriented
  - Adjusted usage block cut offs
  - Increased the rates in the excess use and peak demand blocks
- 2008 Four-Tiered Water Rate Adopted
  - 4th tier rate for monthly usage over 16 ccf

Existing Water and Sewer Rates

	FY11 Effective 7/1/10
	1 ccf = 100 cubic feet = 748 gallons
Water Rates	
Fixed Charge (per month)	$2.40
Residential Volume Charges (per ccf)	
Tier 1: 0-4 ccf	1.45
Tier 2: 4-8 ccf	1.64
Tier 3: 8-16 ccf	2.69
Tier 4: 16+ ccf	5.32
Non-Residential (per ccf)	2.04
Wastewater Rates	
Fixed Charge (per month)	2.40
Volume Charge (per ccf)	4.31

For industrial customers, other charges may apply

Elements of the Existing Rate Structure

- Fixed fee relates to providing basic servicing of customer accounts (per City Code)
- Variable rate tiers apply to usage by residential customers
  - Based on cost to provide service
  - Additional conservation incentive in tier 3 and tier 4
- Non-residential rate is a uniform rate that applies to usage by commercial customers

Elements of the Existing Rate Structure

- Irrigation rate applies to usage through irrigation meters
  - Usage is billed beginning with tier 3 rate, progresses to tier 4
  - No sewer charges
- Bulk Water rate applies to bulk customers (York County, Concord)
  - All usage is billed at tier 3 rates
- Sewer Rate is applied to the volume of water used
  - Residential charges are capped at 24 ccf / month

Other Fees & Charges

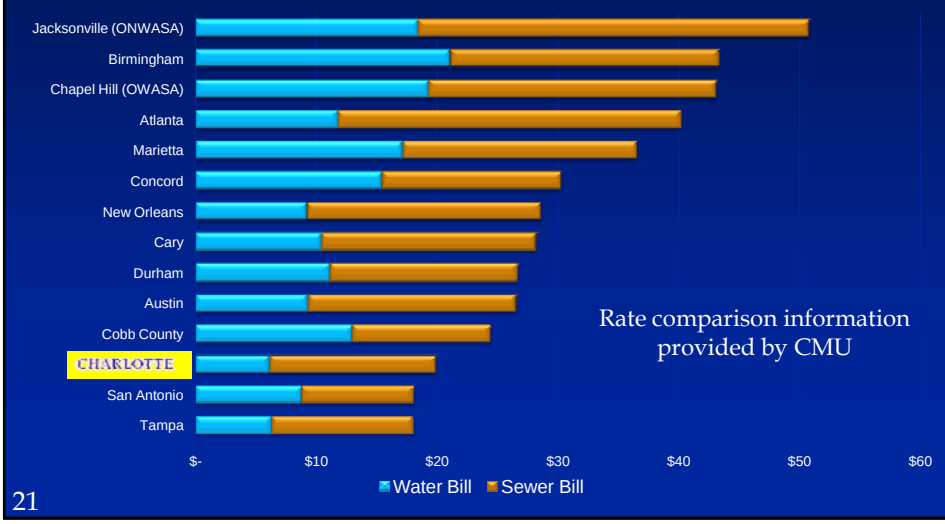
- Capacity Fee is one-time charge for new customers
  - Based on cost to "buy-in" to system
- Connection Fee is one-time charge for installing new service
  - Recovers actual cost to install connection
- Industrial waste fees/charges are related to extra costs to treat high-strength sewage
- Delinquency fee ($45) is assessed for late payment
- Reconnection fee ($32) is to restore previously existing service
- Other minor fees and charges

Capacity and Connection Fees

Service	Water Connection	Water Capacity	Sewer Connection	Sewer Capacity	Total
¾" Residential	$1,740	$425	$2,369	$1,633	$6,167
1½" Commercial	$6,385	$2,125	$2,369	$8,165	$19,044
4" Large Commercial	$13,063	$10,625	$2,369	$40,825	$66,882
¾" Irrigation Meter (split SVC)	$705	$425	N/A	N/A	$1,130

FY10 Comparison to Other Cities

3 ccf Customer Bill Comparison
Approx. 27% of residential bills at or below 3 ccf

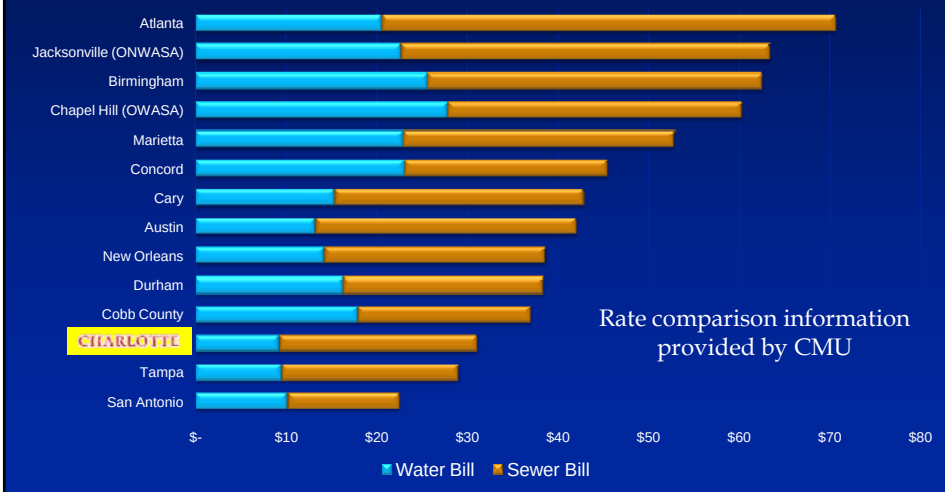


Rate comparison information provided by CMU

21

FY10 Comparison to Other Cities

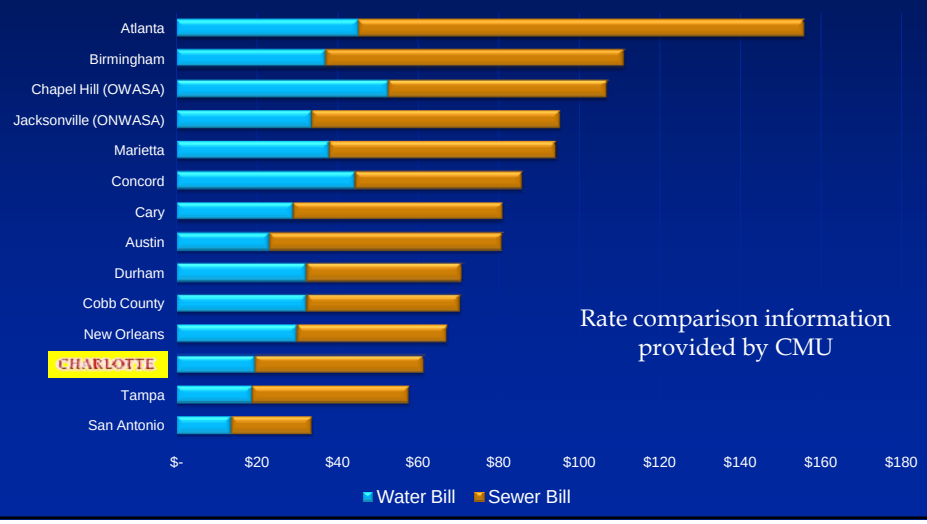
5 ccf Customer Bill Comparison
Approx. 49% of residential bills at or below 5 ccf



Rate comparison information provided by CMU

FY10 Comparison to Other Cities

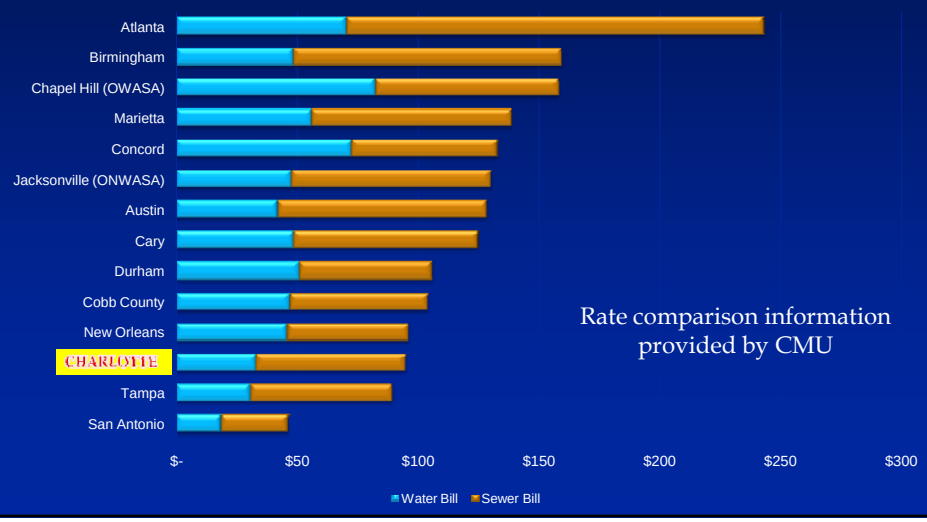
10 ccf Customer Bill Comparison
Approx. 84% of residential bills at or below 10 ccf



Rate comparison information provided by CMU

FY10 Comparison to Other Cities

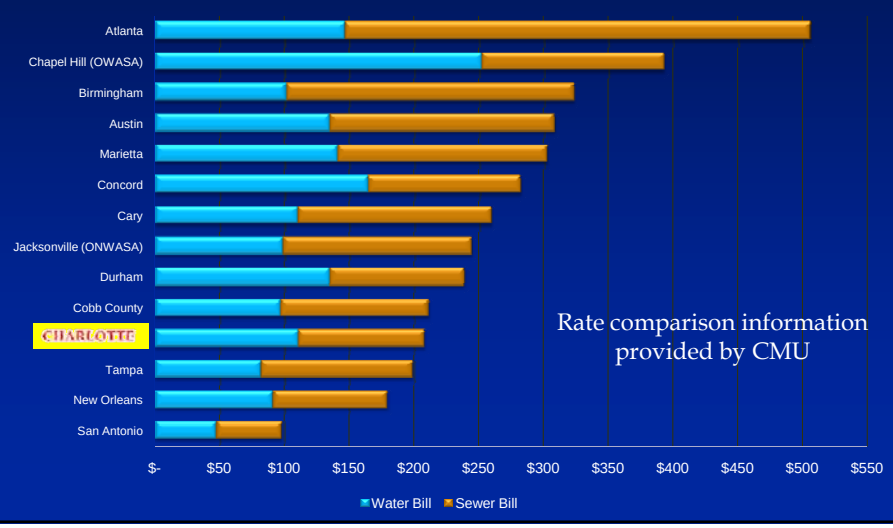
15 ccf Customer Bill Comparison
Approx. 94% of residential bills at or below 15 ccf



Rate comparison information provided by CMU

FY10 Comparison to Other Cities

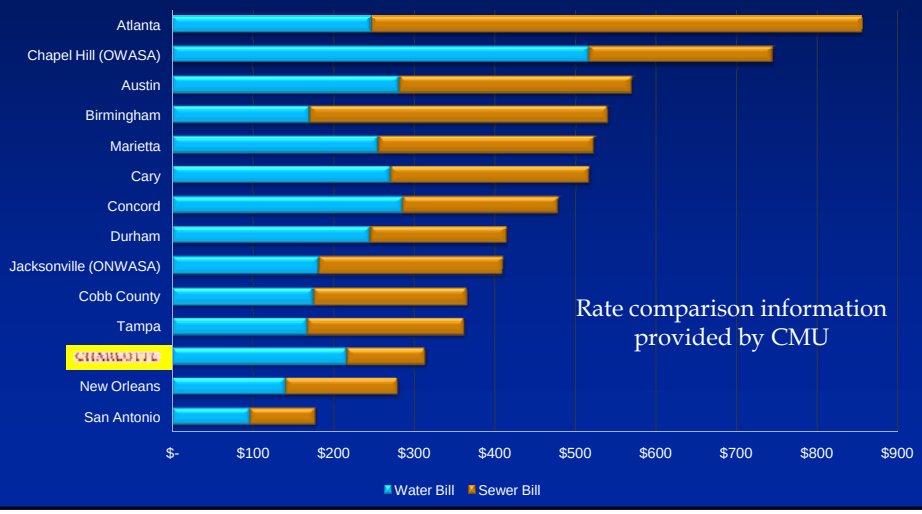
30 ccf Customer Bill Comparison
Approx. 99% of residential bills at or below 30 ccf



Rate comparison information provided by CMU

FY10 Comparison to Other Cities

50 ccf Customer Bill Comparison
Approx. 99.7% of residential bills at or below 50 ccf



Rate comparison information provided by CMU

Next Meeting – Input Requested from the SAG

- What are the most important criteria that CMU should consider in evaluating existing and alternative rate structures?
- What issues, concerns, suggestions does the SAG have pertaining to the existing rate structure?

Rate Evaluation Framework

1. Identify criteria for evaluation of existing water and sewer rates
2. Using the evaluation criteria, develop list of alternative rate structures / approaches for consideration
3. Assist in selection of a short-list of alternatives for further consideration selection

Example Evaluation Criteria

- Impact on revenue stability
- Low income affordability
- Price / cost of water for essential usage
- Impact on conservation / peak usage
- Impact on rates due to customer growth
- Fairness / equity of the rates
- Impact on economic development
- **Others?**

SAG Meeting Schedule

Meeting No.	Date/Time	Purpose
1	Wed, August 25, 6-7 pm	Introduction, purpose, discuss existing rate structure
2	Wed, Sept 22, 6-8 pm	Identify and discuss rate evaluation criteria, discuss public meeting input
3	Mon, Oct 25, 6-8 pm	Present and discuss potential rate structure alternatives
4	Wed, Nov 17, 6-8 pm	Post public meetings debrief, discuss rate structure alternatives

Meetings will be held at the Environmental Services facility, located at 4222 Westmont Drive, unless otherwise specified.

Questions/Discussion

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Charlotte-Mecklenburg
Utilities

Public Meetings
Water & Sewer Rate Study

Series #1

September 14-21, 2010

Agenda

1. Introduction, Overview and Purpose	5 min
2. Public Input and Ground Rules	5 min
3. Rate Setting Process Overview	5 min
4. Summary of Existing Rates	10 min
5. Public Comments	60 min
6. Public Meeting Schedule	5 min

Introductions

- Charlotte Mecklenburg Utilities staff
- Red Oak – John Mastracchio
- Magnolia – Meg McElwain

Purpose of the Public Meetings

Provide opportunities for public input, comments, ideas, and feedback regarding the existing water and sewer rate structure, as well as potential rate structure alternatives that will be developed and considered by Utilities.

Public Comment Ground Rules

During the public input period, members of the public can approach the podium and provide oral comments

- If you would like to speak, please sign in on the public comment sign-in sheet
- Maximum time allotment for oral comments per person is 3 minutes
- Relevant comments only
- Please be respectful of the presenters and those providing public comments.

Several Opportunities to Provide Input

- Round 1 Public Meetings:
  - Present and describe the existing rates
  - Receive public input on issues, concerns and questions related to the existing rates
- Round 2 Public Meetings:
  - Present and describe potential alternatives to the existing rates
  - Receive public input and feedback pertaining to the potential alternative rates

Public Meeting Schedule

NORTH

Wednesday, September 15 at 6pm

Thursday, October 28 at 6pm

Lee Dukes Water Treatment Plant
7980 Babe Stillwell Road
Huntersville, NC 28078

SOUTH

Thursday, September 16 at 6pm

Wednesday, November 3 at 6pm

South County Regional Library
5801 Rea Road
Charlotte, NC 28277

Public Meeting Schedule

EAST

Tuesday, September 21 at 6pm

Thursday, November 4 at 6pm

Hickory Grove United Methodist Church
6401 Hickory Grove Road
Charlotte, NC 28215

WEST

Tuesday, September 14 at 6pm

Tuesday, October 26 at 6pm

Clanton Pavilion in Clanton Park
3132 Manchester Avenue
Charlotte, NC 28217

Public Meeting Schedule

CENTRAL

Wednesday, September 15 at Noon

Wednesday, October 27 at 6 pm

Charlotte-Mecklenburg Government Center
600 East Fourth Street
Charlotte, NC 28202

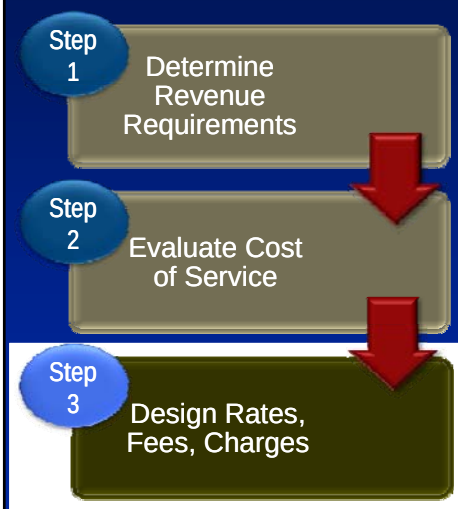
Stakeholder Involvement Meetings

♦ Meetings

Methods of Providing Public Comments

- Oral comments at public meetings
- Written comments using comment cards at each meeting
- Internet comments in the 'rate study' section at www.cmutilities.com.

Overview of the Rate-Setting Process



What does it cost to run the utility and pay for capital projects?

Which costs are associated with which types of customers?

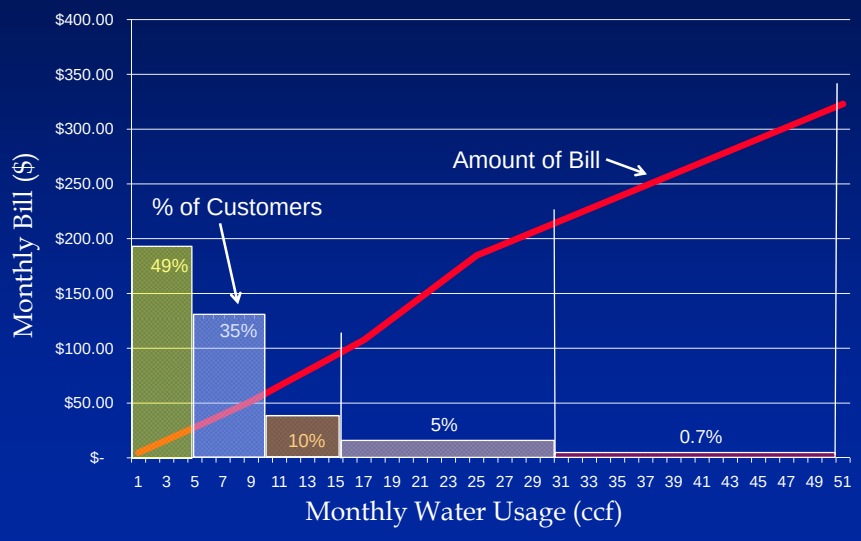
How are customers billed to recover costs of the service they use?

Project Framework

1. Evaluate existing rate structure
2. Develop alternative rate structures
3. Evaluate alternatives
4. Recommend a rate structure for Council approval

Existing Water Conservation Rate Structure

Combined Water/Sewer Bill



Existing Water and Sewer Rates

	FY11 Effective 7/1/10
	1 ccf = 100 cubic feet = 748 gallons
Water Rates	
Fixed Charge (per month)	$2.40
Residential Volume Charges (per ccf)	
Tier 1: 0-4 ccf	1.45
Tier 2: 4-8 ccf	1.64
Tier 3: 8-16 ccf	2.69
Tier 4: 16+ ccf	5.32
Non-Residential (per ccf)	2.04
Wastewater Rates	
Fixed Charge (per month)	2.40
Volume Charge (per ccf)	4.31

For industrial customers, other charges may apply

Existing Rate Structure

- Fixed Fee
  - Covers the cost of meter reading and billing
- Volumetric Rates
  - Charge for volume of water used
  - 4 Tiers for residential / Uniform rate for commercial
  - Sewer bill is based on amount of water used
- Irrigation Rate
  - Applies to separate irrigation meters
  - Starts at Tier 3

Other Fees & Charges

- Industrial waste fees/charges
  - Recover costs to treat high-strength sewage and monitor permits
- Capacity Fee
  - One-time fee to “buy-in” to system
- Connection Fee
  - One-time fee for installing new service based on actual construction costs
- Other minor fees and charges
  (e.g. delinquency and reconnection fees)

Capacity and Connection Fees (FY11)

Service	Water Connection	Water Capacity	Sewer Connection	Sewer Capacity	Total
¾" Residential	$1,740	$440	$2,375	$1,745	$6,300
1½" Commercial	$6,385	$2,200	$2,375	$8,725	$19,685
4" Large Commercial	$15,033	$11,000	$2,375	$43,625	$72,033
¾" Irrigation Meter (split SVC)	$843	$440	N/A	N/A	$1,283

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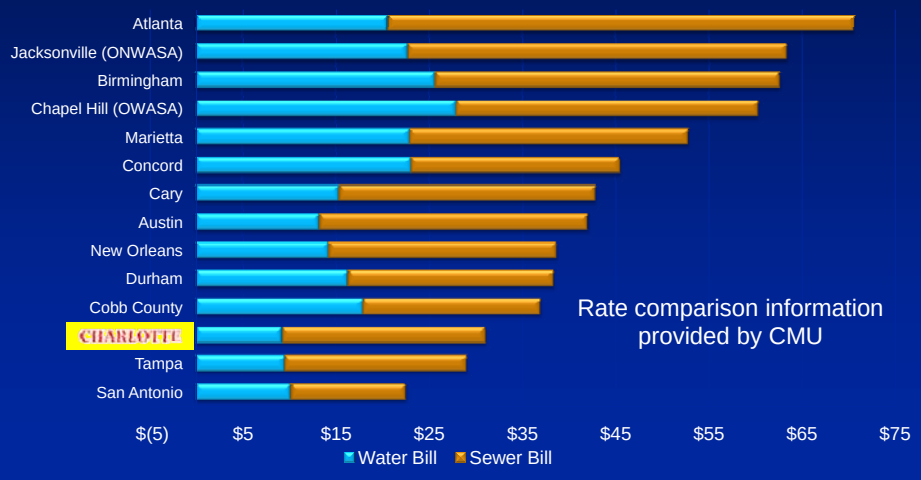

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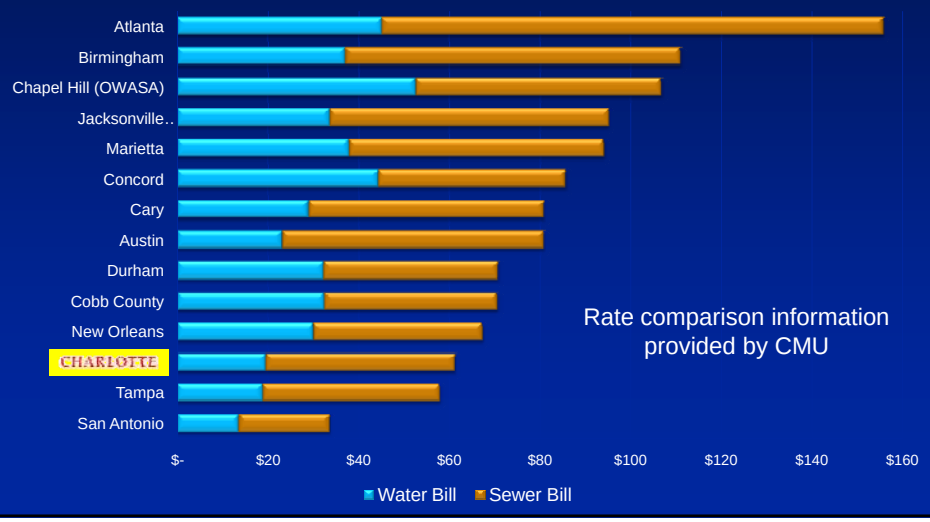

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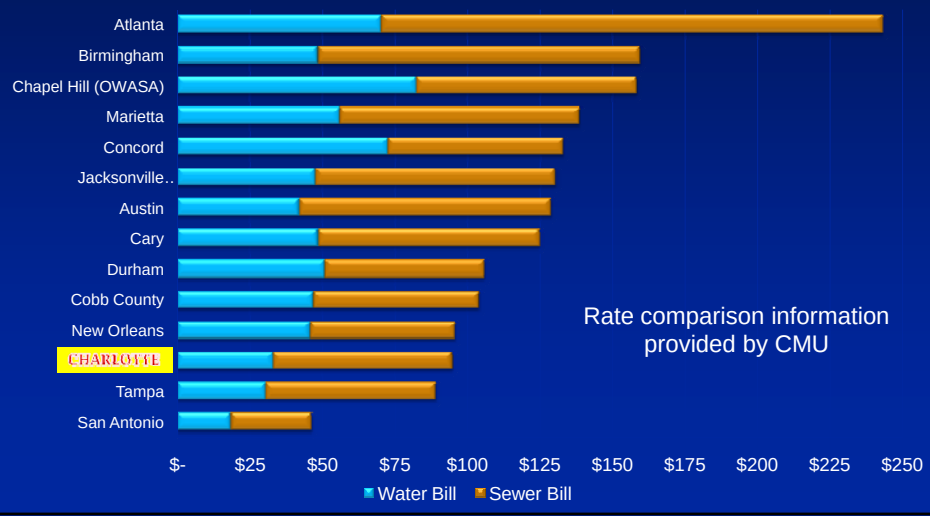

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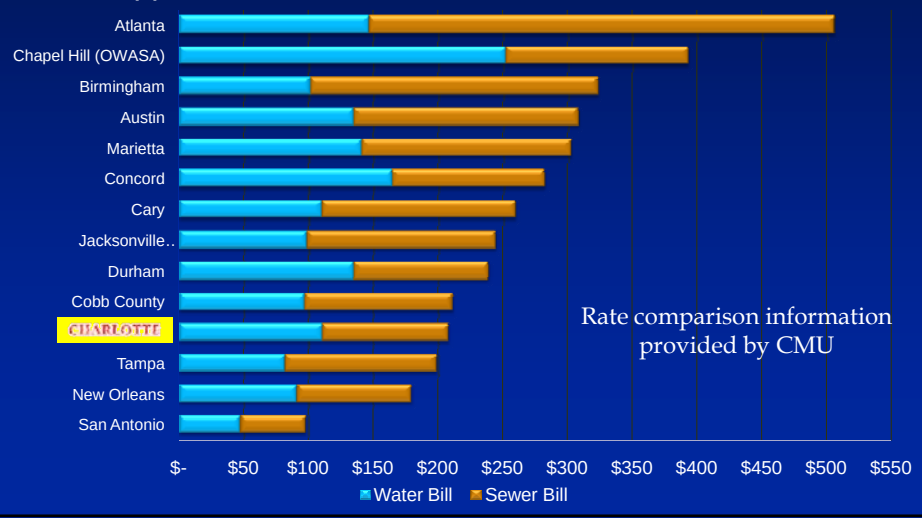

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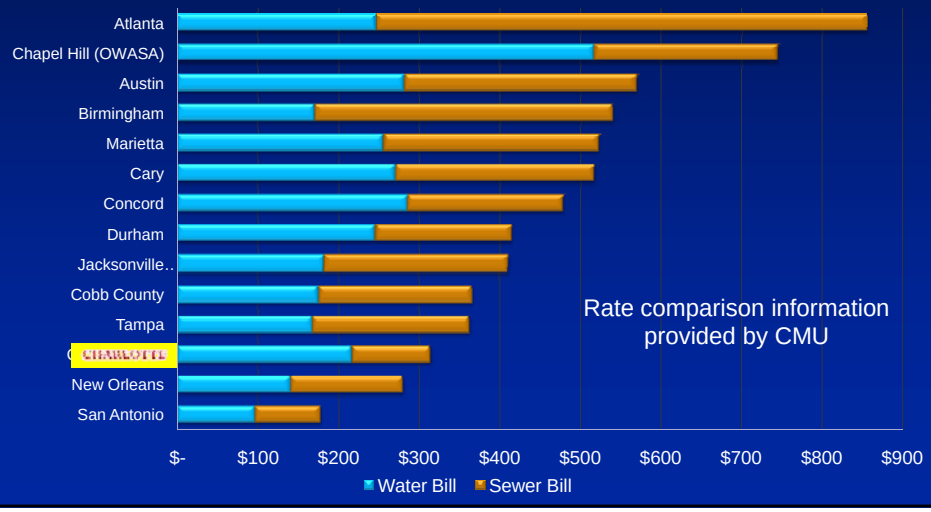

Public Input -

1. What factors are most important for Utilities to consider about existing and alternative rate structures?
2. Should costs of expanding and replacing infrastructure be recovered through fixed fees, volumetric charges, or a combination?
3. How should the cost of building facilities to serve new customers be paid for under the rate structure?

Public Input -

4. What should be included in the monthly fixed service charge vs. the usage rate?
5. How should water and sewer affordability be considered in the rate structure?
6. What issues, concerns, suggestions do you have about the existing rate structure?

Public Comment Period

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Utilities

Thank you

"Granicus" VoteCast Solution: Conceptual Cost Estimates

Prepared for City Council "Restructuring Government" Committee September 30, 2010

Current Granicus Contract: Webstreaming

- Produces live and on-demand webcasts of Council meetings
- Webcasts are downloadable as podcasts
- Webcasts are archived, linked to agenda items, searchable by keyword
- Closed-captioning and RSS feeds are available
- All Channel 16 programming is available via the video portal

Currently City, Mecklenburg County, CMS have separate contracts for services with Granicus

Current City Cost: $20,000/year + hardware replacement as needed

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Additional Granicus Services: Electronic Voting, Minutes Automation

- New CPU's and touch-screen monitors, individually controlled, installed in Chamber dais
- Agenda, all supporting documents, presentations, etc., available on Council member screens
- Capacity for automated queuing of speakers and digital voting, visible to Chamber audience
- Automates document flow, recording of actions and votes, integration with webcast

Cost Estimates

	Cost Year 1	Cost Years 2 thru X
"Granicus" System & Services* (Hardware, Software, License, Training, Upgrades, Installation, Maintenance)	$ 225,000	$ 35,000
Security Software	$ 15,000	$ 5,000
Additional Hardware for Chamber** (Purchase & Installation: Large LED Monitors, Speakers, Booth Equipment, Microphones, Lights)	$ 50,000 - $ 150,000	
Cabling/Electrical	$ 50,000	
Dais Reconstruction	$ 130,000 - $ 150,000	
Technical Staff Support/Project Management	$ 20,000	$ 10,000
Hardware Refresh (4-year cycle)		$ 10,000
TOTAL	**$ 490,000 - $610,000**	**$ 60,000**

*"Granicus" system estimates are used here, but a competitive procurement process would be likely

**Some hardware will require replacement within the next several years regardless of current system decision

Project Considerations

- Summer 2011 earliest date feasible to plan, design, bid, schedule trades work, etc.
- Will require closure of Chamber for 2 months
- Coordination/Cost-sharing with Mecklenburg County and CMS
- Availability of technology may increase demand for utilization of Chamber

Update from Mecklenburg County

- Mecklenburg County staff is exploring the implementation of a digital system for creating and distributing the County Commission agenda.
- The system would provide the County Commission agenda in a format other than a website pdf, such as e-book or digital reader format, with indexed content and page flip viewing capacity.
- This type of solution would not require dais reconfiguration.
- The County is open to conducting a procurement process that could meet City needs for these capacities if or when the City decides to pursue the capacities.

Discussion of Executive Compensation Policy

Restructuring Government Committee

September 30, 2010

Key Questions

1. What should comprise the compensation packages (base pay, performance incentives, retirement contributions, stipends) for the City Manager and City Attorney?

2. Is benchmarking with the median value of compensation packages for comparable positions appropriate?

3. How does the structuring of the compensation package for the City Manager impact the compensation for positions that report to the City Manager?

Compensation Data Collection Options

1. Continue to utilize the following data compiled by Human Resources

   - Base pay and total compensation for Executive Directors of local non-profit organizations, the Mecklenburg County Manager and the Charlotte-Mecklenburg Schools Superintendent
   - Base pay and total compensation for City Manager and City Attorney positions in the ten largest Council-Manager cities in the country
   - Base pay and total compensation for City Manager and County Manager positions in North Carolina
   - Base pay and total compensation for City Attorney and County Attorney positions in North Carolina

2. Retain compensation consulting firm to evaluate executive compensation policy and prepare white paper (Anticipated cost would be $10 – 15k)

3. Human Resources staff meet with human resources executives of local companies to gather observations and suggestions