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## INFORMATION:

### **April 29 – BIKE!Charlotte Bike to Breakfast Ride**

*Staff Resource: Ken Tippette, CDOT, 704-336-2278, [ktippette@charlottenc.gov](mailto:ktippette@charlottenc.gov)*

City Council is invited to bring a bicycle and helmet to join Mayor Jennifer Roberts for the annual Mayor's Bike to Breakfast Ride. The ride will begin at 7:45 a.m. on Friday, April 29, 2016, in the parking lot behind the Dowd YMCA at 400 East Morehead Street. Mayor Roberts will lead all participants on a bike ride to a free breakfast in the Government Center plaza. For those unable to participate in the ride, the breakfast will begin at 8:00 a.m. in the CMGC plaza.

This popular event is the kickoff for the BIKE!Charlotte series of bicycle related activities promoting awareness of the bicycle as a healthy, efficient, and environmentally friendly means of transportation. By offering a wide range of events from short family rides to high speed races, BIKE!Charlotte appeals to a wide variety of riders and those who do not currently bicycle but would like to learn more about how to ride safely.

For more information, visit: <http://bikecharlotte.org/>

### **May 1 – Open Streets 704 Activities and Parade**

*Staff Resource: Scott Curry, CDOT, 704-432-2648, [spcurry@charlottenc.gov](mailto:spcurry@charlottenc.gov)*

*Linda Durrett, CDOT, 704-336-3902, [ldurrett@charlottenc.gov](mailto:ldurrett@charlottenc.gov)*

City Council members are invited to bring bikes, walking shoes, rollerblades or skateboards and join in Charlotte's first Open Streets 704 event on Sunday, May 1 from noon to 4 p.m. The event will connect the North Davidson Arts District (NoDa) to Cordelia Park, Uptown, First Ward Park, Little Sugar Creek Greenway, and Memorial Stadium.

The Open Streets 704 event will begin with a parade at noon, leaving from the 7<sup>th</sup> Street bridge (near the intersection of 7<sup>th</sup> Street and Kings Drive). The parade will proceed along the activity route to the intersection of North Davidson Street and 36<sup>th</sup> Street. Larry Sprinkle, long-time WCNC weather anchor will be the grand parade marshal.

For more information on event activities and a map of the route, visit:

<http://openstreets704.com/route/>

### *Background*

Open Streets events temporarily close streets to automobile traffic so that people may use them for walking, bicycling, dancing, playing, and meeting their neighbors. Open Streets festivals currently take place in more than 100 cities across North America. These events typically are held on Sunday afternoons when traffic volumes are minimal. Open Streets programs have proven to be successful at achieving goals related to recreation, public health,

active transportation (walking and biking), and community building. This event is funded by the Knight Foundation.

### **FY15 Airport Annual Report and CY15 Report of Achievement**

*Staff Resources: Brent Cagle, Aviation, 704-359-4035, [bdcagle@cltairport.gov](mailto:bdcagle@cltairport.gov)*

*Randy Harrington, Management & Financial Services, 704-359-5013, [rharrington@charlottenc.gov](mailto:rharrington@charlottenc.gov)*

Charlotte Douglas International Airport has completed its FY15 comprehensive Annual Report. The FY2015 Annual Report was a collaborative effort between the Aviation Department and the Department of Management & Financial Services. The goals of the Annual Report are to provide comprehensive audited financial statements for Fiscal Year 2015 and a review of the significant events and milestones.

The Annual Report provides an enhanced level of transparency of Airport financial operations and other airport operational metrics, which are accessible and can be used by the public, media, airline business partners, governmental agencies, the investment community, rating agencies, and other interested stakeholders. The full report is attached below.

As described in the attached Annual Report, the Airport enjoyed another strong year both operationally and financially, including:

- The number of enplaned passengers grew for the twelfth consecutive fiscal year, reaching approximately 22.2 million;
- The total number of local and visiting passengers grew by 6.8% to 5.8 million from FY 2014;
- Post-merger, American Airlines (92% overall market share) continues to expand service to new domestic cities;
- CLT provided direct service to 154 destinations throughout North America, Europe, Central America, and the Caribbean during FY2015;
- Several key construction projects concluded in FY15, including the Hourly Parking Deck, Consolidated Rental Car Facility, Business Valet Deck, Airport Entrance Road, and West Terminal Expansion.
- The Airport continued to provide a business friendly operating environment for the airlines at a low cost per enplaned passenger of \$1.33; and
- Airport operating revenues increased \$8.9 million to \$193.7 million in FY 2015 led by strong increases in parking and concession revenues.



FY2015 Annual  
Report (Final).pdf

Charlotte Douglas International Airport has also completed its calendar year 2015 Report of Achievement. The report is attached below. While the Annual Report focuses on financial information, the goal of the Report of Achievement is to provide a comprehensive review of Airport programs and accomplishments, such as:

- The launch of Destination CLT, a 10-year capital development program to meet existing and future demand;
- New passenger experience initiatives and customer service programs, including CLT’s Canine Crew, a new Mother’s Room, and “TLC from CLT”;
- New concessions and retail venues;
- Community Relations initiatives, including neighborhood meetings, the Airport Community Job Fair and the 9th Annual Runway 5K Run;
- Airport accolades and awards; and
- Airport partner accolades, accomplishments and community Relations.



CLT Report of Achievement 2015\_0

Hard copies of the FY15 Annual Report and the CY15 Report of Achievement will be available next week upon request.

#### **ATTACHMENTS:**

##### February 29 Budget Committee Summary



February 29 Budget Committee Summary I

##### March 21 Budget Committee Summary



March 21 Budget Committee Summary I

##### April 11 Budget Committee Summary



April 11 Budget Committee Summary I



CLT

Charlotte Douglas  
International Airport

Annual Report

For The Years Ended June 30, 2015 and 2014



Charlotte-Douglas<sup>®</sup>  
INTERNATIONAL AIRPORT



CHARLOTTE.

OWNED AND OPERATED BY  
THE CITY OF CHARLOTTE



# Annual Report





# Charlotte Douglas

## International Airport

### Annual Report

June 30, 2015 and 2014

### Mayor and City Council

Jennifer W. Roberts, *Mayor*

Vi Lyles, *Mayor Pro Tem*

Julie Eiselt, *Council At-Large*

Claire Fallon, *Council At-Large*

James Mitchell, *Council At-Large*

Patsy Kinsey, *District 1*

Al Austin, *District 2*

LaWana Mayfield, *District 3*

Greg Phipps, *District 4*

John Autry, *District 5*

Kenny Smith, *District 6*

Ed Driggs, *District 7*

### City Manager's Office

Ron Carlee, *City Manager*

Ron Kimble, *Deputy City Manager*

Randy Harrington, *Chief Financial Officer*

### Aviation Department

Brent Cagle, *Aviation Director*

Michael Hill, *Assistant Aviation Director - Finance*



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# Introductory Section

# Message From the Aviation Director and the City of Charlotte Chief Financial Officer



**Brent Cagle**  
*Aviation Director  
Charlotte Douglas  
International Airport*



**Randy Harrington**  
*Chief Financial Officer  
City of Charlotte*



April 14, 2016

Honorable Mayor, City Council and City Manager:

We are honored to present the Charlotte Douglas International Airport Annual Report (an enterprise fund of the City of Charlotte, North Carolina) for the fiscal years ended June 30, 2015 and June 30, 2014. The financial statements in this report are prepared and presented in conformity with the Generally Accepted Accounting Principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

To the best of our knowledge, we believe this report to be accurate in all material respects and reported in a manner designed to present the financial position and results of the City of Charlotte, Charlotte Douglas International Airport Enterprise Fund.

Management's Discussion & Analysis (MD&A) begins on Page 25 and provides a narrative introduction, overview and analysis of the Financial Statements and Notes. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

# FY 2015 Highlights

FY 2015 was another exciting year at Charlotte Douglas International Airport! Financially, revenues exceeded FY 2014 actuals by 4.8% led by strong increases in parking and concession revenues; operationally we experienced another year of enplanement growth at 1.0% overall and 6.8% from origination and destination enplanements (O&D). American Airlines, the world's largest carrier and our largest airline, added five new domestic destinations and increased service to one international destination while expanding service in existing markets. Frontier Airlines increased its service from Charlotte with new routes to Philadelphia and Washington, DC. Via Air began seasonal service to Myrtle Beach, SC, and Beckley, WV.

Several key construction projects concluded in FY 2015. We opened the Hourly Parking Deck, which is located across from the Terminal, in time for the holiday travel rush. In April 2015, the Consolidated Rental Car Facility began providing efficient access for travelers to the region allowing for passengers to pick up and drop off their rental cars inside the deck. These two projects, along with the completion of the Business Valet Deck II, the Airport Entrance Road Project and the West Terminal Expansion represent the completion of CLT 2015, a construction initiative that began in 2006 and included \$1.5 billion of projects. We view this investment in our facilities as part of an on-going effort to achieve our Vision and Mission.



While providing enhanced services and facilities, management is also focused on the revenue generating opportunities these new facilities will provide. The City and Airport realize the importance of maintaining strong financial metrics. As part of our development efforts this year we started utilizing financial metrics, which allow management to evaluate all project costs and funding mechanisms.

Furthermore, management began negotiating a new Airline Use Agreement (AUA) in 2015, which will significantly modernize the terms and conditions of the existing AUA that was signed in 1985 while maintaining many of the terms and conditions that have led to the strong partnership we enjoy with our signatory carriers. The new AUA will also provide the financial protections that rating agencies and bondholders desire. Signatory carriers in negotiations include American Airlines, Delta Air Lines, JetBlue Airways, Southwest Airlines and United Airlines. We believe this new agreement will position us well for the future.

## Vision

We will serve as an economic engine of the Carolinas, facilitating the movement of people and goods, creating jobs and enterprise and sustaining a higher quality of life.

## Mission

We will be the preferred airport and airline hub by providing the highest quality product for the lowest possible cost.



# Profile of the Reporting Entity



Charlotte Douglas International Airport (CLT or the Airport) is strategically located in the U.S., a two-hour flight from 60% of the nation's population and within a thriving regional economic center. The Airport is one of the busiest in the nation, serving approximately 44.4 million passengers in FY 2015. CLT ranks as the 8th busiest in the nation and 24th busiest in the world according to Airports Council International's calendar year 2014 traffic summary. The Airport is owned by the City of Charlotte, North Carolina (the City) and operated by the City of Charlotte Aviation Department (Aviation Department).

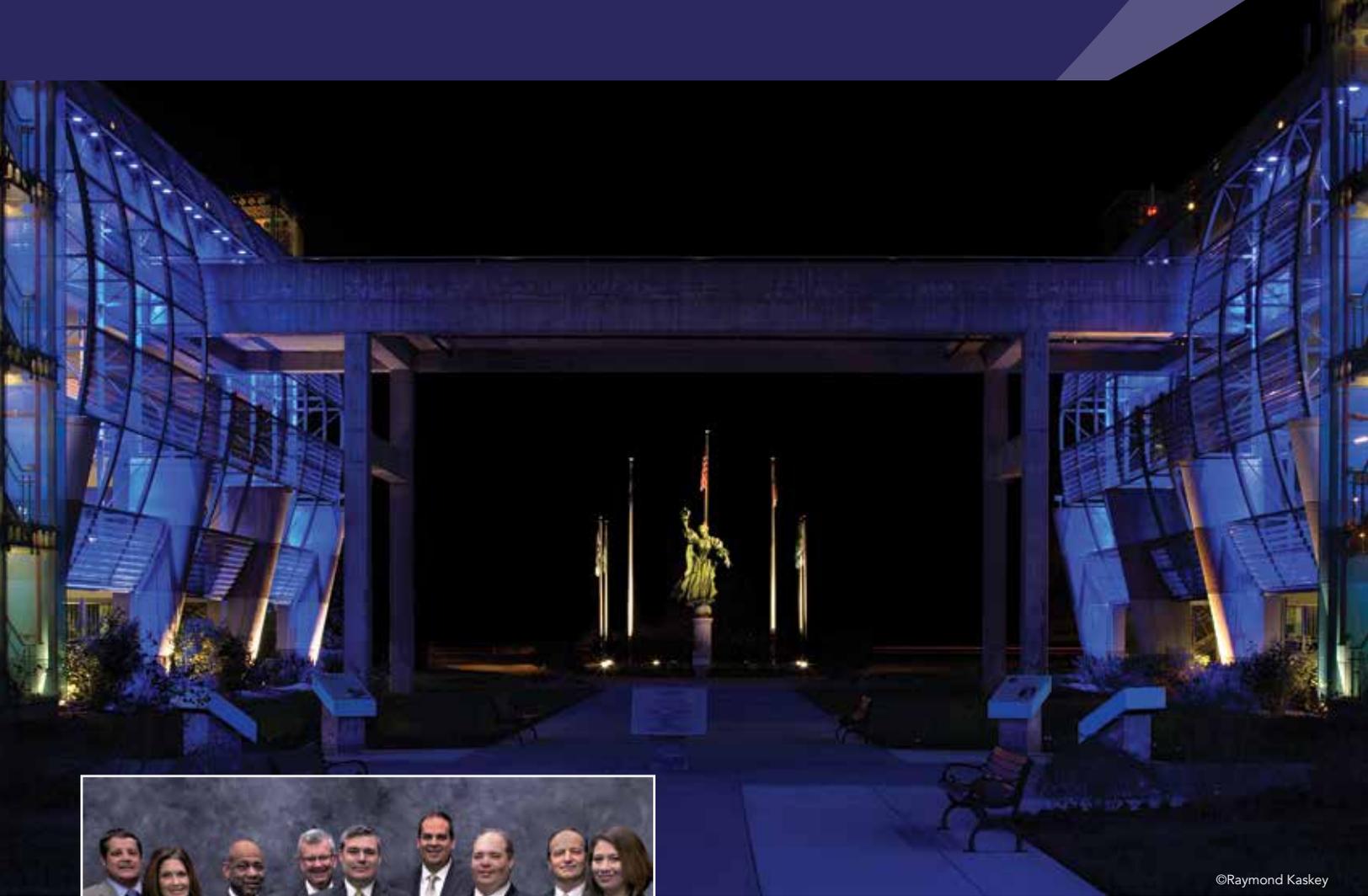
The City, incorporated in 1768, became the county seat of Mecklenburg County in 1774 and has grown to a present area covering 306 square miles, with an estimated population of 809,958 in 2014. On January 27, 2015, Forbes ranked Charlotte as the 9th fastest growing city in the United States in its list of fastest growing cities. The City is the core of the Charlotte-Gastonia-Concord Metropolitan Statistical Area (MSA), an area of over 2.3 million people that includes 6 counties.

The City operates under a City Council-City Manager form of government. The City Council, 11 members elected every two years on a partisan basis, has policy-making and legislative authority. The Mayor and four council members are elected at-large by a citywide vote. The remaining seven Council members are elected by district, from voters residing in each district. The Mayor and City Council are responsible

for appointing the City Manager, City Attorney, City Clerk and members of the various boards and commissions. The City Council reviews and approves all departments' annual budgets, sets the property tax rate, approves the financing of all City operations and capital investments and authorizes contracts on behalf of the City. The City Manager is responsible for carrying out the policy decisions made by the City Council for the community and providing vision and leadership to the organization. City department directors, including the Aviation Director, report to the City Manager.

Airport financial operations are accounted for in a separate Aviation Enterprise Fund according to GAAP for governmental entities. CLT is a self-supporting business and does not use local tax money to fund its daily operating costs. Funds come from airport revenue generated, including: parking, concessions, landing fees, rental cars, advertising, cargo, Fixed Base Operator and airline rentals.

Within the City structure, the Aviation Director heads the Airport's leadership team conducting daily operations of the Airport and long-term strategic planning. The leadership team includes two Deputy Aviation Directors overseeing six Assistant Aviation Directors that manage the six divisions of the airport: operations, facilities, development, finance, technology, and business and revenue.

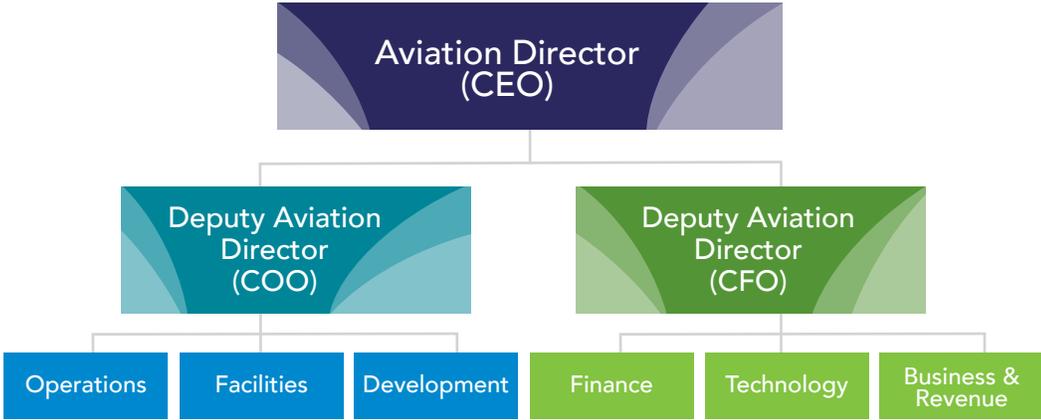


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L-R: Jeff McSwain, Haley Gentry, Herbert Judon, Chris Hazen, Brent Cagle, Michael Hill, Jack Christine, Jerry Schwinghammer, Leila Lahbabi

## City of Charlotte Aviation Department



# Airport Facilities

The Airport, located approximately seven miles from the City's central business district, was established in 1935 as Charlotte Municipal Airport. It occupies approximately 5,800 acres of land located within the City and is accessible within minutes from Interstate 85 and Interstate 77. It is the only large hub airport (designated by the Federal Aviation Administration (FAA) as a commercial or primary airport serving 1% or more of annual passenger boardings in the US), in North Carolina. The closest alternative commercial service airports are Concord Regional Airport (30 miles), Greenville-Spartanburg International Airport (88), Columbia Metropolitan Airport (102), Piedmont Triad International Airport (103), Asheville Regional Airport (111), Florence Regional Airport (118) and Raleigh-Durham International Airport (161).

The Airport has a 1.8 million square foot terminal with 5 concourses and 96 gates. The terminal includes 28,000 square feet of concession space, including fine dining, casual and fast food options, as well as a variety of retail shops to meet passenger needs. The airfield has three parallel runways and one crosswind runway. Runway 18C/36C (north/south) is 10,000 ft., 18R/36L (north/south) is 9,000 ft., 18L/36R (north/south) is 8,676 ft. and 5/23 (crosswind) is 7,500 ft. Runway 5/23 has limited daytime operations and is primarily used for noise abatement.



The Airport has a **1.8 million** square foot terminal with **5 concourses** and **96 gates**.

CLT is the  
**6th busiest**  
airfield in the **US**,  
with more than  
**500,000**  
operations a year.



There are 26,700 public parking spaces at the Airport, comprised of short-term and long-term parking spaces and spaces for curbside and business valet operations. In April 2015, the Airport opened the Consolidated Rental Car Facility (CONRAC) located in the bottom three levels of the new Hourly Parking Deck located directly across from the terminal providing 2,000 spaces for the rental car operators and a quick-turnaround facility for fueling and cleaning operations.

CLT's Fixed Based Operator (FBO) Wilson Air Center-Charlotte, manages private and corporate aircraft operations for the Airport. Wilson Air Center has more than 50 acres of facilities including an executive terminal and aircraft storage and offers corporate support services. The North Carolina Air National Guard and North Carolina Army Guard also have active facilities at the Airport.

Norfolk Southern Corporation developed a new 200-acre Regional Intermodal Facility at the Airport in 2013. The facility is located between the south ends of Runways 18R/36L and 18C/36C and transfers containers between trucks and trains; it is capable of 200,000 lifts per year.



**26,700 public parking spaces**  
comprised of **short-term** and  
**long-term** parking spaces, as well as **curbside**  
and **business valet** operations

# Airport Operations



Thirty-five airlines provided regularly scheduled passenger and cargo service at the Airport in 2015, providing approximately 700 daily departures. According to Airports Council International's (ACI) latest rankings (2014) CLT ranked 8th nationwide and 24th worldwide in passenger traffic.

The table below lists the passenger and cargo airlines providing service at the Airport in FY 2015.

## AIRLINES PROVIDING REGULARLY SCHEDULED SERVICE AT CLT

(Fiscal Year Ended June 30, 2015)

<b>Mainline</b>	<b>Regional/Commuter</b>	<b>Foreign Flag</b>	<b>All Cargo</b>
American Airlines	Air Wisconsin	Air Canada/AC Jazz	Airnet Systems
Delta Air Lines	Chautauqua Airlines	Insel Air International	FedEx
Frontier Airlines	Compass Airlines	Interjet Airlines	Kalitta Air, LLC
JetBlue Airways	ExpressJet Airlines	Lufthansa German Airlines	Mountain Air Cargo
Southwest Airlines	GoJet Airlines	Sunwing Airlines	United Parcel Service
United Airlines	Mesa Airlines		USA Jet
	Miami Air		
	Piedmont Airlines		
	Pinnacle Airlines		
	PSA Airlines		
	Republic Airlines		
	Shuttle America		
	Skywest		
	Trans State Airlines		
	Via Air		
	Vision Airlines		
	Republic Airway		
	XTRA Airways		

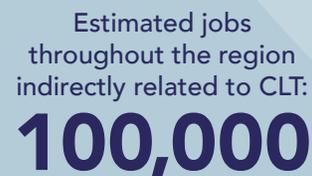
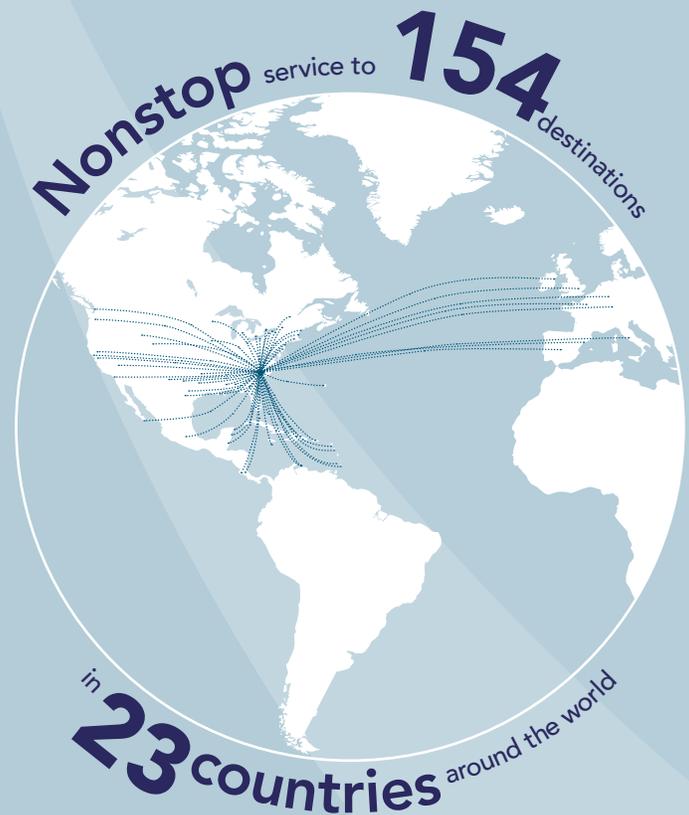
The composition of traffic in FY 2015 was relatively stable from prior years at approximately 25% O&D and 75% connecting. During FY 2015, total enplaned passengers increased 1.0% to 22.2 million and growth in O&D passengers exceeded that of connecting passengers at 6.8% in FY 2015. CLT primarily provides domestic service, as only 6.4% of overall enplanements are international. For more detailed information on enplaned passengers please refer to Schedules 9-11 on Page 98 through Page 101 in the Supplementary Section.

The Airport serves as a major domestic hub in American Airlines' system. US Airways and American Airlines merged in December 2013 to create the world's largest airline – American Airlines Group. The merged airline began operating at CLT under the single operating certificate in October 2015. In FY 2015, American Airlines provided 92% of the service at CLT, which was consistent with prior years. American offers more than 6,700 daily flights to 336 destinations in 56 countries system-wide and employs 9,900 people in Charlotte, including flight crews based in Charlotte, ground agents, as well as employees at the carrier's heavy maintenance and line maintenance hangars and training center. CLT proved to be a strong hub for US Airways and is now the second largest hub in the combined carrier's system.

During FY 2015, American provided new service to Fort Wayne, IN; Evansville, IN; Grand Rapids, MI; Tulsa, OK; Oklahoma City, OK, as well as expanded service to Manchester-Boston Regional Airport, NH. American also added a second daily nonstop international flight to London. Frontier Airlines added new service in FY 2015, with new nonstop service to Philadelphia, PA and Washington, DC. Via Air began operations at CLT with seasonal service to Myrtle Beach, SC and Beckley, WV.

The Airport and the passenger airlines that serve it provide approximately 700 daily flights to 154 destinations in 23 countries around the world. Over 20,000 employees work within the Airport perimeter in a vast array of positions that include professionals, technicians, skilled operatives and laborers, service workers and executives.

# CLT by the numbers



# Development Initiatives



## DESTINATION CLT

Management is focused on aligning development projects to meet the Airport's mission and vision. As part of their strategic planning, management undertook a master planning effort in FY 2015, which included an Airfield Capacity Enhancement Plan and Terminal Capacity Enhancement Plan. These plans were used to develop Destination CLT - the next phase of development which includes a \$2.5 billion capital investment program. The program is aimed at enhancing capacity based on the Airport's growth forecast through 2035. The program is demand driven and scalable, which means the Airport will build needed infrastructure to meet airline and passenger demand. The primary projects at the forefront of Destination CLT are:

- **Elevated Roadway and Terminal Curb Front** – expansion of roadway projects to meet growing local passenger demand and reduce congestion
- **Terminal Lobby Expansion** – expansion to the ticketing, security and baggage claim areas for local passengers

- **Fourth Parallel Runway** – adding efficiency and capacity of the airfield
- **Terminal Renovations** – updates and refurbishment of the 33-year-old terminal building, including infrastructure replacement and upgrades to finishes such as walls, ceilings and flooring
- **Concourse Expansions on Concourses A, B, C and E** – additional holdroom and concession space to meet passenger demand

Key projects that are part of Destination CLT and planned for near-term development with construction beginning in the next five years are: the East Terminal Expansion, Concourse A and E Expansions and the Terminal Lobby Expansion. Management remains acutely focused on projects that alleviate overcrowding and create capacity, projects that offer enhanced competitive access and opportunities for airline competition, projects that create additional concession opportunities and projects that deal with deferred maintenance needs and safety and security.



## Proposed Fourth Parallel Runway

Planning is underway for a fourth parallel runway that will be located 1,200 feet west of Runway 18C/36C and between existing Runways 18R/36L and 18C/36C. At 200 feet wide and 12,000 feet long, it will be the Airport's longest runway.

# The Region's Economy



The Airport is often cited as a critical component of an ever growing and diversifying region. The City has emerged as the financial, distribution and transportation center of an entire urban region. CLT's estimated annual economic impact is \$12 billion according to a 2012 North Carolina Department of Transportation report. Using a more conservative methodology in 2005, UNC Charlotte Center for Transportation Policy Studies identified a \$10 billion annual impact. That same methodology is being utilized to author an updated study that will be completed by June 2016. In addition to the 20,000 employees who work within the Airport perimeter, it is estimated an additional 100,000 jobs throughout the region are related to Airport, including positions in the transportation, hospitality and tourism industries. The City ranks as the nation's second largest financial center in headquartered banking assets and is the home of Bank of America Corporation and the east coast headquarters of Wells Fargo. The MSA currently has 10 Fortune 1000 companies headquartered within it and ranks 20th nationally. The top five industries, by number of employees are Manufacturing, Health Care and Social Assistance, Retail Trade, Education Services and Finance and Insurance. In 2015, the City added 9,500 jobs through expansion and relocations, after 2014's 6,080 increase in jobs.



Along with the Airport, trucking and rail are major transportation industries in the City. Two interstate highways pass through the City limits, Interstate Highways 77 and 85, running north/south and northeast/southwest, respectively and serve the City's trucking industry. Over 50% of the nation's population is within a 24-hour drive from the City; facilitating the large presence (500 firms) of trucking and transportation arrangement firms operating here. The City is also the center of the country's largest consolidated rail system. Norfolk Southern Railway and CSX Transportation bring approximately 300 trains through Charlotte weekly and link it to 23 states, Washington DC and Canada. The 200-acre intermodal rail and trucking facility developed on the Airport is expected to bring the region an economic boost of \$7.6 billion over the next two decades.

The City is also a destination for convention, business and leisure travel. The City's 8% hotel and motel and 1% prepared food and beverage taxes provide a dedicated resource for the purpose of promoting Charlotte as a destination. Recreational opportunities abound with the NASCAR Hall of Fame complex and the Charlotte Motor Speedway, the National Football League's Carolina Panthers, the National Basketball Association's Charlotte Hornets, as well as several other sporting leagues. The region also offers diverse facilities for culture, the arts, nature and science, including museums, performance venues, parks and the U.S. National Whitewater Center.

# Airline Rates & Charges and Financial Policies



The Airport calculates rates and charges annually pursuant to the requirements of the 1985 AUA, as amended. The AUA governs the use of the Airport by the Signatory Airlines and the establishment of rates, fees and charges payable annually by the Signatory Airlines. These fees and charges comprise Terminal Complex Charges and Landing Fees that compensate the City for debt service on bonds and operation and maintenance expenses. The AUA also provides that 40% of Excess Non-Airline Terminal Revenues be shared with the Signatory Airlines.

Management strives to provide customers with a world class airport facility, while also providing the airlines with a reliable platform and low cost environment to conduct their air transport business activities. The result is a well functioning Airport with strong financial performance and bondholder security. As the Airport embarks on Destination CLT, the upcoming capital improvement program, management understands the importance of maintaining these credit strengths and cost competitive market access. Therefore, management established several key financial metrics in an effort to maximize the Airport's financial self-sufficiency, cost competitiveness and enhance the credit worthiness of the Airport's debt.

## 1. DEBT SERVICE COVERAGE

Bond Indenture coverage includes Operating Revenues, Investment Earnings, Miscellaneous Revenues and amounts retained in the Revenue Fund (Coverage Factor) from the prior year as part of Revenues, minus Included Operating Expenses and any increase required per the bond order to maintain the

Operating Fund Reserve equal to 33.33% of Included Operating Expenses, and debt service fees divided by the requirement for the Revenue Bond Fund (gross Revenue Bond Debt Services minus PFCs applied to Debt Service). The Airport's Bond Indenture Debt Service Coverage remained very strong at 3.3x in FY 2015. Airport management also evaluates Debt Service Coverage on a Revenue basis that excludes Coverage Factor as part of Revenues (rolling coverage) and classifies PFCs as part of Revenues. This second Debt Service calculation is used for comparison purposes only, so management can evaluate Debt Service Coverage compared to other airports in the industry. FY 2015's PFCs Classified as Revenue Debt Service Coverage was 1.99x, well above management's metric.

Please see Schedule 3 in the Supplementary Section for the detailed calculation of Bond Indenture Debt Service Coverage. Furthermore, Schedule 2 in the Supplementary Section provides details on Net Revenues & Expenses (Included/Excluded) per the Bond Ordinance.

## 2. GENERAL AIRPORT REVENUE BOND DEBT PER ENPLANEMENT

General Airport Revenue Bond Debt per Enplanement measures outstanding debt compared to passenger operations – leverage by passenger (GARBs outstanding divided by passenger enplanements). The Airport's FY 2015 GARB Debt per Enplanement remained low at \$25.

### 3. LIQUIDITY-DAYS OF CASH ON HAND

Days of Cash on Hand (DCOH) is a measure of the Airport's liquidity (unrestricted cash). DCOH calculates the number of days the Airport can fund its on-going operations with unrestricted cash reserves. The Airport ended FY 2015 with 1,431 days of cash on hand based on unrestricted cash of \$413 million and operating expenses of \$105 million (excluding depreciation). FY 2015's DCOH significantly exceeded management's metric of 800 days. Please see Schedule 1 in the Supplementary Section for detailed information on cash balances.

### 4. NET COST PER ENPLANED PASSENGER (CPE)

Cost per enplaned passenger (CPE) is a common industry measure used by the aviation industry to measure the relative cost of providing terminal and airfield facilities to passenger airlines operating at an airport. CPE is calculated by dividing total landing fees and terminal rentals paid to the Airport by passenger airlines, by the total number of enplaned passengers at an airport. The net CPE is calculated by reducing total passenger airline revenues by the profit share distribution, as required by the Airport Agreement and Lease.

The Airport remains one of the most efficiently run cost-competitive large hub airports in the United States, which is demonstrated by the Airport's FY 2015 net cost per enplanement of \$1.33. The Airport remained the lowest cost per enplaned passenger of any large hub airport in the United States. Management intends to continue managing operating and capital costs consistent with the strategic principles, allowing the Airport to provide a reliable, cost effective facility for our airline business partners.

The Airport continues to exhibit exceptional financial performance, evidenced by Actual FY 2015 financial results relative to Management's key financial metrics.

## MANAGEMENT'S FINANCIAL METRICS & ACTUAL RESULTS

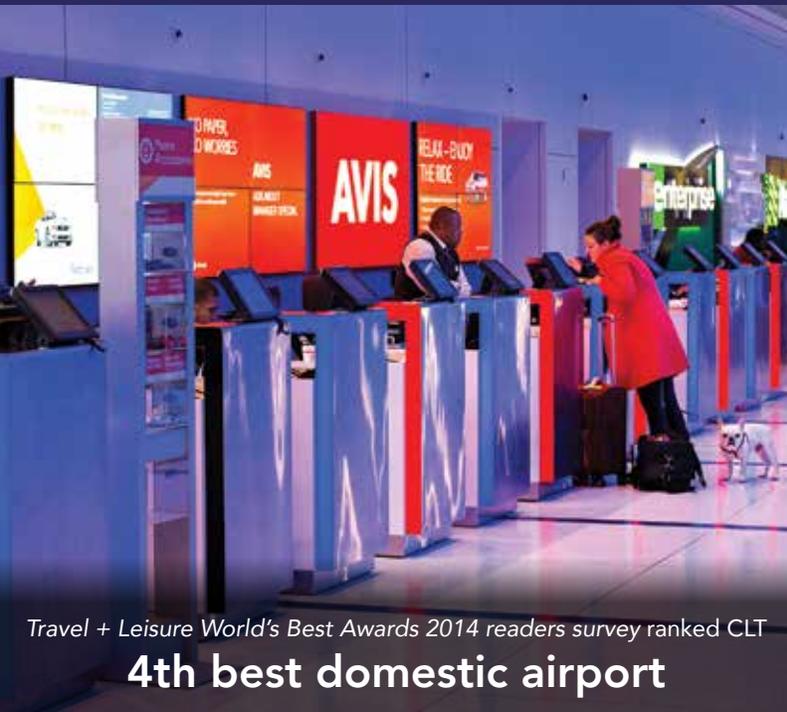
	<u>Metrics</u>	<u>FY 2015 Actual Results</u>
<b>1. Debt Service Coverage:</b>		
Bond Ordinance Debt Service Coverage	≥2.0x	3.3x
PFCs Classified as Revenue Debt Service Coverage (excluding rolling coverage)	≥1.50x	1.99x
<b>2. General Airport Revenue Bond Debt Per Enplanement</b>	≤\$60	\$25
<b>3. Liquidity – Days Cash on Hand<sup>1</sup></b>	≥800	1,431
<b>4. Net Cost Per Enplaned Passenger</b>	-	\$1.33

<sup>1</sup>Days Cash on Hand calculation is unrestricted cash/operating expenses (excluding depreciation) times 365.

During FY 2015, the rating agencies affirmed the Airport's strong General Airport Revenue Bonds ratings of 'A+/Aa3/A+' Stable Outlook - Fitch Ratings, Moody's and Standard & Poor's Ratings Services, respectively. The agencies attribute the high ratings to very strong financial results, resilient and growing

enplanement levels (including O&D enplanements) offset by risks associated with a large capital development program coupled with high air carrier concentration and high passenger connectivity.

# Awards



Travel + Leisure World's Best Awards 2014 readers survey ranked CLT **4th best domestic airport**



USA Today ranked CLT **6th best airport for a layover** in their 2015 Readers' Choice poll



Wilson Air Center - Charlotte ranked **number 1** best small FBO chain by *Pro Pilot* magazine and **5th best** FBO by *Aviation International News*

*Travel + Leisure World's Best Awards 2014 readers survey*, ranked CLT as the fourth best domestic airport, up from tenth place in 2013.

*Readers' Choice* poll conducted by *USA Today* for 2015, ranked CLT as the sixth best airport for a layover in the 10 Best. According to the newspaper, "Passengers on layover at sixth place Charlotte Douglas International can wait in comfort in one of the many rocking chairs overlooking the airfield. The airy central (Atrium) connecting the (concourses) features a food court and several retailers for easy shopping and dining while moving between gates. Free WiFi is another perk."

*Pro Pilot* magazine ranked Wilson Air Center the number one best small FBO chain and Wilson Air Center - Charlotte as the 11th best FBO location in the US.

*Aviation International News* named Wilson Air Center - Charlotte the fifth best FBO.



# Charlotte·Douglas<sup>®</sup>

## INTERNATIONAL AIRPORT

We hope you find this report to be informative. Our management philosophy is grounded in sound financial stewardship, as evidenced by FY 2015's financial results and production of this report. We appreciate all the team members who work tirelessly providing excellent airport operations, including those who assisted in the preparation of this report.

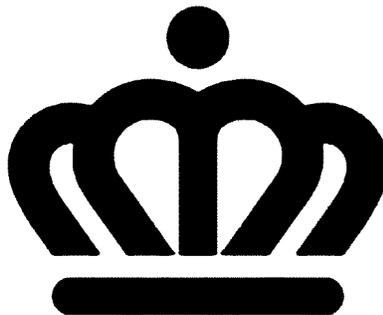
Respectively submitted,

**Brent Cagle**

*Aviation Director  
Charlotte Douglas  
International Airport*

**Randy Harrington**

*Chief Financial Officer  
City of Charlotte*



# CHARLOTTE.

Terminal  
Concourses A, B & C

↑  Baggage  
Claim

Concourse

Right, Walk to the Left

Stand to the Right, Walk to the Left

 Wheelchairs

 Strollers

Walk to the Left

 Do Not Enter

↑ Concourses A, B & C

 Baggage Claim

↑ Ticketing  
↓ Baggage Claim →



# Financial Section

## Report of Independent Auditor

To the Honorable Mayor and  
Members of City Council  
Charlotte, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the City of Charlotte Airport (the "Airport"), an enterprise fund of the City of Charlotte, North Carolina (the "City"), as of June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Airport's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### OTHER MATTERS

#### Change in Accounting Principle

As discussed in Note 15 to the financial statements, the Airport adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, net position as of June 30, 2014 has been restated.

#### Emphasis of a Matter

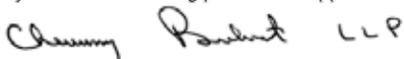
As discussed in Note 1, the financial statements present only the Airport and do not purport to, and do not present fairly the financial position of the City as of June 30, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents in the Financial Section, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Airport as a whole. The Introductory Section, Additional Information, and the Supplementary Section, as listed in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Schedules to the Financial Statements included in the Additional Information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The Introductory and Supplementary Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Raleigh, North Carolina  
April 14, 2016

# Management's Discussion & Analysis



# Management's Discussion & Analysis

Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of Charlotte Douglas International Airport (the Airport) an Enterprise Fund of the City of Charlotte. The information contained herein pertains to the financial performance of the Airport for the Fiscal Year (FY) ended June 30, 2015. Prior years' financial performance is included for comparison purposes. This MD&A should be read in conjunction with the Financial Statements and Notes sections that follow.

## FINANCIAL HIGHLIGHTS

### FISCAL YEAR 2015

- Total net position for the Airport Enterprise fund on June 30, 2015 was \$1.50 billion and 25% or \$373.6 million of that total was unrestricted. The net position increased \$214.3 million from total net position on June 30, 2014.
- Operating revenues increased by \$8.9 million to \$193.7 million in FY 2015. The increase was primarily due to increased parking and concession revenues.
- Total operating expenses, excluding depreciation and amortization, increased by \$4.5 million to \$105.3 million in FY 2015. This slight increase was due to increased costs of services and asset preservation.
- Non-operating revenues increased by \$118.8 million to \$193.8 million in FY 2015. The increase is mostly due to the inclusion of private contributions of \$116.5 million related to the American Airlines (US Airways) lease pay-off when the Special Facilities Bonds were retired in July 2014 and \$2.6 million of remote facility expansion contributions.
- Capital contributions decreased by \$19.3 million to \$21.0 million in FY 2015. This category is mostly comprised of grants used to fund capital projects. FY 2015 represented the second consecutive year of reduced grant accruals.

### FISCAL YEAR 2014

- Total net position for the Airport Enterprise fund on June 30, 2014 was \$1.28 billion and 26% or \$339.1 million of that total was unrestricted. The net position increased \$112.9 million from total net position on June 30, 2013.
- Operating revenues increased by \$6.6 million to \$184.8 million in FY 2014. The increase was primarily due to increased passengers generating higher concession and rental car revenues.
- Total operating expenses, excluding depreciation and amortization, increased by \$12.9 million to \$100.7 million in FY 2014. This increase was due to increased passengers and related increases in terminal, maintenance and parking expenses. The unusually snowy winter and parking facilities construction further contributed to higher expenses.
- Non-operating revenues increased by \$10.0 million to \$75.0 million in FY 2014. This category includes Passenger Facility Charges (PFCs), Contract Facility Charges (CFCs) and investment earnings. Increased passengers, including increased destination passengers (those renting cars) and increased investment earnings contributed to this growth.
- Capital contributions decreased slightly by \$0.2 million to \$40.2 million in FY 2014. A multi-year FAA grant declined once the associated grant funded project was complete in FY 2013.

# OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this report consists of three parts: Management's Discussion & Analysis (this section), the Financial Statements and Additional Information pertaining to the changes in net position for included and excluded cost centers as well as schedules of cash deposits and withdrawals by bond issue. The Financial Statement section includes Notes to the Financial Statements that provide explanations and detailed data on Page 44 through Page 65.

The Airport Enterprise Fund is an enterprise fund of the City of Charlotte. This fund is used to account for the Airport's ongoing operations. The City uses the accrual basis of accounting, so revenues are recognized when earned and expenses are recognized when incurred.

The following is a summary of the Airport's Net Position as of June 30:

## Airport Enterprise Fund

### NET POSITION

(Fiscal Years Ending June 30; \$000)

	2015	2014	2013
<b>ASSETS</b>			
Current and Other Assets	\$ 965,191	\$ 968,265	\$ 1,015,844
Capital Assets, Net	1,272,397	1,193,335	1,055,881
<b>Total Assets</b>	<b>2,237,588</b>	<b>2,161,600</b>	<b>2,071,725</b>
<b>Deferred Outflows of Resources</b>	<b>2,836</b>	<b>1,608</b>	<b>1,876</b>
<b>LIABILITIES</b>			
Current Liabilities	77,464	103,940	75,711
Noncurrent Liabilities	660,318	775,553	827,032
<b>Total Liabilities</b>	<b>737,782</b>	<b>879,493</b>	<b>902,743</b>
<b>Pension Deferrals</b>	<b>4,614</b>	-	-
<b>Net Position:</b>			
Net investment in Capital Assets	696,987	555,990	455,327
Restricted	427,423	388,656	353,212
Unrestricted	373,618	339,069	372,319
<b>TOTAL NET POSITION</b>	<b>\$ 1,498,028</b>	<b>\$ 1,283,715</b>	<b>\$ 1,170,858</b>

The analysis below explains the Net Position.

## FISCAL YEAR 2015 COMPARED TO FISCAL YEAR 2014

Total assets increased by \$76.0 million or 3.5%, in FY 2015 compared to FY 2014. This was primarily due to an increase in capital assets related to development of the hourly public parking deck, as well as renovations to the Airport staff building and land acquisition.

Total liabilities decreased substantially by \$141.7 million or 16.1%, in FY 2015 compared to FY 2014. This decrease was largely attributable to the refunding of the Series 2004 Bonds with the Series 2014 Bonds resulting in present value savings, and American Airlines paying off the leases associated with the (US Airways) Special Facilities Bonds.

Pension Deferrals are related to the new General Accounting Standards Board (GASB) Statement 68, which pertain to the treatment of pension expenses. For more detail, please see Note 6 on Page 58.

Total net position increased by \$214.3 million or 16.7% in FY 2015, compared to FY 2014. As of June 30, 2015, \$697.0 million was invested in capital assets, \$427.4 million was restricted for debt service reserves, PFCs, CFCs, etc. and \$373.6 million was available for short-term operational needs. This increased net position is primarily due to on-going capital development, the US Airways debt repayment, as well as growing CFC and PFC fund balances.

## FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Total assets increased by \$89.9 million or 4.3%, in FY 2014 compared to FY 2013. This was primarily due to an increase in capital assets related to on-going construction at the Airport, including: land acquisition, the hourly, rental car and business valet parking decks and the auto baggage screening system.

Total liabilities decreased by \$23.3 million or 2.6%, in FY 2014 compared to FY 2013. This decrease was due to a reduction in long-term debt of \$51.5 million, countered by a \$28.2 million increase in current liabilities. The increase in current liabilities is primarily due to an increase of \$18.6 million in accounts payable and an increase of \$8.8 million in deposits and retainage payable. The accounts payable increase is primarily composed of increases in vouchers payable and contracts payable. These increases, along with the increase in retainage payable are due to increased contract billings related to extensive ongoing airport construction projects.

Total net position increased by \$112.9 million or 9.6% to \$1.28 billion in FY 2014 compared to FY 2013. As of June 30, 2014, \$556.0 million was invested in capital assets, \$388.7 million was restricted for debt service reserves, PFCs, CFCs, etc. and \$339.1 million was available for short-term operational needs. This increased net position was primarily due to an enlarged capital development program and the purchase of transit shuttles, as well as growing PFC and CFC fund balances.

The following is a summary of Changes in Net Position as of June 30:

**Airport Enterprise Fund**  
**CHANGES IN NET POSITION**  
(Fiscal Years Ending June 30; \$000)

	<u>2015</u>	<u>2014<sup>1</sup></u>	<u>2013<sup>1</sup></u>
<b>REVENUES</b>			
Operating Revenues:			
Terminal Area	\$ 31,267	\$ 33,576	\$ 30,955
Airfield	26,880	22,644	22,203
Concessions	41,008	40,372	35,721
Rental Cars	13,608	12,756	11,939
Parking	47,624	40,824	42,486
Maintenance Facility	-	7,068	7,066
Fixed Base Operator Area	15,885	17,429	17,376
Other	17,442	10,127	10,474
<b>Total Operating Revenues</b>	<b>193,714</b>	<b>184,796</b>	<b>178,220</b>
Nonoperating Revenues:			
Passenger Facility Charges	60,238	59,526	56,111
Contract Facility Charges	10,187	10,009	9,543
Private Contributions <sup>2</sup>	119,057	-	-
Investment Earnings	4,321	5,438	(662)
<b>Total Non Operating Revenues</b>	<b>193,803</b>	<b>74,973</b>	<b>64,992</b>
<b>Total Revenues</b>	<b>387,517</b>	<b>259,769</b>	<b>243,212</b>
<b>EXPENSES</b>			
Operating expenses before depreciation	105,278	100,745	87,858
Depreciation	45,897	38,066	38,317
Interest and other charges	27,958	32,149	30,088
Other expenses	12,428	16,198	20,184
<b>Total expenses</b>	<b>191,561</b>	<b>187,158</b>	<b>176,447</b>
<b>Capital Contributions</b>	<b>20,960</b>	<b>40,246</b>	<b>40,475</b>
<b>Transfers to other City funds</b>	<b>-</b>	<b>-</b>	<b>(1,127)</b>
<b>Increase in Net Position</b>	<b>216,916</b>	<b>112,857</b>	<b>106,113</b>
<b>NET POSITION - Beginning Previously Reported</b>	<b>1,283,715</b>	<b>1,170,858</b>	<b>1,064,745</b>
<b>Restatement</b>	<b>(2,603)</b>	<b>-</b>	<b>-</b>
<b>NET POSITION - Beginning (July 1)</b>	<b>1,281,112</b>	<b>1,170,858</b>	<b>1,064,745</b>
<b>NET POSITION - Ending (June 30)</b>	<b>\$ 1,498,028</b>	<b>\$ 1,283,715</b>	<b>\$ 1,170,858</b>

NOTE:

<sup>1</sup>Amounts have been restated between categories for consistent presentation (Note 14 on Page 65).

<sup>2</sup>See Page 26 for additional information.

## OPERATING REVENUES

The following is a summary of Operating Revenues as of June 30:

### Airport Enterprise Fund

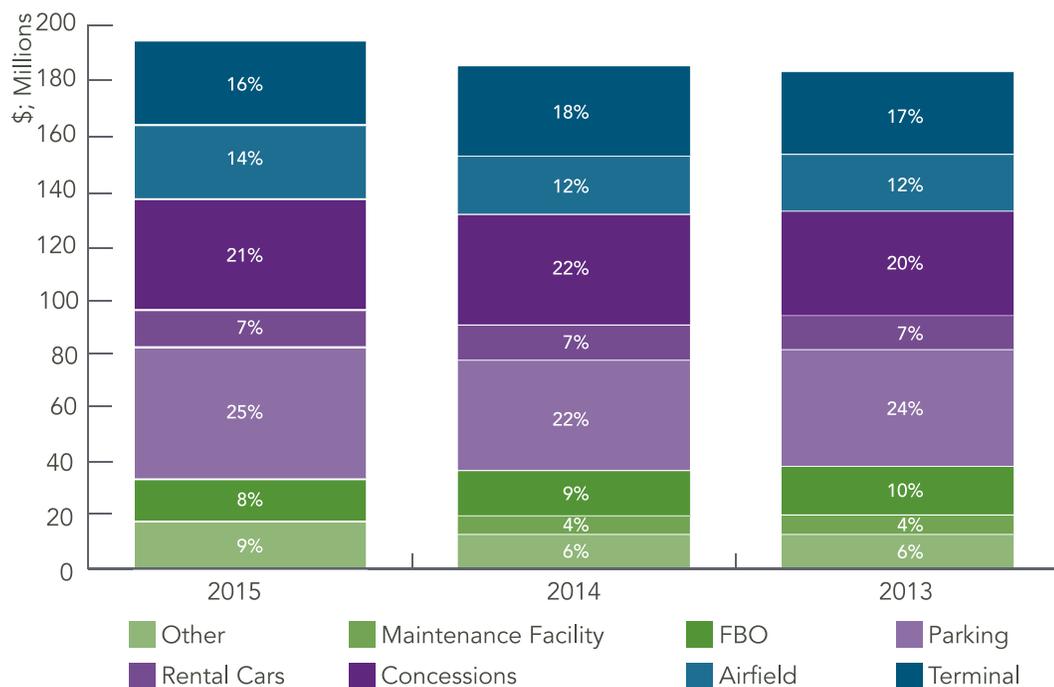
#### OPERATING REVENUES

(Fiscal Years Ending June 30; \$000)

	2015	2014 <sup>1</sup>	2013 <sup>1</sup>
<b>Airline Revenues</b>			
Terminal	\$ 31,267	\$ 33,576	\$ 30,955
Airfield	26,880	22,644	22,203
<b>Subtotal Airline Revenues</b>	<b>58,147</b>	<b>56,220</b>	<b>53,158</b>
<b>Concessions, Rental Cars and Parking Revenues</b>			
Concessions	41,008	40,372	35,721
Rental Cars	13,608	12,756	11,939
Parking	47,624	40,824	42,486
<b>Subtotal Concessions, Rental Cars and Parking Revenues</b>	<b>102,240</b>	<b>93,952</b>	<b>90,146</b>
<b>FBO, Maintenance &amp; Other Revenues</b>			
FBO	15,885	17,429	17,376
Maintenance Facility	-	7,068	7,066
Other	17,442	10,127	10,474
<b>Subtotal FBO, Maintenance &amp; Other Revenues</b>	<b>33,327</b>	<b>34,624</b>	<b>34,916</b>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 193,714</b>	<b>\$ 184,796</b>	<b>\$ 178,220</b>

NOTE:

<sup>1</sup>Amounts have been restated between categories for consistent presentation (Note 14 on Page 65).



The analysis below explains the increases and decreases in operating revenues.

## FISCAL YEAR 2015 COMPARED TO FISCAL YEAR 2014

Operating revenues increased \$8.9 million or 4.8%, to \$193.7 million in FY 2015 from \$184.8 million in FY 2014. The increase was largely attributable to parking revenues expanding at \$6.8 million or 16.7% because of higher parking rates and new parking options that altered consumer behavior.

Airline revenues increased \$1.9 million or 3.4%, to \$58.1 million in FY 2015. FY 2015's modest increase was due to a change in allocating methodology, which more accurately represents where revenues occur. Airfield revenues increased because of the cost recovery methodology and recent airfield investments. Airline revenues only comprised 30% of operating revenues in FY 2015.

Concessions, rental cars and parking revenues increased \$8.3 million or 8.8% to \$102.2 million in FY 2015. As stated above, a significant portion of this growth was due to increased parking rates and options, but concessions and rental car revenues increased, as well, albeit at slower rates. Growth in those areas was related to O&D enplanement growth. Concession, rental car and parking revenues represented a healthy 53% of operating revenues in FY 2015.

Fixed Base Operator (FBO), maintenance facility and other revenues decreased \$1.3 million or 3.7%, to \$33.3 million in FY 2015. The decrease is attributable to a decline in the FBO's cost of fuel sold and the end of debt service payments related to the American Airlines (US Airways) Special Facilities lease and debt service accounted for in the maintenance facility. This is offset to the positive by a change in allocating methodology, which increased other revenues by \$7.3 million, the majority of which is \$3.3 million of operating reserve funds moved and now accounted for here. FBO, maintenance facility and other revenues represented 17% of operating revenues in FY 2015.

## FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Operating revenues increased by \$6.6 million or 3.7%, to \$184.8 million in FY 2014 from \$178.2 million in FY 2013. The increase was primarily due to increased passengers resulting in higher airline revenues. The additional passengers also generated more concession and rental car revenues.

Airline revenues increased \$3.1 million or 5.8% to \$56.2 million in FY 2014. FY 2014's increase was mostly due to service enhancements, increased passengers and increased de-icing needs related to a snowy winter. Airline revenues only comprised 30% of total operating revenues in FY 2014.

Concessions, rental cars and parking revenues increased \$3.8 million or 4.2% to \$94.0 million in FY 2014. The increase in FY 2014 was related to additional passengers (4.1% growth) utilizing an expanded food, beverage and retail concession program. However, this growth was offset by reduced parking revenues related to construction of the parking decks and decreased capacity. This category represented a healthy 51% of operating revenues in FY 2014.

FBO, maintenance facility and other revenues decreased by \$0.3 million or 0.8% to \$34.6 million in FY 2014. This miscellaneous category remained relatively stable and represented 19% of operating revenues in FY 2014.

## OPERATING EXPENSES BEFORE DEPRECIATION

The following is a summary of Operating Expenses before depreciation as of June 30:

### Airport Enterprise Fund

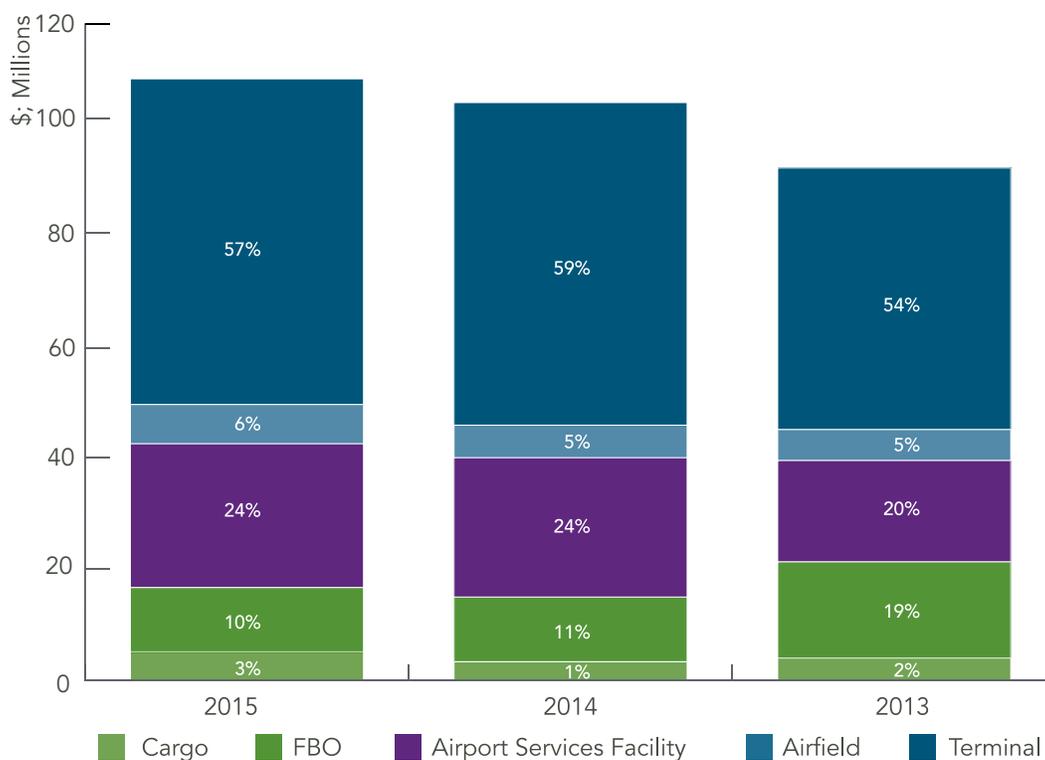
#### OPERATING EXPENSES BEFORE DEPRECIATION

(Fiscal Years Ending June 30; \$000)

	2015	2014 <sup>1</sup>	2013 <sup>1</sup>
<b>Terminal &amp; Airfield Expenses</b>			
Terminal	\$ 59,895	\$ 59,202	\$ 47,644
Airfield	5,898	4,690	4,604
<b>Subtotal Terminal &amp; Airfield Expenses</b>	<b>65,793</b>	<b>63,892</b>	<b>52,248</b>
<b>Airport Services Facility</b>	<b>25,683</b>	<b>24,580</b>	<b>17,416</b>
<b>FBO &amp; Cargo</b>			
FBO	10,985	10,906	16,176
Cargo	2,817	1,367	2,018
<b>Subtotal FBO &amp; Cargo Expenses</b>	<b>13,802</b>	<b>12,273</b>	<b>18,194</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 105,278</b>	<b>\$ 100,745</b>	<b>\$ 87,858</b>

NOTE:

<sup>1</sup>Amounts have been restated between categories (Note 14 on Page 65).



The analysis below explains the increases and decreases in operating expenses.

## FISCAL YEAR 2015 COMPARED TO FISCAL YEAR 2014

Operating expenses before depreciation increased \$4.5 million or 4.5%, to \$105.3 million in FY 2015. This increase was primarily due to preserving Airport infrastructure, safety requirements and making innovative investments requested by tenants.

Terminal and airfield expenses increased \$1.9 million or 3.0% to \$65.8 million in FY 2015. This modest growth was related to investments in facilities. The increase in airfield expenses was due to a change in allocating methodology, to more accurately represent where expenses occur. Terminal and airfield expenses comprised 63% of operating expenses in FY 2015.

Airport Services Facility expenses (the Airport's indirect overhead expense allocation) increased \$1.1 million or 4.5% to \$25.7 million in FY 2015. Overhead expenses grew primarily because of increased security expenses. This category represents 24% of the operating expenses in FY 2015.

FBO and cargo expenses increased \$1.5 million or 12.5%, to \$13.8 million in FY 2015. The increase in cargo expenses was due to a change in allocating methodology to more accurately represent where expenses occur. FBO and cargo expenses represented 13% of operating expenses in FY 2015.

## FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Operating expenses before depreciation increased \$12.9 million or 14.7% to \$100.7 million in FY 2014 from \$87.9 million in FY 2013. This increase was due to growth in passengers and greater terminal and airfield utilization leading to higher operating and maintenance expenses. Furthermore, a focus on deferred maintenance needs, made at the request of the Airport's business partners resulted in additional expenses.

Terminal and airfield expenses increased \$11.6 million or 22.3%, to \$63.9 million in FY 2014. This increase was due to enhanced services, additional facilities, increased passengers and related costs, as well as a snowy winter and the costs of snow removal. Terminal and airfield expenses represented 64% of operating expenses in FY 2014.

Airport Service Facility expenses increased \$7.2 million or 41.1% to \$24.6 million in FY 2014. This increase was primarily due to additional personnel and contractual services associated with administration, security, technology and development. This category comprised 24% of operating expenses in FY 2014.

FBO and cargo expenses decreased \$5.9 million or 32.5% to \$12.3 million in FY 2014. This decrease was due to lower fuel costs and lower demand for aviation fuel from fixed based operator customers. This category comprised 12% of operating expenses in FY 2014.

## CAPITAL ASSETS

The Airport Enterprise Fund's net capital assets were \$1.27 billion in FY 2015 and \$1.19 billion in FY 2014. FY 2015's increase of \$79.1 million or 6.6% and FY 2014's increase of \$137.5 million or 13.0% were primarily due to ongoing construction at the Airport requiring additional machinery and equipment and resulting in new facilities, including parking facilities, bus purchases and other improvements.

### Airport Enterprise Fund

#### CAPITAL ASSETS

(Fiscal Years Ending June 30; \$000)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land	\$ 308,623	\$ 302,868	\$ 299,917
Buildings	747,494	670,508	642,556
Runways	393,153	392,982	392,371
Other Improvements	106,180	100,066	91,366
Intangibles	3,317	3,317	3,317
Machinery & Equipment	102,669	54,207	38,485
Construction in Progress	261,145	279,094	158,255
<b>TOTAL CAPITAL ASSETS</b>	<b>1,922,581</b>	<b>1,803,042</b>	<b>1,626,267</b>
Less: Accumulated Depreciation	650,184	609,707	570,386
<b>NET CAPITAL ASSETS</b>	<b>\$ 1,272,397</b>	<b>\$ 1,193,335</b>	<b>\$ 1,055,881</b>

Significant capital asset additions during FY 2015 include the following:

- Continued construction and completion of the Hourly Public Parking Deck at \$72.4 million
- Renovations to the Airport Staff Building of \$1.4 million
- Master Plan land acquisition of \$1.1 million
- Continued construction of the Concourse B&C Elevators of \$0.8 million

Significant capital asset additions during FY 2014 include the following:

- Continued construction of the Hourly Public Parking Deck of \$28.6 million
- Continued construction of the Business Valet Deck of \$22.7 million
- Continued construction of the CONRAC and Rent-A-Car Deck of \$25.0 million
- Land acquisition valued at \$31.0 million

Additional information on the Airport Enterprise Fund's Capital Assets can be found in Note 2 in the Notes to the Financial Statements Page 48.

## DEBT ADMINISTRATION

### City of Charlotte, North Carolina Charlotte Douglas International Airport General Airport Revenue Bonds

City of Charlotte, North Carolina Charlotte Douglas International Airport General Airport Revenue Bonds (GARBs) are issued pursuant to the State and Local Government Revenue Bond Act and the Bond Order adopted by the City of Charlotte City Council on November 18, 1985 and as subsequently amended. Pursuant to the Bond Order, the City irrevocably pledges (i) Net Revenues, (ii) the City's right to receive Net Revenues and (iii) money and investments in certain funds and accounts held under the Bond Order, including the Renewal and Improvement Fund. PFCs are excluded from the definition of Net Revenues; however, pursuant to the second supplemental bond order, PFCs transferred to the bond fund to pay debt service on PFC eligible bonds provide an offset to the City's debt service payable from Net Revenues.

As of June 30, 2015 and 2014, the Airport had \$554.1 million and \$613.2 million, respectively, of GARB principal outstanding.

The debt service reserve requirements for GARBs are fully funded. See Note 3 in the Notes to the Financial Statements Page 55 for details.

For more information regarding the GARBs, please refer to Note 3 in the Notes to the Financial Statements, Page 50.

### City of Charlotte, North Carolina Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project) Series 2011

The City of Charlotte, North Carolina Taxable Airport Special Facilities Revenue Bonds (CONRAC) are issued pursuant to The State and Local Government Revenue Bond Act and a General Trust Indenture dated November 1, 2011. The Series 2011 CONRAC Bonds are special obligations of the City, secured solely by Contract Facility Charges (CFCs) and Contingent Rent and money and investments in certain funds and accounts held under the General Trust Indenture. Amounts paid by the rental car companies as ground rent or concession fees are not included as pledged revenues.

The CFC was imposed on July 1, 2007 at a rate of \$3.50 per-transaction-day and was increased to \$4.00 per transaction day on October 1, 2011. The City may, at its discretion, raise the CFC per-transaction-day rate. At this time, the City does not anticipate raising the CFC. The CONRAC project opened in April 2015.

As of June 30, 2015 and 2014, there was \$59.3 million and \$60.3 million, respectively, outstanding in CONRAC principal.

The debt service reserve requirement for the CONRAC bonds is \$4.5 million and is fully funded in cash. In addition to the CONRAC Debt Service Reserve Fund, this transaction also benefits from a fully funded CFC Rolling Coverage Fund (\$1.1 million) and a CFC Supplemental Reserve Fund (\$2.2 million).

For more information regarding the CONRAC Bonds, please refer to Note 3 in the Notes to the Financial Statements, Page 50.

## ECONOMIC & POLITICAL FACTORS AFFECTING THE AIRPORT ENTERPRISE FUND

- The Airport's passenger traffic continued expanding in FY 2015, passenger enplanements increased 1.0% and 4.1% in fiscal years (FYs) 2015 and 2014, respectively. O&D passengers expanded by a strong 6.8% and 3.1%, respectively, during the same time periods.
- The Airport's O&D service area includes the Charlotte-Gastonia-Concord MSA. According to U.S. Census estimates, the MSA's estimated 2014 population was 2.3 million.
- The MSA's economy continues expanding at rates faster than State and Nation. According to the U.S. Department of Labor, as of October 2015, the MSA's economy had grown 3.5% compared to 2.5% growth for North Carolina and 2.0% growth for the Nation over the same 12-month period.
- American Airlines is the Airport's largest airline with 92.0% of the enplaned passengers in FY 2015. On December 9, 2013, the US Airways Group and American Airlines Inc. merged to become the world's largest airline – American Airlines Group. Operational integration occurred on October 17, 2015, when the two airlines started operating under the single brand name of American Airlines.
- For the FY ending June 30, 2015, American Airlines and its affiliates provided 24.42% of the Airport's operating revenues.
- On July, 26, 2013, Senate Bill 380 was enacted into law by the North Carolina General Assembly. The legislation would create the Charlotte Douglas International Airport Commission (the "Airport Commission"). The Airport Commission would be an agency of the City and composed of thirteen members that would be appointed as follows: three by the Mayor of the City, four by the City Council and one by each of the Boards of Commissioners of Mecklenburg County, Cabarrus County, Gaston County, Iredell County, Lincoln County and Union County. The Airport Commission would be responsible for operating the Airport. The City would be responsible for the issuance of revenue or refunding revenue bonds with respect to the Airport.

The City challenged the legislation's validity under the State constitution and challenged the State's authority to create the Airport Commission. On August 1, 2013, a Superior Court judge granted an injunction blocking transfer of control of the Airport to the Airport Commission pending approval of or issuance of an operating certificate to the Airport Commission by the Federal Aviation Administration (the "FAA"). On September 26, 2013, the FAA issued a letter stating that prior to being able to make a final ruling on the approval or issuance of an operating certificate to the Airport Commission, the Superior Court must further clarify whether the Airport Commission or the City would act as the sponsor of the operating certificate. On October 13, 2014, the judge ruled that the Airport needed to first secure a federal operating certificate before the Airport Commission could take over control of the Airport. Currently, the City is awaiting response to its inquiry with the FAA as to whether or not the Commission is eligible for the operating certificate, can operate under the City's existing certificate, or neither.

The City cannot predict the impact of legislation or the Airport Commission might have on the City or the Airport.

## REQUESTS FOR FINANCIAL INFORMATION

This annual financial report is designed to provide a general overview of the Airport's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City of Charlotte's Department of Management & Financial Services, 600 East Fourth Street, Charlotte, NC 28202-2848 or [investorrelations@charlottenc.gov](mailto:investorrelations@charlottenc.gov).

For prior Airport financial reports or other City financial information please visit our Investor Website at: <http://charmec.org/city/charlotte/mfs/finance/pages/publications.aspx>.

# Financial Statements



# COMPARATIVE STATEMENTS OF NET POSITION

June 30, 2015 and 2014 (\$000)

ASSETS	2015	2014
<b>Current assets:</b>		
Cash and cash equivalents	\$ 793,073	\$ 745,830
Receivables, net of allowance for uncollectibles (\$228 and \$258 respectively)		
Accounts	29,791	21,193
Other	1,093	970
<b>Total receivables</b>	<b>30,884</b>	<b>22,163</b>
Due from other governmental agencies	24,705	32,172
Restricted assets-		
Cash and cash equivalents	86,412	83,847
Investments	21,202	77,245
<b>Total restricted assets</b>	<b>107,614</b>	<b>161,092</b>
<b>Total current assets</b>	<b>956,276</b>	<b>961,257</b>
<b>Noncurrent assets:</b>		
Net pension asset	1,893	-
Other postemployment benefit assets	7,022	7,008
Capital assets (Note 2) -		
Land	308,623	302,868
Buildings	747,494	670,508
Runways	393,153	392,982
Other improvements	106,180	100,066
Intangibles	3,317	3,317
Machinery and equipment	102,669	54,207
Construction in progress	261,145	279,094
<b>Total capital assets</b>	<b>1,922,581</b>	<b>1,803,042</b>
Less accumulated depreciation	650,184	609,707
<b>Total capital assets, net</b>	<b>1,272,397</b>	<b>1,193,335</b>
<b>Total noncurrent assets</b>	<b>1,281,312</b>	<b>1,200,343</b>
<b>Total assets</b>	<b>2,237,588</b>	<b>2,161,600</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Contributions to pension plan in current fiscal year	1,497	-
Unamortized bond refunding charges	1,339	1,608
<b>Total deferred outflows of resources</b>	<b>2,836</b>	<b>1,608</b>

CONTINUED

# COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)

June 30, 2015 and 2014 (\$000)

LIABILITIES	2015	2014
<b>Current liabilities:</b>		
Accounts payable	\$ 29,159	\$ 40,713
Deposits and retainage payable	6,433	7,768
Due to component unit	50	62
Current maturities of long-term liabilities	948	731
Current liabilities payable from restricted assets -		
Accounts payable	1,015	6,882
Deposits and retainage payable	2,377	6,036
Accrued interest payable	13,424	17,844
Revenue bonds payable	24,058	23,904
<b>Total current liabilities payable from restricted assets</b>	<b>40,874</b>	<b>54,666</b>
<b>Total current liabilities</b>	<b>77,464</b>	<b>103,940</b>
<b>Noncurrent liabilities (Note 3):</b>		
Revenue bonds payable - net of unamortized premiums of \$26,359 and \$10,012 respectively	615,671	774,533
Revenue bond anticipation notes payable	43,295	-
Compensated absences payable	1,352	1,020
<b>Total noncurrent liabilities</b>	<b>660,318</b>	<b>775,553</b>
<b>Total liabilities</b>	<b>737,782</b>	<b>879,493</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Deferrals	4,614	-
 <b>NET POSITION</b>		
Net investment in capital assets	696,987	555,990
Restricted for:		
Debt service	60,397	53,911
Passenger facility charges	308,710	277,238
Contract facility charges	26,456	32,486
Working capital	31,860	25,021
Unrestricted	373,618	339,069
<b>Total net position</b>	<b>\$ 1,498,028</b>	<b>\$ 1,283,715</b>

The notes to the financial statements are an integral part of this statement.

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# COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2015 and 2014 (\$000)

	2015	2014 <sup>1</sup>
<b>OPERATING REVENUES:</b>		
Terminal area	\$ 31,267	\$ 33,576
Airfield	26,880	22,644
Concessions	41,008	40,372
Rental cars	13,608	12,756
Parking	47,624	40,824
Maintenance facility	-	7,068
Fixed base operator area	15,885	17,429
Other	17,442	10,127
<b>Total operating revenues</b>	<b>193,714</b>	<b>184,796</b>
<b>OPERATING EXPENSES:</b>		
Terminal area	59,895	59,202
Public airfield facilities	5,898	4,690
Airport services facility	25,683	24,580
Fixed base operator area	10,985	10,906
Cargo area	2,817	1,367
Depreciation	45,897	38,066
<b>Total operating expenses</b>	<b>151,175</b>	<b>138,811</b>
<b>Operating income</b>	<b>42,539</b>	<b>45,985</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Passenger facility charges	60,238	59,526
Contract facility charges	10,187	10,009
Private contributions	119,057	-
Investment earnings	4,321	5,438
Interest expense and other charges	(27,958)	(32,149)
Non-airline terminal revenue distribution	(10,631)	(14,777)
Miscellaneous	(1,797)	(1,421)
<b>Total nonoperating revenues (expenses)</b>	<b>153,417</b>	<b>26,626</b>
Income before contributions	195,956	72,611
<b>CAPITAL CONTRIBUTIONS</b>		
Change in net position	20,960	40,246
Total net position - beginning, previously reported	1,283,715	1,170,858
Restatement (Note 15 on Page 65)	(2,603)	-
<b>Total net position - beginning, restated</b>	<b>1,281,112</b>	<b>1,170,858</b>
<b>Total net position - ending</b>	<b>\$ 1,498,028</b>	<b>\$ 1,283,715</b>

The notes to the financial statements are an integral part of this statement.

NOTE:

<sup>1</sup>Amounts have been restated between categories for consistent presentation (Note 14 on Page 65).

# COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2015 and 2014 (\$000)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 189,554	\$ 193,066
Payments to suppliers	(69,770)	(67,858)
Payments to other City funds for services	(20,502)	(9,969)
Payments to employees	(21,217)	(18,025)
Payments to airlines for non-airline terminal revenue distribution	(15,621)	(13,152)
Other receipts (payments)	1,737	11
<b>Net cash provided by operating activities</b>	<b><u>64,181</u></b>	<b><u>84,073</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from capital debt	43,295	-
Passenger facility charges	56,062	63,530
Contract facility charges	10,070	9,950
Acquisition and construction of capital assets	(137,352)	(155,179)
Principal paid on capital debt	(157,775)	(49,780)
Interest and other charges paid on capital debt	(34,558)	(37,422)
Private contributions	119,057	-
Capital contributions	26,587	25,947
<b>Net cash used by capital and related financing activities</b>	<b><u>(74,614)</u></b>	<b><u>(142,954)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(64,230)	(75,006)
Proceeds from sale and maturities of investments	120,273	162,461
Interest received	4,198	5,658
<b>Net cash provided by investing activities</b>	<b><u>60,241</u></b>	<b><u>93,113</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>49,808</b>	<b>34,232</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>829,677</b>	<b>795,445</b>
<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 879,485</u></b>	<b><u>\$ 829,677</u></b>

CONTINUED

# COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended June 30, 2015 and 2014 (\$000)

	<u>2015</u>	<u>2014</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>		
<b>PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 42,539	\$ 45,985
Adjustments to reconcile operating income to net cash provided by operating activities-		
Depreciation	45,897	38,066
Pension expense	118	-
Other receipts (payments)	1,737	11
Non-airline terminal revenue distribution	(15,621)	(13,152)
Change in assets and liabilities-		
(Increase) decrease in receivables	(4,160)	8,270
(Increase) in due from other governmental agencies	(201)	(222)
(Increase) in deferred outflows of resources for pensions	(1,497)	-
(Increase) decrease in other postemployment benefit assets	(14)	28
Increase (decrease) in accounts payable	(2,988)	2,876
Increase (decrease) in deposits and retainage payable	(2,166)	1,852
Increase (decrease) in due to component unit	(12)	24
Increase in compensated absences payable	549	335
<b>Total adjustments</b>	<u><b>21,642</b></u>	<u><b>38,088</b></u>
<b>Net cash provided by operating activities</b>	<u><b>\$ 64,181</b></u>	<u><b>\$ 84,073</b></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Proceeds from refunding bonds	\$ 122,670	\$ -
Payment to refunded bond escrow agent	(122,670)	-
<b>Net noncash investing, capital and financing activities</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

The notes to the financial statements are an integral part of this statement.

# Notes to the Financial Statements

June 30, 2015 and 2014 (Dollar Amounts in \$000)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### a. Reporting Entity

The accompanying financial statements present only the activities and resources of the City of Charlotte Airport (Airport), an enterprise fund of the City of Charlotte (City), North Carolina, and, accordingly, do not purport to and do not present the financial position of the City of Charlotte, North Carolina.

### b. Basis of Presentation

The Airport is an enterprise fund of the City that accounts for the operations of the Charlotte Douglas International Airport. All assets and liabilities associated with the Airport's activities are included on the Comparative Statements of Net Position. The Airport financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

### c. Cash and Cash Equivalents/Investments

The City maintains a cash management pool (pool) that is used by the Airport and other funds of the City. The pool facilitates disbursement and investment and maximizes 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 the Airport 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. Therefore, for the Comparative Statements of Net Position and Comparative Statements of Cash Flows, pooled cash is considered cash and cash equivalents. The restricted cash and cash equivalents/investments are held by trustees as required by revenue bond covenants. All restricted money market funds are considered cash and cash equivalents. The remaining amount of restricted assets is considered investments.

## DEPOSITS

All deposits of the City are made in board-designated official depositories and are secured as required by 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 NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits.

## INVESTMENTS

State 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), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements.

The restricted investments at June 30, 2015 and 2014, stated at fair value, were \$21,202 and \$77,245 respectively. At June 30, 2015 investments were as follows: \$4,177 in U.S. Agencies and \$17,025 in NCCMT. At June 30, 2014 investments were as follows: \$4,251 in U.S. Agencies and \$72,994 in NCCMT. All investments have maturities of less than one year.

**Interest Rate Risk.** 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.

**Credit Risk.** 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).

At June 30, 2015 and 2014, the Airport's investment in the NCCMT Cash Portfolio carried a credit rating of AAAm by S&P. The Airport's investments in U.S. Agencies (Federal Home Loan Bank) are rated AA+ by S&P and Aaa by Moody's.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015 and 2014, the City had no investments subject to custodial credit risk. The City had 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.

**Concentration of Credit Risk.** The City's informal investment policy limits the amount of commercial paper or bankers' acceptances to a maximum of 25 percent of the portfolio. For commercial paper, a maximum of \$20 million may be invested in any one issuer. For bankers' acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

### d. Capital Assets

Capital assets are assets with an initial, individual cost of more than \$5, except intangible assets which have a minimum cost of \$100, and are reported at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	25 years
Runways	33 years
Other Improvements	25 years
Intangibles	5 years
Machinery and Equipment	4-30 years

Net interest cost on debt issued to finance the construction of capital assets was capitalized during the construction period in the amount of \$1,215 and \$4,329, respectively, for the years ended June 30, 2015 and 2014.

**e. Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Comparative Statements of Net Position will sometimes report a separate section for deferred outflows of resources. The Deferred Outflows of Resources financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Airport has contributions to the pension plan in the current fiscal year and unamortized bond refunding charges that meet this criterion in the following amounts:

	<u>2015</u>	<u>2014</u>
Contributions to the pension plan in the current fiscal year	\$ 1,497	\$ -
Unamortized bond refunding charges	1,339	1,608
<b>Total</b>	<u>\$ 2,836</u>	<u>\$ 1,608</u>

In addition to liabilities, the Comparative Statements of Net Position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Airport has deferrals of pension expense of \$4,614 as of June 30, 2015 that result from the implementation of GASB Statement 68 that meets this criterion.

**f. Noncurrent Liabilities**

Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable premiums. Bond issuance costs are expensed in the reporting period in which they are incurred.

**g. Compensated Absences**

Employees earn vacation leave at the rate of 10 to 20 days per year and can accrue a maximum of 20 to 40 days, depending on length of service. Unused vacation days are payable upon termination, resignation, retirement or death.

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave can be taken for personal illness or illness of a member of the immediate family. Sick leave is lost upon termination or resignation. However, twenty percent of outstanding sick leave, with a maximum of 43.5 days, is payable upon retirement or death.

Compensated absences payable includes accumulated unpaid vacation leave and sick leave.

**h. Net Position**

Net position is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants or regulations of other governments.

**i. Revenues**

The primary sources of revenue at the Airport are fees and charges paid by the airlines and revenues paid by concessionaires providing services to the general public. Signatory airline terminal and airfield rates and charges are governed by twenty-five or thirty year lease agreements, and concession revenues are established by leases of varying methodologies and terms. The airlines are assessed four categories of fees and charges: rent, airport services, maintenance and operation fees, and landing fees. Airline fees and charges are established at a level adequate to recover the related services and facilities costs. Concession revenues are generated either through fixed annual charges or on the basis of a percentage of sales generated by the tenants' operations.

The Airport distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport result from exchange transactions associated with the principal activity of the Airport. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

**j. Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to / deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Charlotte's employer contributions are recognized when due and there is a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## 2. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance July 1, 2014	Increases	Decreases	Ending Balance June 30, 2015
<b>Capital assets, not being depreciated:</b>				
Land	\$ 302,868	\$ 5,755	\$ -	\$ 308,623
Construction in progress	279,094	141,381	159,330	261,145
<b>Total capital assets, not being depreciated</b>	<b>581,962</b>	<b>147,136</b>	<b>159,330</b>	<b>569,768</b>
<b>Capital assets, being depreciated:</b>				
Buildings	670,508	76,986	-	747,494
Runways	392,982	171	-	393,153
Other improvements	100,066	6,114	-	106,180
Intangibles	3,317	-	-	3,317
Machinery and equipment	54,207	57,031	8,569	102,669
<b>Total capital assets being depreciated</b>	<b>1,221,080</b>	<b>140,302</b>	<b>8,569</b>	<b>1,352,813</b>
<b>Less accumulated depreciation for:</b>				
Buildings	413,667	22,706	-	436,373
Runways	134,548	11,658	-	146,206
Other improvements	37,824	3,937	-	41,761
Intangibles	995	334	-	1,329
Machinery and equipment	22,673	7,262	5,420	24,515
<b>Total accumulated depreciation</b>	<b>609,707</b>	<b>45,897</b>	<b>5,420</b>	<b>650,184</b>
<b>Total capital assets, being depreciated, net</b>	<b>611,373</b>	<b>94,405</b>	<b>3,149</b>	<b>702,629</b>
<b>Capital assets, net</b>	<b>\$ 1,193,335</b>	<b>\$ 241,541</b>	<b>\$ 162,479</b>	<b>\$ 1,272,397</b>

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance July 1, 2013	Increases	Decreases	Ending Balance June 30, 2014
<b>Capital assets, not being depreciated:</b>				
Land	\$ 299,917	\$ 2,951	\$ -	\$ 302,868
Construction in progress	158,255	169,314	48,475	279,094
<b>Total capital assets, not being depreciated</b>	<b>458,172</b>	<b>172,265</b>	<b>48,475</b>	<b>581,962</b>
<b>Capital assets, being depreciated:</b>				
Buildings	642,556	27,952	-	670,508
Runways	392,371	611	-	392,982
Other improvements	91,366	8,700	-	100,066
Intangibles	3,317	-	-	3,317
Machinery and equipment	38,485	15,823	101	54,207
<b>Total capital assets being depreciated</b>	<b>1,168,095</b>	<b>53,086</b>	<b>101</b>	<b>1,221,080</b>
<b>Less accumulated depreciation for:</b>				
Buildings	394,877	18,790	-	413,667
Runways	123,158	11,390	-	134,548
Other improvements	34,138	3,686	-	37,824
Intangibles	332	663	-	995
Machinery and equipment	17,881	4,893	101	22,673
<b>Total accumulated depreciation</b>	<b>570,386</b>	<b>39,422</b>	<b>101</b>	<b>609,707</b>
<b>Total capital assets, being depreciated, net</b>	<b>597,709</b>	<b>13,664</b>	<b>-</b>	<b>611,373</b>
<b>Capital assets, net</b>	<b>\$ 1,055,881</b>	<b>\$ 185,929</b>	<b>\$ 48,475</b>	<b>\$ 1,193,335</b>

### 3. NONCURRENT LIABILITIES:

A summary of changes in noncurrent liabilities for the year ended June 30, 2015, follows by type:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Issue Amount</u>	<u>Beginning Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2015</u>	<u>Due Within One Year</u>
<b>General Airport Revenue Bonds:</b>									
2004 Series A	4.75% - 5.25%	9/15/04	2035	\$ 87,095	\$ 87,095	\$ -	\$ 87,095	\$ -	\$ -
2004 Series B	4.75% - 5.25%	9/15/04	2024	48,465	39,050	-	39,050	-	-
2007 Refunding Series A	4.00% - 5.00%	8/16/07	2038	99,995	89,060	-	2,125	86,935	2,210
2007 Series B	Variable	8/16/07	2038	47,570	21,045	-	535	20,510	555
2008 Refunding Series D	Variable	11/5/08	2035	40,585	38,725	-	445	38,280	465
2009 Refunding Series B	2.50% - 5.00%	2/17/09	2017	51,180	23,630	-	7,510	16,120	7,885
2010 Series A	2.00% - 5.50%	2/10/10	2040	130,100	123,205	-	2,490	120,715	2,550
2010 Refunding Series B	1.25% - 5.50%	2/10/10	2029	67,770	56,755	-	2,920	53,835	3,025
2010 Series C	Variable	2/10/10	2040	31,145	8,875	-	8,875	-	-
2011 Series A	2.00% - 5.00%	11/9/11	2042	76,100	73,865	-	1,395	72,470	1,450
2011 Series B	2.00% - 5.00%	11/9/11	2042	34,250	33,255	-	625	32,630	650
2011 Series C	Variable	11/9/11	2042	30,920	18,660	-	11,435	7,225	145
2014 Refunding Series A	5.00%	11/6/14	2035	74,290	-	74,290	-	74,290	-
2014 Refunding Series B	2.00% - 5.00%	11/6/14	2024	31,100	-	31,100	-	31,100	2,390
<b>Subtotal General Airport Revenue Bonds</b>					<b>613,220</b>	<b>105,390</b>	<b>164,500</b>	<b>554,110</b>	<b>21,325</b>
<b>Consolidated Rental Car Facilities:</b>									
2011 Series CONRAC	2.48% - 6.06%	11/9/11	2042	60,295	60,295	-	1,035	59,260	1,060
<b>Special Facility Bonds:</b>									
1998 Refunding Series	5.60%	3/1/98	2028	86,000	86,000	-	86,000	-	-
2000 Series	7.75%	8/15/00	2028	34,700	28,910	-	28,910	-	-
<b>Subtotal Special Facility Bonds</b>					<b>114,910</b>	<b>-</b>	<b>114,910</b>	<b>-</b>	<b>-</b>
<b>Total bonds</b>					<b>788,425</b>	<b>105,390</b>	<b>280,445</b>	<b>613,370</b>	<b>22,385</b>
Plus unamortized premiums					10,012	17,581	1,234	26,359	1,673
<b>Total bonds payable net of unamortized premiums</b>					<b>798,437</b>	<b>122,971</b>	<b>281,679</b>	<b>639,729</b>	<b>24,058</b>
Revenue Bond Anticipation Notes					-	43,295	-	43,295	-
Compensated absences					1,751	1,862	1,313	2,300	948
Net Pension Liability (LGERS) (Note 15)					3,877	-	3,877	-	-
<b>Total noncurrent liabilities net of unamortized premiums</b>					<b>\$ 804,065</b>	<b>\$ 168,128</b>	<b>\$ 286,869</b>	<b>\$ 685,324</b>	<b>\$ 25,006</b>

A summary of changes in noncurrent liabilities for the year ended June 30, 2014, follows by type:

	Interest Rates	Date Issued	Final Maturity	Original Issue Amount	Beginning Balance July 1, 2013	Additions	Reductions	Ending Balance June 30, 2014	Due Within One Year
<b>General Airport Revenue Bonds:</b>									
2004 Series A	4.75% - 5.25%	9/15/04	2035	\$ 87,095	\$ 87,095	\$ -	\$ -	\$ 87,095	\$ -
2004 Series B	4.75% - 5.25%	9/15/04	2024	48,465	42,350	-	3,300	39,050	3,475
2007 Refunding Series A	4.00% - 5.00%	8/16/07	2038	99,995	91,105	-	2,045	89,060	2,125
2007 Series B	Variable	8/16/07	2038	47,570	25,020	-	3,975	21,045	535
2008 Refunding Series D	Variable	11/5/08	2035	40,585	39,155	-	430	38,725	445
2009 Refunding Series B	2.50% - 5.00%	2/17/09	2017	51,180	30,920	-	7,290	23,630	7,510
2010 Series A	2.00% - 5.50%	2/10/10	2040	130,100	125,580	-	2,375	123,205	2,490
2010 Refunding Series B	1.25% - 5.50%	2/10/10	2029	67,770	59,585	-	2,830	56,755	2,920
2010 Series C	Variable	2/10/10	2040	31,145	22,525	-	13,650	8,875	195
2011 Series A	2.00% - 5.00%	11/9/11	2042	76,100	75,230	-	1,365	73,865	1,395
2011 Series B	2.00% - 5.00%	11/9/11	2042	34,250	33,865	-	610	33,255	625
2011 Series C	Variable	11/9/11	2042	30,920	30,570	-	11,910	18,660	360
<b>Subtotal General Airport Revenue Bonds</b>					<b>663,000</b>	<b>-</b>	<b>49,780</b>	<b>613,220</b>	<b>22,075</b>
<b>Consolidated Rental Car Facilities:</b>									
2011 Series CONRAC	2.48% - 6.06%	11/9/11	2042	60,295	60,295	-	-	60,295	1,035
<b>Special Facility Bonds:</b>									
1998 Refunding Series	5.60%	3/1/98	2028	86,000	86,000	-	-	86,000	-
2000 Series	7.75%	8/15/00	2028	34,700	28,910	-	-	28,910	-
<b>Subtotal Special Facility</b>					<b>114,910</b>	<b>-</b>	<b>-</b>	<b>114,910</b>	<b>-</b>
<b>Bonds</b>									
<b>Total bonds</b>					<b>838,205</b>	<b>-</b>	<b>49,780</b>	<b>788,425</b>	<b>23,110</b>
Plus unamortized premiums					10,807	-	795	10,012	794
<b>Total bonds payable net of unamortized premiums</b>					<b>849,012</b>	<b>-</b>	<b>50,575</b>	<b>798,437</b>	<b>23,904</b>
Compensated absences					1,416	1,292	957	1,751	731
<b>Total noncurrent liabilities net of unamortized premiums</b>					<b>\$ 850,428</b>	<b>\$ 1,292</b>	<b>\$ 51,532</b>	<b>\$ 800,188</b>	<b>\$ 24,635</b>

Bond debt service requirements to maturity are as follows:

**General Airport Revenue Bonds**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 21,325	\$ 22,990	\$ 44,315
2017	23,315	22,123	45,438
2018	15,675	21,345	37,020
2019	16,355	20,660	37,015
2020	17,145	20,001	37,146
2021-2025	101,285	88,165	189,450
2026-2030	136,455	63,552	200,007
2031-2035	121,545	37,533	159,078
2036-2040	87,095	12,815	99,910
2041-2042	13,915	662	14,577
<b>Total</b>	<b>\$ 554,110</b>	<b>\$ 309,846</b>	<b>\$ 863,956</b>

**Consolidated Car Rental Facilities**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,060	\$ 3,373	\$ 4,433
2017	1,090	3,341	4,431
2018	1,125	3,299	4,424
2019	1,175	3,246	4,421
2020	1,225	3,191	4,416
2021-2025	7,085	14,961	22,046
2026-2030	9,335	12,628	21,963
2031-2035	12,400	9,462	21,862
2036-2040	16,625	5,106	21,731
2041-2042	8,140	501	8,641
<b>Total</b>	<b>\$ 59,260</b>	<b>\$ 59,108</b>	<b>\$ 118,368</b>

## REFUNDING GENERAL AIRPORT REVENUE BONDS (GARBs)

**2007 Refunding Series A.** In August 2007, the City issued \$99,995 of fixed rate Airport Revenue Bonds with an average interest rate of 4.82 percent to advance refund \$7,950 of outstanding Airport Revenue Bonds Series 1999A with an average interest rate of 5.75 percent.

Airport Revenue Bonds in the amount of \$191,060 were issued in December 1999 for the purpose of financing or reimbursing the cost of improvements and expansion of the Airport. Of the \$191,060 revenue bonds, \$102,255 had fixed interest rates and \$88,805 had variable interest rates. The 1999 bonds were refunded and replaced with Airport Refunding Revenue Bonds 2007 Refunding Series A, 2008 Refunding Series D and 2010 Refunding Series B.

**2008 Refunding Series D.** In November 2008, the City issued \$24,480 variable rate Airport Revenue Bonds to refund \$28,805 of outstanding variable rate Airport Revenue Bonds Series 1999D. The net proceeds of \$24,258 and \$6,439 in debt service reserve funds of the 1999D bonds were used to purchase U.S. government securities and fund the debt service reserve fund for the 2008 bonds. The City completed the refunding to reduce its total debt service payments over a period of 21 years by \$26,683 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$19,310.

In November 2008, the City issued \$16,105 variable rate Airport Revenue Bonds to refund \$14,845 of outstanding variable rate Airport Revenue Bonds Series 2004D. The net proceeds of \$15,958 and \$125 in debt service funds of the 2004D bonds were used to purchase U.S. government securities and fund the debt service reserve fund for the 2008 bonds. The City completed the refunding to reduce its total debt service payments over a period of 26 years by \$11,646 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$8,190.

Airport Revenue Bonds in the amount of \$166,935 were issued in September 2004 for the purpose of financing or reimbursing the cost of improvements and expansion of the Airport. Of the \$166,935 revenue bonds, \$150,775 had fixed interest rates and \$16,160 had variable interest rates. The 2004 bonds were refunded and replaced with Airport Refunding Revenue Bonds 2008 Refunding Series D and 2014 Refunding Series A and B.

**2009 Refunding Series B.** In February 2009, the City issued \$51,180 fixed rate Airport Revenue Bonds with interest rates ranging from 2.50 to 5.00 percent to refund \$62,100 of outstanding variable rate Airport Revenue Bonds Series 1993A. The net proceeds of \$52,995 (after payment of \$941 in underwriting fees, insurance and other issuance costs) and \$14,502 in debt service funds of the 1993A bonds were used to purchase U.S. government securities and fund the debt service reserve fund for the 2009 bonds. The City completed the refunding to reduce its total debt service payments over a period of eight years by \$38,877 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$35,620.

Airport Revenue Bonds in the amount of \$108,780 were issued in December 1985 for the purpose of financing or reimbursing the cost of improvements and expansion of the Airport and to redeem bond anticipation notes. The 1985 bonds were advance refunded in June 1993 and replaced with 1993 Airport Refunding Revenue Bonds. The 1993 bonds were refunded in February 2009 and replaced with 2009 Airport Refunding Revenue Bonds.

**2010 Refunding Series B.** In February 2010, the City issued \$197,870 fixed rate Airport Revenue bonds with interest rates ranging from 1.25 to 5.50 percent to refund \$69,750 of outstanding Airport Revenue Bonds, Series 1999B. The net proceeds of \$199,074 (after payment of \$2,039 in underwriting fees, insurance and other issue costs) were used to purchase U.S. government securities, acquire and construct certain improvements to the Airport, and fund the debt service reserve fund for the 2010 bonds. The City completed the refunding to reduce its total debt service payments over a period of 19 years by \$7,105 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,645.

**2014 Refunding Series A and B.** In November 2014, the City issued \$105,390 in Airport Revenue Refunding Bonds, Series 2014A and 2014B with interest rates ranging from 2.00 to 5.00 percent. The net proceeds of \$121,544 (after payment of \$1,427 in underwriting fees, insurance and other costs) were used to refund \$122,670 of outstanding fixed rate Airport Revenue Bonds, Series 2004A and 2004B. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$30,376 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$23,883.

On February 3, 2014, the City fully redeemed \$3,370 of variable rate Airport Revenue Bonds, Series 2007B.

On February 3, 2014, the City fully redeemed \$13,185 of variable rate Airport Revenue Bonds, Series 2010C.

On February 3, 2014, the City fully redeemed \$11,355 of variable rate Airport Revenue Bonds, Series 2011C.

On December 1, 2014, the City fully redeemed \$8,680 of variable rate Airport Revenue Bonds, Series 2010C.

On December 1, 2014 and April 1, 2015 the City early extinguished \$5,075 and \$6,000 respectively of variable rate Airport Revenue Bonds, Series 2011C.

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions.

The Revenue Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Order or Lease. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Revenue Bond Order or Lease.

The Revenue Bond Order provided for the establishment of a special fund designated the Revenue Fund into which the City is required to deposit most Airport revenues upon receipt. Moneys on deposit in this fund will be applied at such times and in accordance with the priorities established by the Revenue Bond Order. Moneys in the Revenue Fund are required to be transferred to the following funds, established pursuant to the Revenue Bond Order, in the following order of priority: the Operating Fund, the Revenue Bond Fund and the Renewal and Improvement Fund.

The principal and interest on the Revenue Bonds are payable from net revenues of the Airport. Pursuant to the Revenue Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as necessary to produce revenues at least equal to the amounts required to be transferred to the funds indicated above plus an amount sufficient to have on deposit in the Revenue Fund, as of the first business day of the next fiscal year, an amount equal to the Coverage factor for the preceding fiscal year. The Coverage factor is equal to 25 percent of the amounts required to be deposited to the Revenue Bond Fund for the principal and interest payments for the fiscal year. In addition, the Revenue Bond Order provided for the establishment of the following reserves:

- (1) In the Revenue Bond Fund an amount equal to the maximum principal and interest requirements for the Revenue Bonds for any current or succeeding fiscal year, \$48,297 in 2015 and \$41,810 in 2014.
- (2) In the Operating Fund an amount equal to one-third of the annual budget for current expenses, \$30,360 in 2015 and \$23,521 in 2014.

The debt service reserve requirements for the GARBs are fully funded. See the table below for details:

Bond Series	Reserve Account Requirement (\$000)
2008D	\$ 3,130
2009B	\$ 5,394
2010A	\$ 9,004
2010B	\$ 5,751
2011A	\$ 4,828
2011B	\$ 2,200
2011C	\$ 1,856
2014AB	\$ 8,348

### CONSOLIDATED RENTAL CAR FACILITY

In November 2011, the City issued \$60,295 of Airport Special Facility Revenue Bonds to finance the design, equipping, development, construction, and furnishing of a new consolidated rental car facility (CONRAC) at the Airport. The debt service reserve requirement for Special Facility Revenue Bonds is \$7,786.

### SPECIAL FACILITY BONDS

In June 1987 and December 1988, the City issued \$67,000 and \$19,762, respectively, of Airport Special Facility Revenue Bonds to finance the construction of an aircraft hangar, a ground services equipment building and other facilities to be leased to US Airways Group, Inc. The 1987 and 1988 bonds were refunded in March 1998 and replaced with \$66,300 of 1998 Airport Refunding Revenue Bonds. The March 1998 issue also included an additional \$19,700 of Airport Special Facility Revenue Bonds for improvements of other airport facilities to be leased to US Airways Group, Inc.

In September 2000, the City issued \$34,700 of Airport Special Facility Revenue Bonds to finance the design, acquisition, construction and equipping of certain Airport related facilities to be leased to US Airways Group, Inc.

On August 4, 2014, the City early extinguished the balance in full of \$86,000 of fixed rate Airport Special Facility Refunding Bonds, Series 1998.

On August 4, 2014, the City early extinguished the balance in full of \$28,910 of fixed rate Airport Special Facility Revenue Bonds, Series 2000.

### REVENUE BOND ANTICIPATION NOTES

The City has available an Airport revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$100,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general Airport revenue bonds. The note will mature no later than the third anniversary of the closing date or November 6, 2017. The City had Airport revenue bond anticipation notes payable of \$43,295 outstanding at June 30, 2015. Interest rates are based upon market conditions.

Revenue bond anticipation note debt service requirements to maturity are as follows:

Year Ended June 30	Principal	Interest	Total
2016	\$ -	\$ 262	\$ 262
2017	-	263	263
2018	43,295	93	43,388
<b>Total</b>	<b>\$ 43,295</b>	<b>\$ 618</b>	<b>\$ 43,913</b>

#### 4. LEASE AGREEMENTS:

##### AIRPORT LEASE

Airport facilities are leased primarily to the signatory airlines under agreements having terms of twenty-five or thirty years. Fees and charges under these agreements are computed in a manner designed to recover the cost of operating the Airport. Provisions in these agreements give the airlines the right to approve future expansion of the Airport Facilities and any issuance of new debt affecting the fees and charges to the airlines. Other provisions insure that sufficient fees and charges will be collected to meet Airport debt service requirements. In addition, the agreements provide for a distribution to the airlines of a portion of the non-airline terminal revenues.

##### SPECIAL FACILITY LEASE

The City has entered into a Special Facility lease agreement with US Airways Group, Inc. for land and a Special Facility. The Special Facility includes an aircraft hangar, a ground services equipment building and other facilities. The lease terminates thirty years from the date of beneficial occupancy, which was March 1987. Fees and charges under this agreement are computed in a manner designed to recover all principal, interest and expenses related to bonds issued for the construction of the Special Facility, all services rendered and expenses incurred for operation and maintenance of the leased premises and a ground rental fee.

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2015:

2016	\$ 44,628
2017	45,133
2018	45,425
2019	45,723
2020	46,026
<b>Total minimum future rental income</b>	<b>\$ 226,935</b>

Of the \$226,935 minimum future rental income on noncancelable operating leases, \$63,769 relates to agreements with US Airways, Inc. See Note 9 for additional information related to US Airways, Inc.

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2014:

2015	\$ 39,672
2016	34,081
2017	33,057
2018	33,201
2019	21,792
2020-2024	35,283
2025-2028	140,728
<b>Total minimum future rental income</b>	<b><u><u>\$ 337,814</u></u></b>

Of the \$337,814 minimum future rental income on noncancelable operating leases, \$273,180 relates to agreements with US Airways, Inc. See Note 9 for additional information related to US Airways, Inc.

See Note 3 for additional information related to the early extinguishment of Airport Special Facility Bonds during Fiscal Year 2015 which reduced the minimum future rental income amounts.

Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Contingent rentals of approximately \$68,815 and \$66,995 were received during the years ended June 30, 2015 and 2014, respectively.

## AIRPORT LEASING ARRANGEMENTS WITH TENANTS

A major portion of the Airport's assets are leased under operating agreements with airlines and other tenants.

The total cost and accumulated depreciation of the assets at June 30 follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 308,623	\$ 302,868
Buildings	747,494	670,508
Runways	393,153	392,982
Improvements other than buildings	106,180	100,066
Intangibles	3,317	3,317
Machinery and equipment	102,669	54,207
Total	<u>1,661,436</u>	<u>1,523,948</u>
Less accumulated depreciation	650,184	609,707
<b>Total</b>	<b><u><u>\$ 1,011,252</u></u></b>	<b><u><u>\$ 914,241</u></u></b>

## 5. TRANSACTIONS WITH THE CITY OF CHARLOTTE:

Expenses include certain costs charged the Airport by other funds of the City. These charges are as follows:

	2015	2014
Administrative and other City services	\$ 6,601	\$ 5,291
Crash, fire and rescue services	5,084	4,678
<b>Total</b>	<b>\$ 11,685</b>	<b>\$ 9,969</b>

## 6. PENSION PLANS AND OTHER BENEFITS

### a. Local Governmental Employees' Retirement System (LGERS)

The Airport, as an enterprise fund of the City, participates in the North Carolina Local Governmental Employees' Retirement System (LGERS), administered by the State of North Carolina.

**Plan Description.** The City of Charlotte is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov). The City's proportion of LGERS is included in the City's CAFR. That report may be obtained by writing to City of Charlotte, Department of Management and Financial Services – Accounting, Charlotte-Mecklenburg Government Center, 600 East Fourth Street, 10th Floor, Charlotte, North Carolina 28202-2848.

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Airport employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The contractually required contribution rate for the year ended June 30, 2015, was 7.07% for general employees for the Airport, actuarially determined as an amount that,

when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Airport were \$1,497 for the year ended June 30, 2015.

**Refunds of Contributions.** Airport employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2015, the Airport reported an asset of \$1,893 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the City's proportion was 5.881%, which was a decrease of 0.011% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the Airport recognized pension expense of \$118. At June 30, 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 207
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,407
Changes in proportion and differences between Airport contributions and proportionate share of contributions	-	-
Airport contributions subsequent to the measurement date	1,497	-
<b>Total</b>	<u><u>\$ 1,497</u></u>	<u><u>\$ 4,614</u></u>

\$1,497 reported as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>	
2016	\$ (1,154)
2017	(1,154)
2018	(1,154)
2019	(1,152)
2020	-
Thereafter	-
<b>Total</b>	<u><u>\$ (4,614)</u></u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.25 to 8.55%, including inflation and productivity factor
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
<b>Total</b>	<b>100%</b>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

**Discount rate.** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the proportionate share of the net pension asset to changes in the discount rate.** The following presents the Airport's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Airport's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Airport's proportionate share of the net pension liability (asset)	\$ 6,426	\$ (1,893)	\$ (8,897)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**b. Other Postemployment Benefits**

The Airport, as an enterprise fund of the City, participates in the City of Charlotte Employee Benefit Trust Plan (EBTP), a single-employer defined benefit healthcare plan administered by the City of Charlotte. The EBTP provides health and welfare benefit plans for the benefit of eligible retired employees of the City. Section 4.05 of the Charlotte City Code assigns the authority to establish benefit provisions for EBTP to the City Council. The EBTP is included in the Comprehensive Annual Financial Report (CAFR) for the City of Charlotte. The City's CAFR includes financial statements and required supplementary information for EBTP. That report may be obtained by writing to City of Charlotte, Department of Management and Financial Services - Accounting, Charlotte-Mecklenburg Government Center, 600 East Fourth Street, 10th Floor, Charlotte, North Carolina 28202-2848.

The contribution requirements of plan members and the City are established and may be amended by the City Council. For retired employees, the City Council set the employer contribution rate to contribute the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually. The Airport's contributions to EBTP for the year ended June 30, 2015 and 2014 were \$424 and \$421 respectively. Amounts previously contributed to prefund benefits are shown as a noncurrent asset on the Statement of Net Position.

**c. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not included in the City's financial statements.

## 7. INSURANCE:

### a. Employee Health and Life

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintained insurance coverage with private carriers for life claims, vision claims, and excess coverage for health claims in excess of \$425 per year per person for June 30, 2015 and 2014.

The Airport participates in the City's employee health and life insurance program which is accounted for in the Employee Health and Life Insurance Fund (EHLIF), an internal service fund, of the City. The Airport makes payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides life insurance for employees in the amount of two times the employees' salary up to a maximum of \$200. Employees may purchase additional life insurance up to a maximum of four times their salary. The Airport made payments to the EHLIF for the years ended June 30, 2015 and 2014 in the amount of \$2,846 and \$1,666.

### b. Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the risk management program of the City. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings and contents, excess workers' compensation, excess vehicle and general liability, and airport liability. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence, workers' compensation claims in excess of \$2,000, property damage claims in excess of \$100 and flood insurance \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums. The finance officer is bonded for \$100. Employees who handle funds are bonded under a blanket bond for \$250. Settled claims have not exceeded insurance coverage in the past three years. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. The Airport makes payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses. The Airport made payments to the RMF for the year ended June 30, 2015 and 2014 in the amounts of \$1,482 and \$1,507 respectively.

## 8. COMMITMENTS AND CONTINGENCIES:

Noise litigation suits have been filed against the City in connection with the operation of the Airport. In the opinion of the City's attorney and management, the ultimate outcome of the suits is not expected to have a significant impact upon the financial position or results of operations of the Airport.

The Airport has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not be significant.

The Airport had authorized capital projects at June 30 as follows:

	2015	2014
Project Authorization	\$ 902,309	\$ 1,073,831
Expended	732,113	920,283
<b>Unexpended</b>	<b>\$ 170,196</b>	<b>\$ 153,548</b>

Financial resources are available to fund the total amount of unexpended authorizations.

The Airport had construction and other contractual commitments of approximately \$34 million and \$121 million at June 30, 2015 and 2014, respectively.

## 9. MAJOR CUSTOMER:

US Airways, Inc. (US Airways), a wholly owned subsidiary of US Airways Group, Inc., is the major passenger airline serving Charlotte Douglas International Airport (Airport). For the fiscal years ended June 30, 2015 and 2014, US Airways and its affiliates provided 24.4 percent and 26.4 percent, respectively, of the Airport's operating revenues.

US Airways conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 1985 Airport Agreements and Lease (Airport Agreement), which has also been executed by American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines (collectively, the Signatory Airlines). Pursuant to the Airport Agreement, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Airport Revenue Bonds (GARBS) issued by the City to fund airfield and terminal improvements.

As of June 30, 2015 and 2014, the City had \$554,110 and \$613,220, respectively of GARBS outstanding, the proceeds of which were used for airfield and terminal improvements. The GARBS are not general obligations of the City and are payable solely from revenues generated by the City in the airfield and terminal. The City had \$60,397 and \$46,125 at June 30, 2015 and 2014, respectively, in reserve to pay principal and interest on GARBS.

In addition to the GARBS, the City also issued Special Facility Revenue Bonds to finance the construction of crew training, airfield maintenance and other Airport facilities (Special Facilities) that are leased to US Airways by the City. As rental for the Special Facilities, US Airways is obligated to pay directly to the City a Ground Rental and an Airport Service Fee Rental. In addition, US Airways is obligated to pay directly to a Trustee for the benefit of bondholders a facility rental (Special Facilities Debt Service Rental) in an amount equal to the annual installments of principal and interest on the Special Facility Revenue Bonds. The Special Facilities Debt Service Rental is not a general obligation of the City. If US Airways fails to pay the Special Facilities Debt Service Rentals, the City is obligated to use reasonable efforts to re-let the Special Facilities to another tenant and apply the debt service rentals from such re-letting to the payment of the principal and interest on the Special Facility Revenue Bonds. The City is not obligated to make any payments relating to the Special Facilities or the Special Facility Revenue Bonds except for such debt service rentals as it receives from the tenant of the Special Facilities. On August 4, 2014, the City early extinguished the balance in full of \$86,000 and \$28,910 of fixed rate Airport Special Facility Refunding Bonds, Series 1998 and 2000, respectively.

## 10. AIRPORT COMMISSION

On July 26, 2013, Senate Bill 380 was enacted into law by the North Carolina General Assembly. The legislation would create the Charlotte Douglas International Airport Commission (the "Airport Commission"). The Airport Commission would be an agency of the City and composed of thirteen members that would be appointed as follows: three by the Mayor of the City, four by the City Council, and one by each of the Boards of Commissioners of Mecklenburg County, Cabarrus County, Gaston County, Iredell County, Lincoln County and Union County. The Airport Commission would be responsible for operating the Airport. The City would be responsible for the issuance of revenue or refunding revenue bonds with respect to the Airport.

The City challenged the legislation's validity under the State constitution and challenged the State's authority to create the Airport Commission. On August 1, 2013, a Superior Court judge in Mecklenburg County (NC) granted an injunction blocking transfer of control of the Airport to the Airport Commission pending approval of or issuance of an operating certificate to the Airport Commission by the Federal Aviation Administration (the "FAA"). On September 26, 2013, the FAA issued a letter stating that prior to being able to make a final ruling on the approval of or issuance of an operating certificate to the Airport Commission, the Superior Court must further clarify whether the Airport Commission or the City would act as the sponsor of

the operating certificate. On October 13, 2014, the judge ruled that the Airport needed to first secure a federal operating certificate before the Airport Commission could take over control of the Airport. Currently, the City is awaiting response to its inquiry with the FAA as to whether or not the Commission is eligible for the operating certificate, can operate under the City's existing certificate, or neither.

The City cannot predict the impact the legislation or the Airport Commission might have on the City or the Airport.

## 11. DEBT SERVICE COVERAGE:

The 1985 Revenue Bond Order provided that Revenues pledged under the Bond Order be sufficient to meet Revenue Bond Debt Service, current expenses, and other required deposits to funds and accounts established by the Bond Order. Net Revenues for calculation of coverage as defined by the 1985 Bond Order are determined as follows:

<b>Debt Service Coverage</b>	<b>2015</b>	<b>2014<sup>1</sup></b>
<b>Revenues:</b>		
Included operating revenues	\$ 163,655	\$ 150,545
Included non-operating revenues	687	586
Coverage factor	12,101	12,101
	<b>176,443</b>	<b>163,232</b>
<b>Application of revenues:</b>		
Included operating expense	(87,680)	(78,766)
Change in operating fund reserve	(4,107)	(473)
Debt service fees	(125)	(104)
<b>Total application of revenues</b>	<b>(91,912)</b>	<b>(79,343)</b>
<b>Net revenues available for revenue bond debt service (1)</b>	<b>\$ 84,531</b>	<b>\$ 83,889</b>
<b>Requirement for revenue bond fund (2)</b>	<b>\$ 25,733</b>	<b>\$ 26,072</b>
Debt Service Coverage (1)/(2)	3.3	3.2

NOTE:

<sup>1</sup>Includes restated allocation of revenues and expenses between included and excluded amounts which changed FY14 debt service coverage from 3.5 as previously reported to 3.2 (Note 14 on Page 65).

## 12. PASSENGER FACILITY CHARGES:

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of \$3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$1,104,435.

	<u>2015</u>	<u>2014</u>
Aggregate PFC Collections, Beginning	\$ 471,790	\$ 412,264
PFC Collections	60,238	59,526
<b>Aggregate PFC Collections, Ending</b>	<b><u>\$ 532,028</u></b>	<b><u>\$ 471,790</u></b>

## 13. CONTRACT FACILITY CHARGES

Beginning July 1, 2007 Contract Facility Charges (CFCs) were imposed on rental car companies at a rate of \$3.50 per transaction per day. On October 1, 2011 the rate was increased to \$4.00 per transaction per day. The City may, at its discretion, raise the CFC per-transaction-per-day rate. In 2015 and 2014, the City received \$10,187 and \$10,009 in CFC revenue, respectively.

## 14. CHANGE IN CLASSIFICATION OF INCLUDED / EXCLUDED REVENUE AND EXPENSES

As of June 30, 2015, the City implemented a change in the classification of included and excluded revenues and expenses. The distribution of revenues and expenses among categories changed but neither revenues nor expenses changed in total.

Included and Excluded Revenues were changed to categorize Cargo revenue as excluded revenue. Rental Car and Fixed Base Operator revenues were separated into individual categories rather than being combined with Miscellaneous, Terminal and Concessions revenue.

Included and Excluded Expenses were changed to categorize capital outlay as a reduction to excluded expense in the Cargo and Fixed Base Operator expense categories.

When comparative amounts are displayed, those amounts have been restated to reflect these changes.

## 15. CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENT

The City implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement 27), as well as GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68), in the fiscal year ending June 30, 2015. The implementation of the statements required the Airport to record beginning net pension liability and the effects on net position of contributions made by each, respectively, during the measurement period (fiscal year ending June 30, 2014) in the amount of \$2,603.



# Additional Information

The Additional Information Section contains unaudited information about the Airport Enterprise Fund or Airport.

- 68** Schedules to the Financial Statements
- 87** Certification of Chief Financial Officer

## SCHEDULE OF CHANGE IN NET POSITION - INCLUDED AND EXCLUDED CENTERS FOR THE YEAR ENDED JUNE 30, 2015

(\$000)

	Included Centers	Excluded Centers	Total
<b>OPERATING REVENUES:</b>			
Terminal area	\$ 30,236	\$ 1,031	\$ 31,267
Airfield	23,754	3,126	26,880
Concessions	41,008	-	41,008
Rental cars	13,608	-	13,608
Parking	47,624	-	47,624
Fixed base operator area	-	15,885	15,885
Other	7,425	10,017	17,442
<b>Total operating revenues</b>	<b>163,655</b>	<b>30,059</b>	<b>193,714</b>
<b>OPERATING EXPENSES:</b>			
Terminal area	59,848	47	59,895
Public airfield facilities	5,898	-	5,898
Airport services facility	21,934	3,749	25,683
Fixed base operator area	-	10,985	10,985
Cargo area	-	2,817	2,817
Depreciation	-	45,897	45,897
<b>Total operating expenses</b>	<b>87,680</b>	<b>63,495</b>	<b>151,175</b>
<b>Operating income (loss)</b>	<b>75,975</b>	<b>(33,436)</b>	<b>42,539</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Passenger facility charges	-	60,238	60,238
Contract facility charges	-	10,187	10,187
Private contributions	-	119,057	119,057
Investment earnings	569	3,752	4,321
Interest expense and other charges	(27,193)	(765)	(27,958)
Non-airline terminal revenue distribution	(10,631)	-	(10,631)
Miscellaneous	118	(1,915)	(1,797)
<b>Total nonoperating revenues (expenses)</b>	<b>(37,137)</b>	<b>190,554</b>	<b>153,417</b>
Income before contributions	38,838	157,118	195,956
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>	<b>20,960</b>	<b>20,960</b>
<b>Change in net position</b>	<b>\$ 38,838</b>	<b>\$ 178,078</b>	<b>\$ 216,916</b>

**NOTE:**

The Schedule of Change in Net Position identifies current year activity in included centers and excluded centers. Included centers are cost centers for the Terminal complex and Public Aircraft Facilities. Excluded centers are cost centers for those areas and parts of the Airport other than included centers, primarily cargo and fixed base operators. The 1985 Revenue Bond Order established included and excluded centers. Included center revenues are used for debt service expenditures except for debt service expenditures for the Special Facilities Revenue Bonds which are retired from debt service rentals as described in Note 3 to the Financial Statements.

## SCHEDULE OF CHANGE IN NET POSITION - INCLUDED AND EXCLUDED CENTERS FOR THE YEAR ENDED JUNE 30, 2014<sup>1</sup>

(\$000)

	Included Centers	Excluded Centers	Total
<b>OPERATING REVENUES:</b>			
Terminal area	\$ 33,519	\$ 57	\$ 33,576
Airfield	20,849	1,795	22,644
Concessions	40,372	-	40,372
Rental cars	12,756	-	12,756
Parking	40,824	-	40,824
Maintenance facility	-	7,068	7,068
Fixed base operator area	-	17,429	17,429
Other	2,225	7,902	10,127
<b>Total operating revenues</b>	<b>150,545</b>	<b>34,251</b>	<b>184,796</b>
<b>OPERATING EXPENSES:</b>			
Terminal area	49,496	9,706	59,202
Public airfield facilities	4,690	-	4,690
Airport services facility	24,580	-	24,580
Fixed base operator area	-	10,906	10,906
Cargo area	-	1,367	1,367
Depreciation	-	38,066	38,066
<b>Total operating expenses</b>	<b>78,766</b>	<b>60,045</b>	<b>138,811</b>
<b>Operating income (loss)</b>	<b>71,779</b>	<b>(25,794)</b>	<b>45,985</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Passenger facility charges	-	59,526	59,526
Contract facility charges	-	10,009	10,009
Investment earnings	586	4,852	5,438
Interest expense and other charges	(24,969)	(7,180)	(32,149)
Non-airline terminal revenue distribution	(14,777)	-	(14,777)
Miscellaneous	-	(1,421)	(1,421)
<b>Total nonoperating revenues (expenses)</b>	<b>(39,160)</b>	<b>65,786</b>	<b>26,626</b>
Income before contributions	32,619	39,992	72,611
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>	<b>40,246</b>	<b>40,246</b>
<b>Change in net position</b>	<b>\$ 32,619</b>	<b>\$ 80,238</b>	<b>\$ 112,857</b>

### NOTES:

The Schedule of Change in Net Position identifies current year activity in included centers and excluded centers. Included centers are cost centers for the Terminal complex and Public Aircraft Facilities. Excluded centers are cost centers for those areas and parts of the Airport other than included centers, primarily cargo and fixed base operators. The 1985 Revenue Bond Order established included and excluded centers. Included center revenues are used for debt service expenditures except for debt service expenditures for the Special Facilities Revenue Bonds which are retired from debt service rentals as described in Note 3 to the Financial Statements.

<sup>1</sup>Amounts have been restated between categories for consistent presentation (Note 14 on Page 65).

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FUNDS HELD BY CITY  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Revenue Fund</u>	<u>Operating Fund</u>	<u>Operating Fund Reserve</u>	<u>Renewal and Improvement Fund</u>	<u>Discretionary Fund</u>	<u>PFC Fund</u>	<u>CFC Fund</u>	<u>Total</u>
Beginning balance <sup>1</sup>	\$ 92,263	\$ -	\$ 23,521	\$ 1,500	\$ 190,973	\$ 277,238	\$ 26,335	\$ 611,830
<b>Deposits:</b>								
Operating revenue	163,100	-	-	-	-	-	117	163,217
PFC revenue	-	-	-	-	-	60,238	-	60,238
Investment earnings	570	-	-	-	1,033	1,516	81	3,200
Interfund transfers	1,912	87,680	6,839	-	47,585	-	-	144,016
Transfers from capital project	-	-	-	-	8,878	-	-	8,878
Transfers from trustee	22	-	-	-	-	-	6,151	6,173
<b>Total deposits</b>	<b>165,604</b>	<b>87,680</b>	<b>6,839</b>	<b>-</b>	<b>57,496</b>	<b>61,754</b>	<b>6,349</b>	<b>385,722</b>
<b>Withdrawals:</b>								
Operating expense	-	87,680	-	-	-	-	-	87,680
Interfund transfers	142,104	-	-	-	1,239	-	673	144,016
Transfers to capital project	-	-	-	-	59,221	8,878	11,828	79,927
Transfers to trustee	25,859	-	-	-	8,348	21,404	23	55,634
Distribution to airlines of 40 percent share of excess non-airline terminal revenue	-	-	-	-	10,631	-	-	10,631
<b>Total withdrawals</b>	<b>167,963</b>	<b>87,680</b>	<b>-</b>	<b>-</b>	<b>79,439</b>	<b>30,282</b>	<b>12,524</b>	<b>377,888</b>
<b>Ending balance</b>	<b>\$ 89,904</b>	<b>\$ -</b>	<b>\$ 30,360</b>	<b>\$ 1,500</b>	<b>\$ 169,030</b>	<b>\$ 308,710</b>	<b>\$ 20,160</b>	<b>\$ 619,664</b>

NOTE:

<sup>1</sup>Amounts have been restated to conform to current year presentation.

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1987 SPECIAL FACILITY REVENUE BOND ORDER  
FOR THE 1998 REFUNDING BONDS - REFUNDING BOND FUND  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Interest Account</u>	<u>Principal Account</u>	<u>Total</u>
Beginning balance	\$ 2,408	\$ -	\$ 2,408
<b>Deposits:</b>			
Payments from US Airways Group, Inc.	442	86,000	86,442
<b>Withdrawals:</b>			
Interest	2,850	-	2,850
Principal	-	86,000	86,000
<b>Total withdrawals</b>	<u>2,850</u>	<u>86,000</u>	<u>88,850</u>
<b>Ending balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1987 SPECIAL FACILITY REVENUE BOND ORDER  
FOR THE 2000 SPECIAL FACILITY REVENUE BONDS - REVENUE BOND FUND  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Interest Account</u>	<u>Principal Account</u>	<u>Total</u>
Beginning balance	\$ -	\$ -	\$ -
<b>Deposits:</b>			
Payments from US Airways Group, Inc.	1,139	28,910	30,049
<b>Withdrawals:</b>			
Interest	1,139	-	1,139
Principal	-	28,910	28,910
<b>Total withdrawals</b>	<u>1,139</u>	<u>28,910</u>	<u>30,049</u>
<b>Ending balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2004 AIRPORT REVENUE BONDS - REVENUE BOND FUNDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	Series A	Series B		Total
	Interest Account	Interest Account	Principal Account	
Beginning balance	\$ 2,175	\$ 1,012	\$ 3,477	\$ 6,664
<b>Deposits:</b>				
Transfers from City	1,455	617	1,220	3,292
<b>Withdrawals:</b>				
Interest	2,174	1,011	-	3,185
Principal	-	-	3,475	3,475
Other debt expenditures	6	3	-	9
Payment to refunding bond escrow agent	1,449	614	1,220	3,283
Transfers to City	1	1	2	4
<b>Total withdrawals</b>	<b>3,630</b>	<b>1,629</b>	<b>4,697</b>	<b>9,956</b>
<b>Ending balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2007 AIRPORT REVENUE BONDS - REVENUE BOND FUNDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	Series A		Series B		Total
	Interest Account	Principal Account	Interest Account	Principal Account	
Beginning balance	\$ 2,119	\$ 2,126	\$ -	\$ 535	\$ 4,780
<b>Deposits:</b>					
Transfers from City	4,164	2,210	136	555	7,065
Investment earnings	-	1	-	-	1
<b>Total deposits</b>	<b>4,164</b>	<b>2,211</b>	<b>136</b>	<b>555</b>	<b>7,066</b>
<b>Withdrawals:</b>					
Interest	4,194	-	8	-	4,202
Principal	-	2,125	-	535	2,660
Other debt expenditures	12	-	128	-	140
Transfers to City	1	1	-	-	2
<b>Total withdrawals</b>	<b>4,207</b>	<b>2,126</b>	<b>136</b>	<b>535</b>	<b>7,004</b>
<b>Ending balance</b>	<b>\$ 2,076</b>	<b>\$ 2,211</b>	<b>\$ -</b>	<b>\$ 555</b>	<b>\$ 4,842</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
 ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
 FOR THE 2007 AIRPORT REVENUE BONDS - CONSTRUCTION FUND  
 FUNDS HELD BY TRUSTEE  
 FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Series A</u>
Beginning balance	\$ 10,674
<b>Deposits:</b>	
Investment earnings	2
<b>Withdrawals:</b>	
Construction expense	5,872
<b>Ending balance</b>	<u><u>\$ 4,804</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2008D AIRPORT REFUNDING BONDS - REFUNDING BOND FUND  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Total</u>
Beginning balance	\$ -	\$ 445	\$ 3,130	\$ 3,575
<b>Deposits:</b>				
Transfers from City	271	465	-	736
Investment earnings	-	-	2	2
<b>Total deposits</b>	<u>271</u>	<u>465</u>	<u>2</u>	<u>738</u>
<b>Withdrawals:</b>				
Interest	16	-	-	16
Principal	-	445	-	445
Other debt expenditures	255	-	-	255
<b>Total withdrawals</b>	<u>271</u>	<u>445</u>	<u>-</u>	<u>716</u>
<b>Ending balance</b>	<u>\$ -</u>	<u>\$ 465</u>	<u>\$ 3,132</u>	<u>\$ 3,597</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2009B AIRPORT REFUNDING BONDS - REFUNDING BOND FUND  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Total</u>
Beginning balance	\$ 556	\$ 7,514	\$ 5,394	\$ 13,464
<b>Deposits:</b>				
Transfers from City	738	7,885	-	8,623
Investment earnings	-	2	4	6
<b>Total deposits</b>	<b>738</b>	<b>7,887</b>	<b>4</b>	<b>8,629</b>
<b>Withdrawals:</b>				
Interest	919	-	-	919
Principal	-	7,510	-	7,510
Other debt expenditures	7	-	-	7
Transfers to City	-	4	-	4
<b>Total withdrawals</b>	<b>926</b>	<b>7,514</b>	<b>-</b>	<b>8,440</b>
<b>Ending balance</b>	<b>\$ 368</b>	<b>\$ 7,887</b>	<b>\$ 5,398</b>	<b>\$ 13,653</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2010A AIRPORT REVENUE BONDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	Revenue Bond Fund				Total
	Interest Account	Principal Account	Reserve Account	Construction Account	
Beginning balance	\$ 3,028	\$ 2,491	\$ 23,222	\$ 6,971	\$ 35,712
<b>Deposits:</b>					
Transfers from City	6,006	2,550	-	-	8,556
Interfund transfers	-	-	-	14,214	14,214
Investment earnings	1	1	2	2	6
<b>Total deposits</b>	<b>6,007</b>	<b>2,551</b>	<b>2</b>	<b>14,216</b>	<b>22,776</b>
<b>Withdrawals:</b>					
Construction expense	-	-	-	18,204	18,204
Interest	6,025	-	-	-	6,025
Principal	-	2,490	-	-	2,490
Interfund transfers	-	-	14,214	-	14,214
Transfers to City	2	1	4	-	7
<b>Total withdrawals</b>	<b>6,036</b>	<b>2,491</b>	<b>14,218</b>	<b>18,204</b>	<b>40,949</b>
<b>Ending balance</b>	<b>\$ 2,999</b>	<b>\$ 2,551</b>	<b>\$ 9,006</b>	<b>\$ 2,983</b>	<b>\$ 17,539</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2010B AIRPORT REFUNDING BONDS - REFUNDING BOND FUND  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Total</u>
Beginning balance	\$ 1,413	\$ 2,922	\$ 5,752	\$ 10,087
<b>Deposits:</b>				
Transfers from City	2,730	3,025	-	5,755
Investment earnings	-	1	2	3
<b>Total deposits</b>	<b>2,730</b>	<b>3,026</b>	<b>2</b>	<b>5,758</b>
<b>Withdrawals:</b>				
Interest	2,774	-	-	2,774
Principal	-	2,920	-	2,920
Other debt expenditures	7	-	-	7
Transfers to City	-	2	1	3
<b>Total withdrawals</b>	<b>2,781</b>	<b>2,922</b>	<b>1</b>	<b>5,704</b>
<b>Ending balance</b>	<b>\$ 1,362</b>	<b>\$ 3,026</b>	<b>\$ 5,753</b>	<b>\$ 10,141</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2010C AIRPORT REVENUE BONDS – REVENUE BOND FUND  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Total</u>
Beginning balance	\$ -	\$ 280	\$ 1,861	\$ 2,141
<b>Deposits:</b>				
Transfers from City	43	48	-	91
Reimbursement from City	-	8,680	-	8,680
<b>Total deposits</b>	<b>43</b>	<b>8,728</b>	<b>-</b>	<b>8,771</b>
<b>Withdrawals:</b>				
Interest	2	-	-	2
Principal	-	8,875	-	8,875
Transfers to City	-	133	1,861	1,994
Other debt expenditures	41	-	-	41
<b>Total withdrawals</b>	<b>43</b>	<b>9,008</b>	<b>1,861</b>	<b>10,912</b>
<b>Ending balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2011A AIRPORT REVENUE BONDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	Revenue Bond Fund				Total
	Interest Account	Principal Account	Reserve Account	Construction Account	
Beginning balance	\$ 1,717	\$ 1,396	\$ 4,828	\$ 25,726	\$ 33,667
<b>Deposits:</b>					
Transfers from City	3,385	1,450	-	-	4,835
Investment earnings	1	-	1	3	5
<b>Total deposits</b>	<b>3,386</b>	<b>1,450</b>	<b>1</b>	<b>3</b>	<b>4,840</b>
<b>Withdrawals:</b>					
Construction expense	-	-	-	20,124	20,124
Interest	3,405	-	-	-	3,405
Principal	-	1,395	-	-	1,395
Other debt expenditures	8	-	-	-	8
Transfers to City	1	1	-	-	2
<b>Total withdrawals</b>	<b>3,414</b>	<b>1,396</b>	<b>-</b>	<b>20,124</b>	<b>24,934</b>
<b>Ending balance</b>	<b>\$ 1,689</b>	<b>\$ 1,450</b>	<b>\$ 4,829</b>	<b>\$ 5,605</b>	<b>\$ 13,573</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2011B AIRPORT REVENUE BONDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	Revenue Bond Fund					Total
	Interest Account	Principal Account	Reserve Account	Cost of Issuance Account	Construction Account	
Beginning balance	\$ 786	\$ 625	\$ 2,200	\$ 17	\$ 3,207	\$ 6,835
<b>Deposits:</b>						
Transfers from City	1,553	650	-	-	-	2,203
<b>Withdrawals:</b>						
Construction expense	-	-	-	-	1,280	1,280
Interest	1,558	-	-	-	-	1,558
Principal	-	625	-	-	-	625
Other debt expenditures	8	-	-	-	-	8
<b>Total withdrawals</b>	<b>1,566</b>	<b>625</b>	<b>-</b>	<b>-</b>	<b>1,280</b>	<b>3,471</b>
<b>Ending balance</b>	<b>\$ 773</b>	<b>\$ 650</b>	<b>\$ 2,200</b>	<b>\$ 17</b>	<b>\$ 1,927</b>	<b>\$ 5,567</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2011C AIRPORT REVENUE BONDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	<u>Revenue Bond Fund</u>				<u>Total</u>
	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Construction Account</u>	
Beginning balance	\$ -	\$ 360	\$ 1,856	\$ 1,076	\$ 3,292
<b>Deposits:</b>					
Transfers from City	139	189	-	-	328
Reimbursements from City	-	11,075	-	579	11,654
<b>Total deposits</b>	<b>139</b>	<b>11,264</b>	<b>-</b>	<b>579</b>	<b>11,982</b>
<b>Withdrawals:</b>					
Construction expense	-	-	-	2	2
Interest	5	-	-	-	5
Principal	-	11,435	-	-	11,435
Other debt expenditures	134	-	-	-	134
<b>Total withdrawals</b>	<b>139</b>	<b>11,435</b>	<b>-</b>	<b>2</b>	<b>11,576</b>
<b>Ending balance</b>	<b>\$ -</b>	<b>\$ 189</b>	<b>\$ 1,856</b>	<b>\$ 1,653</b>	<b>\$ 3,698</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 2011 REVENUE BOND ORDER  
FOR THE 2011CFC AIRPORT REVENUE BONDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

**Revenue Bond Fund**

	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Revenue Account</u>	<u>Rolling Coverage Account</u>	<u>Supplemental Reserve Account</u>	<u>Construction Account</u>	<u>Total</u>
Beginning balance	\$ 1,709	\$ 1,035	\$ 4,451	\$ 6,151	\$ 1,112	\$ 2,225	\$ 11,108	\$ 27,791
<b>Deposits:</b>								
CFC revenues	-	-	-	10,743	-	-	-	10,743
Transfers from City	23	-	-	-	-	-	-	23
Intrafund transfers	3,386	1,060	-	-	-	-	-	4,446
Investment earnings	-	-	-	-	-	-	1	1
<b>Total deposits</b>	<b>3,409</b>	<b>1,060</b>	<b>-</b>	<b>10,743</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>15,213</b>
<b>Withdrawals:</b>								
Construction expense	-	-	-	-	-	-	11,072	11,072
Interest	3,398	-	-	-	-	-	-	3,398
Principal	-	1,035	-	-	-	-	-	1,035
Intrafund transfers	-	-	-	4,446	-	-	-	4,446
Other debt expenditures	23	-	-	-	-	-	-	23
Transfers to City	-	-	-	6,151	-	-	-	6,151
<b>Total withdrawals</b>	<b>3,421</b>	<b>1,035</b>	<b>-</b>	<b>10,597</b>	<b>-</b>	<b>-</b>	<b>11,072</b>	<b>26,125</b>
Ending balance	<u>\$ 1,697</u>	<u>\$ 1,060</u>	<u>\$ 4,451</u>	<u>\$ 6,297</u>	<u>\$ 1,112</u>	<u>\$ 2,225</u>	<u>\$ 37</u>	<u>\$ 16,879</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2014 AIRPORT REFUNDING BONDS - REFUNDING BOND FUNDS  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	Series A			Series B				Total
	Interest Account	Reserve Account	Cost of Issuance Account	Interest Account	Principal Account	Reserve Account	Cost of Issuance Account	
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Deposits:</b>								
Bond proceeds	-	-	545	-	-	-	230	775
Transfers from City	2,317	5,885	-	879	2,390	2,463	-	13,934
Investment earnings	-	1	-	-	-	1	-	2
<b>Total deposits</b>	<b>2,317</b>	<b>5,886</b>	<b>545</b>	<b>879</b>	<b>2,390</b>	<b>2,464</b>	<b>230</b>	<b>14,711</b>
<b>Withdrawals:</b>								
Interest	542	-	-	206	-	-	-	748
Other debt expenditures	-	-	447	-	-	-	196	643
<b>Total withdrawals</b>	<b>542</b>	<b>-</b>	<b>447</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>1,391</b>
<b>Ending balance</b>	<b>\$ 1,775</b>	<b>\$ 5,886</b>	<b>\$ 98</b>	<b>\$ 673</b>	<b>\$ 2,390</b>	<b>\$ 2,464</b>	<b>\$ 34</b>	<b>\$ 13,320</b>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS  
ESTABLISHED BY THE 1985 REVENUE BOND ORDER  
FOR THE 2014C AIRPORT REFUNDING BONDS - CONSTRUCTION FUND  
FUNDS HELD BY TRUSTEE  
FOR THE YEAR ENDED JUNE 30, 2015**

(\$000)

	Revenue Bond Fund			Total
	Interest Account	Cost of Issuance Account	Construction Account	
Beginning balance	\$ -	\$ -	\$ -	\$ -
<b>Deposits:</b>				
Note proceeds	-	-	43,295	43,295
Transfers from City	99	94	-	193
<b>Total deposits</b>	<b>99</b>	<b>94</b>	<b>43,295</b>	<b>43,488</b>
<b>Withdrawals:</b>				
Construction expense	-	-	43,295	43,295
Interest	99	-	-	99
Other debt expenditures	-	94	-	94
<b>Total withdrawals</b>	<b>99</b>	<b>94</b>	<b>43,295</b>	<b>43,488</b>
<b>Ending balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CERTIFICATION OF CHIEF FINANCIAL OFFICER FOR THE YEAR ENDED JUNE 30, 2015

1. As of June 30, 2015, none of the covenants or agreements contained in the 1985 Revenue Bond Order or the 1987 Special Facility Revenue Bond Order were violated.
2. During the period July 1, 2014 to June 30, 2015, no default, as defined in the 1985 Revenue Bond Order or the 1987 Special Facility Revenue Bond Order, occurred.



Randy Harrington  
Chief Financial Officer



**The Supplementary Section contains unaudited information about the Airport Enterprise Fund or Airport.**

- 90** Schedule 1: Reconciliation Of Cash Balances, Non-GAAP
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- 92** Schedule 3: Bond Indenture Debt Service Coverage
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- 98** Schedule 9: Schedule of Domestic and International Enplanements
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- 103** Schedule 13: Schedule of Top O&D Markets from CLT
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- 111** Schedule 21: Schedule of CFC Collections
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- 114** Schedule 24: Schedule of Rental Car Market Share

# Supplementary Section

# SCHEDULE 1 RECONCILIATION OF CASH BALANCES, NON-GAAP

(Fiscal Years Ending June 30; \$000)

	<u>2015</u>	<u>2014</u>
<b>Cash &amp; Cash Equivalents, June 30<sup>1</sup></b>	<b>\$ 793,073</b>	<b>\$ 745,830</b>
<b>Restricted Funds:</b>		
Passenger facility charges (restricted by FAA)	298,471	271,245
Contract facility charges (restricted by City/RACS)	18,919	25,204
Operating fund reserve <sup>2</sup>	30,360	23,521
Coverage Factor	12,101	12,101
Cannon estate <sup>3</sup>	5,943	5,913
CFC stabilization reserve	2,000	2,000
CFC renewal & improvement fund	1,500	1,500
CFC repair and replacement reserve	500	500
<b>Subtotal Restricted Funds</b>	<b>369,794</b>	<b>341,983</b>
Non-airline terminal revenue distribution <sup>4</sup>	10,631	14,777
<b>Subtotal Reductions</b>	<b>380,425</b>	<b>356,760</b>
<b>UNRESTRICTED CASH, JUNE 30</b>	<b>\$ 412,648</b>	<b>\$ 389,070</b>
<b>Days Cash On Hand Calculation</b>		
Total airport cash on hand, June 30	\$ 412,648	\$ 389,070
Total operating expenses <sup>5</sup>	105,278	100,745
<b>Days Cash on Hand</b>	<b>1,431</b>	<b>1,410</b>

NOTES:

<sup>1</sup>GAAP balance from Page 38.

<sup>2</sup>Increase required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense.

<sup>3</sup>Cannon Estate funds are held in an Airport Reserve Fund.

<sup>4</sup>The Signatory Airline's share is 40% of the Airport's Excess Non-airline Terminal Revenue as depicted on Schedule 2.

<sup>5</sup>GAAP Basis excluding depreciation.

## SCHEDULE 2 NET REVENUES AND EXPENSES (INCLUDED/EXCLUDED)

(Fiscal Years Ending June 30; \$000)

	2015			2014		
	INCLUDED <sup>1</sup>	EXCLUDED <sup>2</sup>	TOTAL	INCLUDED <sup>1</sup>	EXCLUDED <sup>2</sup>	TOTAL
<b>Operating Revenues</b>						
Terminal Area	\$ 30,236	\$ 1,031	\$ 31,267	\$ 33,519	\$ 57	\$ 33,576
Airfield	23,754	3,126	26,880	20,849	1,795	22,644
Concessions	41,008	-	41,008	40,372	-	40,372
Rental Cars	13,608	-	13,608	12,756	-	12,756
Parking	47,624	-	47,624	40,824	-	40,824
Maintenance Facility	-	-	-	-	7,068	7,068
Fixed Base Operator Area	-	15,885	15,885	-	17,429	17,429
Other	7,425	10,017	17,442	2,225	7,902	10,127
<b>Subtotal Operating Revenues</b>	<b>163,655</b>	<b>30,059</b>	<b>193,714</b>	<b>150,545</b>	<b>34,251</b>	<b>184,796</b>
<b>Non-Operating Revenues</b>						
Passenger Facility Charges	-	60,238	60,238	-	59,526	59,526
Contract Facility Charges	-	10,187	10,187	-	10,009	10,009
Investment Earnings	569	3,752	4,321	586	4,852	5,438
Private Contributions	-	119,057	119,057	-	-	-
Miscellaneous	118	-	118	-	-	-
<b>Subtotal Non-Operating Revenues<sup>3</sup></b>	<b>687</b>	<b>193,234</b>	<b>193,921</b>	<b>586</b>	<b>74,387</b>	<b>74,973</b>
<b>Total Revenues</b>	<b>164,342</b>	<b>223,293</b>	<b>387,635</b>	<b>151,131</b>	<b>108,638</b>	<b>259,769</b>
<b>Operating Expenses</b>						
Terminal Area	59,848	47	59,895	49,496	9,706	59,202
Public Airfield Facilities	5,898	-	5,898	4,690	-	4,690
Airport Services Facility	21,934	3,749	25,683	24,580	-	24,580
Fixed Base Operator Area	-	10,985	10,985	-	10,906	10,906
Cargo Area	-	2,817	2,817	-	1,367	1,367
<b>Subtotal Operating Expenses</b>	<b>87,680</b>	<b>17,598</b>	<b>105,278</b>	<b>78,766</b>	<b>21,979</b>	<b>100,745</b>
<b>Non-Operating Expenses</b>						
Depreciation	-	45,897	45,897	-	38,066	38,066
Interest Expense & Other Charges	27,193	765	27,958	24,969	7,180	32,149
Non-airline Terminal Revenue Distribution	10,631	-	10,631	14,777	-	14,777
Miscellaneous	-	1,915	1,915	-	1,421	1,421
<b>Subtotal Non-Operating Expenses<sup>3</sup></b>	<b>37,824</b>	<b>48,577</b>	<b>86,401</b>	<b>39,746</b>	<b>46,667</b>	<b>86,413</b>
<b>Total Expenses</b>	<b>125,504</b>	<b>66,175</b>	<b>191,679</b>	<b>118,512</b>	<b>68,646</b>	<b>187,158</b>
<b>NET REVENUE</b>	<b>\$ 38,838</b>	<b>\$ 157,118</b>	<b>\$ 195,956</b>	<b>\$ 32,619</b>	<b>\$ 39,992</b>	<b>\$ 72,611</b>

NOTES:

<sup>1</sup>Included Cost Centers are revenues and expenses assigned to the Terminal Complex (Terminal Area, Concessions, Parking, and Rental Car) and Public Aircraft Facilities (Airfield).

<sup>2</sup>Excluded Cost Centers are those areas and parts of the Airport not assigned to Included Cost Centers.

<sup>3</sup>Miscellaneous non-operating expenses of \$1,915 netted against miscellaneous non-operating revenues of \$118 equals \$1,797 which ties to the Statement of Revenues, Expenses and Change in Net Position shown on Page 41.

## SCHEDULE 3 BOND INDENTURE DEBT SERVICE COVERAGE

(Fiscal Years Ending June 30; \$000)

Application of Revenues	2015	2014 <sup>4</sup>
<b>Revenues</b>		
Operating Revenues	\$ 163,655	\$ 150,545
Non-operating Revenues	687	586
Coverage Factor <sup>1</sup>	12,101	12,101
<b>Subtotal Revenues</b>	<b>176,443</b>	<b>163,232</b>
<b>Expenses</b>		
Included Operating Expense	87,680	78,766
Change in Operating Fund Reserve <sup>2</sup>	4,107	473
Debt Service Fees <sup>3</sup>	125	104
<b>Subtotal Expenses</b>	<b>91,912</b>	<b>79,343</b>
<b>Net Revenues Available For Revenue Bond Debt Service</b> [A]	<b>84,531</b>	<b>83,889</b>
Gross Revenue Bond Debt Service	47,138	48,584
Less: PFC's Applied	(21,405)	(22,512)
<b>Requirement for Revenue Bond Fund</b> [B]	<b>\$ 25,733</b>	<b>\$ 26,072</b>
<b>DEBT SERVICE COVERAGE</b> [A/B]	<b>3.3</b>	<b>3.2</b>

NOTES:

<sup>1</sup>Coverage Factor equal to 25% of the Gross Revenue Bond Debt Service from prior Fiscal Year.

<sup>2</sup>Increase required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense.

<sup>3</sup>Trustee, remarketing and other revenue bond debt service fees.

<sup>4</sup>Includes restated allocation of revenues and expenses between included and excluded amounts which changed FY14 debt service coverage from 3.5 as previously reported to 3.2 (Note 14 on Page 65).

## SCHEDULE 4 TOP 10 AIRPORT REVENUE PRODUCERS

(Fiscal Years Ending June 30; \$'000)

<u>RANK</u>	<u>REVENUE</u>	<u>2015</u>	<u>2014</u>
1	Public automobile parking <sup>1</sup>	\$ 47,517	\$ 40,824
2	American Airlines (US Airways) <sup>2</sup>	35,763	34,929
3	Terminal food & beverage	26,703	27,306
4	Fixed base operator area revenues <sup>3</sup>	16,189	17,429
5	Terminal retail concessions	10,472	8,858
6	PSA Airlines dba US Airways Express	6,230	3,171
7	Vanguard car rental	3,987	2,864
8	Hertz car rental	3,699	3,433
9	Avis Rent - A - Car <sup>4</sup>	2,809	2,430
10	Piedmont Airlines dba US Airways Express	2,804	2,040

NOTES:

<sup>1</sup>Revenues generated from three different automobile parking facilities at the Airport.

<sup>2</sup>Represents revenue from mainline carrier only. Note 9 on Page 63 in the Airport's Financial Statements (Major Customer) states that US Airways and its affiliates provided 24.4% and 26.4% of the Airport's operating revenue, respectively, in FY 2015 and FY 2014.

<sup>3</sup>The FBO revenues are generated through a management contract with Wilson Air Center.

<sup>4</sup>Omitted from the 2014 Charlotte Douglas International Airport Annual Report.

## SCHEDULE 5 SCHEDULE OF GENERAL AIRPORT REVENUE BONDS OUTSTANDING

(\$000)

<u>DATE ISSUED</u>	<u>SERIES</u>	<u>ORIGINAL ISSUANCE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATES</u>	<u>BONDS OUTSTANDING JUNE 30, 2015</u>
9/15/04	2004A <sup>1</sup>	\$ 87,095	2035	4.75% - 5.25%	\$ -
9/15/04	2004B <sup>1</sup>	48,465	2024	4.75% - 5.25%	-
8/16/07	2007A <sup>2</sup>	99,995	2038	4.00% - 5.00%	86,935
8/16/07	2007B	47,570	2038	Variable	20,510
11/5/08	2008D <sup>2</sup>	40,585	2035	Variable	38,280
2/17/09	2009B <sup>2</sup>	51,180	2017	2.50% - 5.00%	16,120
2/10/10	2010A	130,100	2040	2.00% - 5.50%	120,715
2/10/10	2010B <sup>2</sup>	67,770	2029	1.25% - 5.50%	53,835
2/10/10	2010C	31,145	2040	Variable	-
11/9/11	2011A	76,100	2042	2.00% - 5.00%	72,470
11/9/11	2011B	34,250	2042	2.00% - 5.00%	32,630
11/9/11	2011C	30,920	2042	Variable	7,225
11/6/14	2014A <sup>1,2</sup>	74,290	2035	5.00%	74,290
11/6/14	2014B <sup>1,2</sup>	31,100	2024	2.00% - 5.00%	31,100
<b>General Airport Revenue Bonds Outstanding</b>					<b>\$ 554,110</b>

NOTES:

<sup>1</sup>On November 6, 2014, the Series 2004A&B bonds were refunded in their entirety with the Series 2014A&B Bonds.

<sup>2</sup>Series 2007A, 2008D, 2009B, 2010B, 2014A, and 2014B were issued for refunding purposes.

## SCHEDULE 6 SCHEDULE OF GENERAL AIRPORT REVENUE BONDS DEBT SERVICE REQUIREMENTS

(Fiscal Years Ending June 30; \$'000)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE REQUIREMENT
2016	\$ 21,325	\$ 22,990	\$ 44,315
2017	23,315	22,123	45,438
2018	15,675	21,345	37,020
2019	16,355	20,660	37,015
2020	17,145	20,001	37,146
2021	17,780	19,317	37,097
2022	18,625	18,533	37,158
2023	19,465	17,692	37,157
2024	20,360	16,774	37,134
2025	25,055	15,849	40,904
2026	26,180	14,867	41,047
2027	27,435	13,804	41,239
2028	28,750	12,709	41,459
2029	28,520	11,594	40,114
2030	25,570	10,578	36,148
2031	22,070	9,636	31,706
2032	23,115	8,638	31,753
2033	24,225	7,559	31,784
2034	25,460	6,429	31,889
2035	26,675	5,271	31,946
2036	18,680	4,251	22,931
2037	19,605	3,381	22,986
2038	20,555	2,484	23,039
2039	13,780	1,693	15,473
2040	14,475	1,006	15,481
2041	6,790	494	7,284
2042	7,125	168	7,293
<b>Total</b>	<b>\$ 554,110</b>	<b>\$ 309,846</b>	<b>\$ 863,956</b>

**SCHEDULE 7  
 SCHEDULE OF TAXABLE AIRPORT SPECIAL FACILITY REVENUE BONDS OUTSTANDING  
 CONSOLIDATED RENTAL CAR FACILITY PROJECT**

(\$000)

<u>DATE ISSUED</u>	<u>SERIES</u>	<u>ORIGINAL ISSUANCE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATES</u>	<u>BONDS OUTSTANDING JUNE 30, 2015</u>
11/9/11	2011 CONRAC	\$ 60,295	2042	2.48% - 6.06%	\$ 59,260
<b>Total CONRAC Bonds Outstanding</b>					<b>\$ 59,260</b>

**SCHEDULE 8**  
**SCHEDULE OF TAXABLE AIRPORT SPECIAL FACILITY REVENUE BONDS DEBT**  
**SERVICE REQUIREMENTS CONSOLIDATED RENTAL CAR FACILITY PROJECT**

(Fiscal Years Ending June 30; \$000)

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL DEBT SERVICE REQUIREMENT</b>
2016	\$ 1,060	\$ 3,373	\$ 4,433
2017	1,090	3,341	4,431
2018	1,125	3,299	4,424
2019	1,175	3,246	4,421
2020	1,225	3,191	4,416
2021	1,285	3,134	4,419
2022	1,340	3,075	4,415
2023	1,405	3,003	4,408
2024	1,485	2,919	4,404
2025	1,570	2,830	4,400
2026	1,660	2,736	4,396
2027	1,760	2,637	4,397
2028	1,860	2,532	4,392
2029	1,970	2,420	4,390
2030	2,085	2,303	4,388
2031	2,205	2,178	4,383
2032	2,330	2,046	4,376
2033	2,470	1,903	4,373
2034	2,620	1,749	4,369
2035	2,775	1,586	4,361
2036	2,945	1,412	4,357
2037	3,125	1,228	4,353
2038	3,315	1,033	4,348
2039	3,515	826	4,341
2040	3,725	607	4,332
2041	3,950	374	4,324
2042	4,190	127	4,317
<b>Total</b>	<b>\$ 59,260</b>	<b>\$ 59,108</b>	<b>\$ 118,368</b>

## SCHEDULE 9 SCHEDULE OF DOMESTIC AND INTERNATIONAL ENPLANEMENTS

(Fiscal Years Ending June 30; 000)

### ENPLANEMENTS - DOMESTIC & INTERNATIONAL

<b>FISCAL YEAR</b>	<b>DOMESTIC</b>	<b>ANNUAL % CHANGE</b>	<b>INTERNATIONAL</b>	<b>ANNUAL % CHANGE</b>	<b>TOTAL</b>	<b>ANNUAL % CHANGE</b>
2015	20,772	1.2%	1,418	-1.9%	22,190	1.0%
2014	20,531	4.0%	1,446	5.9%	21,977	4.1%
2013	19,742	5.7%	1,366	2.9%	21,108	5.5%
2012	18,682	1.4%	1,328	3.1%	20,010	1.5%
2011	18,423	11.0%	1,288	14.7%	19,711	11.2%
2010	16,602	2.4%	1,123	3.1%	17,725	2.4%
2009	16,216	1.7%	1,089	0.4%	17,305	1.7%
2008	15,938	8.3%	1,085	9.6%	17,023	8.3%
2007	14,722	10.9%	990	1.4%	15,712	10.3%
2006	13,270	5.1%	976	7.4%	14,246	5.2%

SOURCE:  
Charlotte Douglas International Airport

# SCHEDULE 10 SCHEDULE OF ORIGINATION/DESTINATION & CONNECTING ENPLANEMENTS

(Fiscal Years Ending June 30; 000)

## ENPLANEMENTS - ORIGINATION/DESTINATION & CONNECTING

<b>FISCAL YEAR</b>	<b>O&amp;D</b>	<b>ANNUAL % CHANGE</b>	<b>CONNECTING</b>	<b>ANNUAL % CHANGE</b>	<b>TOTAL</b>	<b>ANNUAL % CHANGE</b>
2015	5,788	6.8%	16,402	-0.9%	22,190	1.0%
2014	5,419	3.1%	16,558	4.4%	21,977	4.1%
2013	5,255	5.0%	15,853	5.7%	21,108	5.5%
2012	5,005	-0.1%	15,005	2.1%	20,010	1.5%
2011	5,012	6.7%	14,698	12.8%	19,711	11.2%
2010	4,698	4.0%	13,027	1.9%	17,725	2.4%
2009	4,517	-8.4%	12,788	5.8%	17,305	1.7%
2008	4,932	3.0%	12,091	10.7%	17,023	8.3%
2007	4,789	16.6%	10,923	7.7%	15,712	10.3%
2006	4,106	17.1%	10,140	1.1%	14,246	5.2%

SOURCE:  
Charlotte Douglas International Airport

# SCHEDULE 11

## SCHEDULE OF ENPLANED PASSENGERS BY AIRLINE

(Fiscal Years Ending June 30; 000)

ENPLANED PASSENGERS BY AIRLINE	FY2015	FY2014	FY2013	FY2012	FY2011
<b>US Airways &amp; Affiliates</b>					
US Airways, Inc.	13,459	13,587	12,751	12,020	11,527
Air Wisconsin	547	768	888	854	814
Chautauqua Airlines	-	-	150	69	91
Mesa Airlines	1,199	2,303	1,681	1,498	1,395
Piedmont Airlines	785	683	769	513	516
PSA Airlines	3,256	1,842	1,903	2,001	2,086
Republic Airlines	680	598	764	1,010	1,268
<b>Subtotal US Airways</b>	<b>19,926</b>	<b>19,781</b>	<b>18,905</b>	<b>17,965</b>	<b>17,697</b>
<b>American Airlines</b>					
American Airlines	498	227	200	198	217
American Eagle	-	167	210	211	175
Chautauqua Airlines	-	-	-	-	-
<b>Subtotal American Airlines</b>	<b>498</b>	<b>394</b>	<b>410</b>	<b>409</b>	<b>392</b>
<b>Delta Air Lines (inc former Northwest)</b>					
Delta Air Lines	775	708	649	542	531
ASA, Inc.	-	-	-	49	48
Chautauqua	17	44	5	22	38
Comair, Inc.	-	-	5	24	26
Compass Airlines	11	28	63	50	51
ExpressJet Airlines	22	75	64	9	-
Freedom Airlines	-	-	-	-	3
GoJet Airlines	41	30	31	-	-
Mesaaba	-	-	-	13	17
Pinnacle Airlines	72	53	86	94	36
Shuttle America	14	10	19	4	-
Skywest	2	2	3	3	-
<b>Subtotal Delta Air Lines</b>	<b>955</b>	<b>950</b>	<b>925</b>	<b>810</b>	<b>750</b>
<b>United Airlines (inc former Continental)</b>					
United Air Lines, Inc.	23	34	36	71	144
Chautauqua	-	19	26	15	14
ExpressJet Airlines	192	217	200	155	155
GoJet Airlines	7	-	-	-	-
Mesa Airlines	54	76	86	101	97
Republic Airlines	-	20	11	-	-
Trans State Airlines	9	-	-	-	-
<b>Subtotal United Airlines</b>	<b>330</b>	<b>391</b>	<b>424</b>	<b>391</b>	<b>445</b>
<b>Other Domestic Carriers</b>					
Frontier Airlines, Inc.	53	10	-	-	-
JetBlue Airways Corp.	121	119	129	146	170
Miami Air	1	1	-	-	-
Southwest Airlines (inc former AirTran)	211	228	204	188	167
Via Air, LLC / Mauiva, LLC	1	-	-	-	-
Vision Airlines, Inc.	-	-	-	-	-
Republic Airway Ceasar Charter	3	-	1	-	-
XTRA Airways	1	-	-	-	-
<b>Subtotal Other Domestic Carriers</b>	<b>390</b>	<b>358</b>	<b>334</b>	<b>334</b>	<b>337</b>
<b>Other International Carriers</b>					
Air Canada/AC Jazz	20	17	17	15	16
Insel Air International	5	5	5	5	-
Interjet Airlines	1	-	-	-	-
Lufthansa German Airlines	64	81	87	81	74
Sunwing Airlines	1	-	-	-	-
<b>Subtotal Other International Carriers</b>	<b>91</b>	<b>103</b>	<b>109</b>	<b>101</b>	<b>90</b>
<b>Total</b>	<b>22,190</b>	<b>21,977</b>	<b>21,108</b>	<b>20,010</b>	<b>19,711</b>

SOURCE:  
Charlotte Douglas International Airport

# SCHEDULE 11 (continued) SCHEDULE OF ENPLANED PASSENGERS BY AIRLINE

(Fiscal Years Ending June 30; 000)

<u>ENPLANED PASSENGERS BY AIRLINE</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Share of Total					
US Airways & Affiliates	89.8%	90.0%	89.6%	89.8%	89.8%
American Airlines	2.2%	1.8%	1.9%	2.0%	2.0%
<b>Subtotal US Airways &amp; American Airlines</b>	<b>92.0%</b>	<b>91.8%</b>	<b>91.5%</b>	<b>91.8%</b>	<b>91.8%</b>
Delta Air Lines	4.3%	4.3%	4.4%	4.0%	3.8%
United Airlines	1.5%	1.8%	2.0%	2.0%	2.3%
	0.2%	0.0%	0.0%	0.0%	0.0%
JetBlue Airways	0.5%	0.5%	0.6%	0.7%	0.9%
Miami Air	0.0%	0.0%	0.0%	0.0%	0.0%
Southwest (Formerly AirTran)	0.9%	1.0%	1.0%	0.9%	0.8%
Vision	0.0%	0.0%	0.0%	0.0%	0.0%
Republic Airways Ceasar Charter	0.0%	0.0%	0.0%	0.0%	0.0%
XTRA Airways	0.0%	0.0%	0.0%	0.0%	0.0%
Via Air, LLC / Mauiva, LLC	0.0%	0.0%	0.0%	0.0%	0.0%
Air Canada/Jazz	0.1%	0.1%	0.1%	0.1%	0.1%
Insel Air International	0.0%	0.0%	0.0%	0.0%	0.0%
Interjet Airlines	0.0%	0.0%	0.0%	0.0%	0.0%
Lufthansa German Airlines	0.3%	0.4%	0.4%	0.4%	0.4%
Sunwing Airlines	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**NOTE:**

Totals may not equal the sum of components due to rounding.

# SCHEDULE 12 SCHEDULE OF NET AVERAGE COST PER ENPLANED PASSENGER

(Fiscal Years Ending June 30)

## COST PER ENPLANED PASSENGER (CPE)

<u>FISCAL YEAR</u>	<u>COST PER ENPLANEMENT</u>
2015	\$ 1.33
2014	1.16
2013	1.13
2012	0.96
2011	0.79
2010	0.75
2009	0.76
2008	0.78
2007	0.76
2006	1.22

NOTE:  
Net CPE after airline revenue sharing

SOURCE:  
Charlotte Douglas International Airport

# SCHEDULE 13 SCHEDULE OF TOP O&D MARKETS FROM CLT

(Fiscal Year Ending June 30)

## TOP 25 O&D MARKETS FROM CLT

	CITY	FY 2015 O&D ENPLANEMENTS	PERCENTAGE OF TOTAL O&D ENPLANEMENTS	DISTANCE FROM AIRPORT (MILES)
1	New York Area <sup>1</sup>	584,300	11.5%	534
2	Washington DC Area <sup>2</sup>	272,790	5.4%	330
3	Boston	232,490	4.6%	727
4	Chicago <sup>3</sup>	231,520	4.6%	599
5	Los Angeles <sup>4</sup>	169,410	3.3%	2,125
6	Dallas/Ft. Worth	150,590	3.0%	937
7	South Florida <sup>5</sup>	141,800	2.8%	650
8	San Francisco <sup>6</sup>	131,300	2.6%	2,296
9	Philadelphia	118,400	2.3%	447
10	Orlando	116,210	2.3%	468
11	Las Vegas	103,140	2.0%	1,917
12	Houston <sup>7</sup>	100,720	2.0%	913
13	Minneapolis/St. Paul	89,280	1.8%	930
14	Denver	86,910	1.7%	1,338
15	Detroit	83,450	1.6%	500
16	Phoenix	80,630	1.6%	1,774
17	Hartford	75,160	1.5%	643
18	Tampa	75,070	1.5%	508
19	Seattle	63,370	1.2%	2,279
20	Atlanta	62,870	1.2%	227
21	Pittsburgh	61,930	1.2%	366
22	St. Louis	58,810	1.2%	575
23	Nashville	58,450	1.2%	329
24	Providence	56,190	1.1%	683
25	Kansas City	54,330	1.1%	809
	<b>Total Top 25</b>	<b>3,259,120</b>	<b>64.2%</b>	

### CITY LEGEND

<sup>1</sup>LaGuardia (LGA), John F Kennedy (JFK) and Newark (EWR) Airports

<sup>2</sup>Ronald Reagan (DCA), Dulles (IAD) and Baltimore (BWI) Airports

<sup>3</sup>O'Hare (ORD) and Midway (MDW) Airports

<sup>4</sup>Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB) and Burbank (BUR) Airports

<sup>5</sup>Fort Lauderdale (FLL) and Miami (MIA) Airports

<sup>6</sup>San Francisco (SFO), San Jose (SJC) and Oakland (OAK) Airports

<sup>7</sup>George Bush International (IAH) and Hobby (HOU) Airports

### SOURCE:

Database Products Accessed by CLT Airport

# SCHEDULE 14 SCHEDULE OF AVERAGE LOAD FACTOR

(Fiscal Years Ending June 30; 000)

## AVERAGE LOAD FACTOR

<u>FISCAL YEAR</u>	<u>ENPLANEMENTS</u>	<u>TOTAL SEATS</u>	<u>LOAD FACTOR</u>
2015	22,190	24,423	85.6%
2014	21,977	26,350	83.4%
2013	21,108	25,298	83.4%
2012	20,010	24,491	81.7%
2011	19,711	24,395	80.8%
2010	17,725	22,275	79.6%
2009	17,305	22,225	77.9%
2008	17,023	22,161	76.8%
2007	15,712	21,150	74.3%
2006	14,246	20,610	69.1%

SOURCE:  
Charlotte Douglas International Airport

# SCHEDULE 15 SCHEDULE OF CARGO ENPLANED BY POUNDS

(Fiscal Years Ending June 30; 000)

## CARGO

<u>FISCAL YEAR</u>	<u>LBS ENPLANED</u>
2015	130,382
2014	126,124
2013	121,862
2012	129,114
2011	132,127
2010	124,370
2009	113,014
2008	130,365
2007	143,158
2006	163,424

SOURCE:  
Charlotte Douglas International Airport

# SCHEDULE 16 SCHEDULE OF AIRCRAFT OPERATIONS

(Fiscal Years Ending June 30; 000)

## OPERATIONS

<u>FISCAL YEAR</u>	<u>OPERATIONS</u>
2015	546
2014	548
2013	554
2012	545
2011	547
2010	509
2009	522
2008	531
2007	519
2006	512

SOURCE:  
Federal Aviation Administration Monthly Traffic  
Activity Reports

# SCHEDULE 17

## SCHEDULE OF PFC APPROVALS AND REMAINING AUTHORITY

(Fiscal Year Ending June 30, 2015; \$000)

PFC APPLICATION	APPLICATION NUMBER	AUTHORIZED AMOUNT
<b>PFCs Authorized</b>		
PFC Application No. 1 <sup>1</sup>	04-01-C-00-CLT	\$ 650,150
PFC Application No. 2 <sup>1</sup>	07-02-C-00-CLT	143,057
PFC Application No. 3 <sup>1</sup>	09-03-C-00-CLT	79,266
PFC Application No. 4 <sup>1</sup>	11-04-C-00-CLT	128,507
<b>Subtotal PFCs Authorized<sup>2</sup></b>		<b>1,000,980</b>
<b>PFC Revenue</b>		
Total PFCs Collected		522,426
Total PFC Interest Income		20,336
<b>Subtotal PFC Revenue</b>		<b>542,762</b>
<b>REMAINING PFC AUTHORITY</b>		<b>\$ 458,218</b>

NOTES:

<sup>1</sup>As amended.

<sup>2</sup>Note 12 in the Airport's Financial Statements on Page 65 (Passenger Facility Charges) depicts \$1,104,435 in PFCs authorized which includes PFCs approved for PFC Application No. 5 (not depicted in this schedule) and does not reflect the amendment to PFC Application No. 4 which reduced the total PFCs authorized for PFC Application No. 4 from \$164,302 to \$128,507, a reduction of \$35,795.

# SCHEDULE 18 SCHEDULE OF PFC COLLECTIONS

(Fiscal Years Ending June 30)

FISCAL YEAR	PFC RATE	AIRLINE ADMIN FEE	NET PFC RATE	ENPLANED PASSENGERS		TOTAL PFC COLLECTIONS (\$000)
				TOTAL (000)	PFC ELIGIBLE <sup>1</sup>	
2015	\$ 3.00	\$ 0.11	\$ 2.89	22,190	93.9%	\$ 60,238
2014 <sup>2</sup>	3.00	0.11	2.89	21,977	92.2%	58,547
2013	3.00	0.11	2.89	21,108	92.0%	56,111
2012	3.00	0.11	2.89	20,010	91.8%	53,094
2011	3.00	0.11	2.89	19,711	96.0%	54,714
2010	3.00	0.11	2.89	17,725	93.9%	48,088
2009	3.00	0.11	2.89	17,305	92.2%	46,093
2008	3.00	0.11	2.89	17,023	94.3%	46,414
2007 <sup>3</sup>	3.00	0.11	2.89	15,712	103.6%	47,021
2006	3.00	0.11	2.89	14,246	92.7%	38,180

NOTES:

<sup>1</sup>PFC eligible passengers imputed from total enplaned passengers, net PFC rate, and total PFC collections.

<sup>2</sup>PFC Revenue in FY 2014 do not include year-end reclass entries produced by the City during year-end closing.

<sup>3</sup>PFC timing issues produced a \$3.6 million increase of PFC revenues which caused PFC eligible enplaned passengers to exceed 100% in FY 2007.

# SCHEDULE 19

## SCHEDULE OF PFC FUND ACTIVITY

(Fiscal Years Ending June 30; \$000)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>PFC Revenue Available</b>					
Beginning balance	\$ 277,238	\$ 248,867	\$ 215,358	\$ 185,656	\$ 161,022
PFC Revenues <sup>1</sup>	60,238	58,547	56,111	53,094	54,714
PFC Interest Earnings	1,516	1,190	810	1,272	1,539
Transfers In	-	2	-	-	-
<b>Subtotal PFC Revenue Available</b>	<b>338,992</b>	<b>308,606</b>	<b>272,279</b>	<b>240,022</b>	<b>217,275</b>
<b>PFC Expenditures</b>					
PFC Eligible Debt Service	21,404	22,512	23,172	22,107	20,940
PAYGO Projects <sup>2</sup>	8,878	104	240	2,557	10,679
<b>Subtotal PFC Expenditures</b>	<b>30,282</b>	<b>22,616</b>	<b>23,412</b>	<b>24,664</b>	<b>31,619</b>
Adjustments <sup>3</sup>	-	8,752	-	-	-
<b>PFC REMAINING BALANCE</b>	<b>\$ 308,710</b>	<b>\$ 277,238</b>	<b>\$ 248,867</b>	<b>\$ 215,358</b>	<b>\$ 185,656</b>

NOTES:

<sup>1</sup> PFC Revenue in FY 2014 do not include year-end reclass entries produced by the City during year-end closing.

<sup>2</sup> PAYGO projects are "pay-as-you-go" expenditures.

<sup>3</sup> Transfer to discretionary fund for the PFC portion of amortization of swap termination payments and refunding of 1997A bonds.

# SCHEDULE 20 SCHEDULE OF DOMESTIC O&D DEPLANEMENTS

(Fiscal Years Ending June 30; 000)

FISCAL YEAR	RESIDENTS		VISITORS		TOTAL
	DEPLANEMENTS	PERCENT OF TOTAL	DEPLANEMENTS	PERCENT OF TOTAL	
2015	2,732	53.5%	2,374	46.5%	5,106
2014 <sup>1</sup>	2,583	54.6%	2,144	45.4%	4,726
2013	2,492	54.1%	2,113	45.9%	4,605
2012	2,385	54.1%	2,023	45.9%	4,408
2011	2,387	54.2%	2,020	45.8%	4,407
<b>Average Annual Growth Rates: 2011-2015</b>	3.4%		4.1%		3.7%

NOTE:

<sup>1</sup>Numbers changed from prior year reported due to timing.

SOURCE:

US DOT Origin & Destination Survey of Airline Passenger, March 2016.

# SCHEDULE 21 SCHEDULE OF CFC COLLECTIONS

(Fiscal Years Ending June 30)

FISCAL YEAR	RENTAL CAR TRANSACTION DAYS <sup>1</sup> (000)	CFC RATE	TOTAL CFC COLLECTIONS <sup>2</sup> (\$000)
2015	2,715	\$ 4.00	\$ 10,860
2014	2,502	4.00	10,009
2013	2,480	4.00	9,920
2012 <sup>3</sup>	2,392	4.00	9,268
2011	2,188	3.50	7,659
2010	1,943	3.50	6,801
2009	1,998	3.50	6,994
2008	2,288	3.50	8,008
<b>TOTAL</b>			<b>\$ 69,519</b>

NOTES:

<sup>1</sup>Rental Car Transaction Days imputed from CFC Collections and CFC Rate.

<sup>2</sup>CFC's depicted in Note 13 on Page 65 are shown net of the deposit made to the operation and maintenance fund shown on Schedule 22.

<sup>3</sup>The CFC was increased from \$3.50 to \$4.00 on October 1, 2011.

# SCHEDULE 22 SCHEDULE OF CFC SPECIAL FACILITIES DEBT SERVICE COVERAGE

(Fiscal Years Ending June 30; \$000)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>			
<b>CFC Revenue:</b>			
CFC Collections <sup>1</sup>	\$ 10,860	\$ 10,009	\$ 9,920
Interest Earnings	81	114	61
<b>Subtotal Annual CFC Revenue</b>	<b>10,941</b>	<b>10,123</b>	<b>9,981</b>
Contingent Rent	-	-	-
Total Revenues	10,941	10,123	9,981
Rolling Coverage Fund	1,112	1,112	1,112
<b>Total Revenues Available for DS Coverage</b>	<b>12,053</b>	<b>11,235</b>	<b>11,093</b>
<b>Application of Revenues</b>			
1st Debt Service Fund	4,469	3,833	3,811
2nd Rolling Coverage Fund	-	-	-
3rd Supplemental Reserve Fund	-	-	-
4th Qualified Reserve Fund Substitute	-	-	-
5th Debt Service Reserve Fund	-	-	-
6th Subordinate Debt Service Fund	-	-	-
7th Subordinate Debt Service Reserve Fund	-	-	-
8th Rebate Fund	-	-	-
9th Replenishment of CFC Stabilization Fund <sup>2</sup>	-	-	-
10th Operation and Maintenance Fund <sup>3</sup>	673	-	376
11th City Loan <sup>4</sup>	-	-	-
12th Repair and Replacement Fund <sup>5</sup>	-	-	-
13th CFC Stabilization Fund <sup>6</sup>	6,911	7,402	6,906
<b>Total Application of Revenues</b>	<b>\$ 12,053</b>	<b>\$ 11,235</b>	<b>\$ 11,093</b>
<b>Debt Service Coverage - With Coverage Fund (x)</b>	<b>2.70</b>	<b>2.93</b>	<b>2.91</b>
<b>Debt Service Coverage - Without Coverage Fund (x)</b>	<b>2.45</b>	<b>2.64</b>	<b>2.62</b>

**NOTES:**

<sup>1</sup>CFC's depicted in Note 13 on Page 65 are shown net of the deposit made to the operation and maintenance fund as shown on this schedule.

<sup>2</sup>Any deposit required to bring the CFC Stabilization Fund to its stated minimum of \$2 million (or higher).

<sup>3</sup>Represents annual O&M expenses for the CONRAC facility.

<sup>4</sup>Repayment of any principal and interest for a City Loan to the Airport to pay for costs of the Project that cannot be paid for with Bonds or CFC Stabilization Fund.

<sup>5</sup>Repair and Replacement Fund replenishment to pay the cost of additions and capital improvements; or the renewal or replacement of capital assets of, or purchasing and installing new equipment related to the CONRAC; or paying any extraordinary maintenance and repair that are not operating expenses on the CONRAC.

<sup>6</sup>All remaining revenues are transferred to the CFC Stabilization Fund within 15 days of the end of each Fiscal Year.

## SCHEDULE 23 SCHEDULE OF CFC FUND ACTIVITY

(Fiscal Years Ending June 30; \$000)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>CFC Revenues</b>					
Beginning balance	\$ 29,751	\$ 24,649	\$ 20,351	\$ 25,526	\$ 17,029
CFC revenues <sup>1</sup>	10,860	10,009	9,920	9,268	7,659
CFC interest earnings	81	114	61	150	207
Transfers in	-	-	-	3,143	-
Adjustments	-	-	-	-	1,134
Facility rents	(673)	-	(376)	(361)	(361)
<b>Subtotal CFC Revenue Available</b>	<b>40,019</b>	<b>34,772</b>	<b>29,956</b>	<b>37,726</b>	<b>25,668</b>
<b>CFC Expenditures</b>					
Debt service	4,469	3,833	3,811	2,458	-
CFC reserve fund	-	-	-	2,500	-
Supplemental reserve	-	-	-	2,225	-
Rolling coverage	-	-	-	1,112	-
CIP fund transfer net <sup>2</sup>	11,828	1,188	1,496	9,080	142
<b>Subtotal CFC Expenditures</b>	<b>16,297</b>	<b>5,021</b>	<b>5,307</b>	<b>17,375</b>	<b>142</b>
<b>CFC REMAINING BALANCE</b>	<b>\$ 23,722</b>	<b>\$ 29,751</b>	<b>\$ 24,649</b>	<b>\$ 20,351</b>	<b>\$ 25,526</b>

NOTES:

<sup>1</sup>CFC's depicted in Note 13 on Page 65 are shown net of the deposit made to the Operation and Maintenance Fund shown on Schedule 22.

<sup>2</sup>CFC funds transferred to CONRAC facility construction fund to pay project costs.

# SCHEDULE 24 SCHEDULE OF RENTAL CAR MARKET SHARE

(Fiscal Years Ending June 30; \$000)

	2015	2014	2013
<b>GROSS REVENUE<sup>1</sup></b>			
<b>On-Airport</b>			
National	\$ 34,971	\$ 28,251	\$ 26,290
Hertz	31,524	33,794	31,452
Avis	23,304	23,772	21,966
Enterprise	17,516	16,211	14,569
Budget	11,948	12,019	10,412
Dollar	5,805	7,031	5,797
Advantage/Simply Wheelz <sup>2</sup>	2,653	2,576	1,152
Thrifty <sup>2</sup>	-	-	2,567
<b>Subtotal On-Airport</b>	<b>127,720</b>	<b>123,654</b>	<b>114,205</b>
<b>Off-Airport</b>			
Thrifty <sup>2</sup>	3,042	3,489	1,046
Advantage/Simply Wheelz <sup>2</sup>	-	-	1,040
East Coast Car Rental/Sixt Rent A Car	430	813	-
Payless	377	-	-
Triangle	17	25	6
<b>Subtotal Off-Airport</b>	<b>3,865</b>	<b>4,327</b>	<b>2,092</b>
<b>GRAND TOTAL - GROSS REVENUE</b>	<b>\$ 131,585</b>	<b>\$ 127,981</b>	<b>\$ 116,297</b>
<b>MARKET SHARE</b>			
<b>On-Airport</b>			
National	26.6%	22.1%	22.6%
Hertz	24.0%	26.4%	27.0%
Avis	17.7%	18.6%	18.9%
Enterprise	13.3%	12.7%	12.5%
Budget	9.1%	9.4%	9.0%
Dollar	4.4%	5.5%	5.0%
Advantage/Simply Wheelz <sup>2</sup>	2.0%	2.0%	1.0%
Thrifty <sup>2</sup>	0.0%	0.0%	2.2%
<b>Subtotal On-Airport</b>	<b>97.1%</b>	<b>96.7%</b>	<b>98.2%</b>
<b>Off-Airport</b>			
Thrifty <sup>2</sup>	2.3%	2.7%	0.9%
Advantage/Simply Wheelz <sup>2</sup>	0.0%	0.0%	0.9%
East Coast Car Rental/Sixt Rent A Car	0.3%	0.6%	0.0%
Payless	0.3%	0.0%	0.0%
Triangle	0.0%	0.0%	0.0%
<b>Subtotal Off-Airport</b>	<b>2.9%</b>	<b>3.3%</b>	<b>1.8%</b>
<b>GRAND TOTAL - MARKET SHARE</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

NOTES:

<sup>1</sup>Gross Revenue represents total monies received by the rental car operators in connection with automobile rentals or other products or services provided to their customers at the Airport.

<sup>2</sup>Advantage and Thrifty relocated in FY 2013.



CLT

# Charlotte Douglas International Airport

5501 Josh Birmingham Parkway  
Charlotte, NC 28208

[www.cltairport.com](http://www.cltairport.com)



  
Charlotte-Douglas<sup>®</sup>  
INTERNATIONAL AIRPORT

  
CHARLOTTE.

OWNED AND OPERATED BY  
THE CITY OF CHARLOTTE







CLT

# Charlotte Douglas International Airport Report of Achievement 2015



  
Charlotte·Douglas<sup>®</sup>  
INTERNATIONAL AIRPORT

  
**CHARLOTTE.**

OWNED AND OPERATED BY  
THE CITY OF CHARLOTTE



## Vision

We will serve as an economic engine of the Carolinas, facilitating the movement of people and goods, creating jobs and enterprise and sustaining a higher quality of life.

## Mission

We will be the preferred airport and airline hub by providing the highest quality product for the lowest possible cost.

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I am pleased to present Charlotte Douglas International Airport's 2015 Report of Achievement. Charlotte Douglas International Airport is commonly referred to as the economic jewel of the region. The Airport has an annual economic impact of \$12 billion and employs more than 20,000 people. Whether you fly, work or live in Charlotte, you contribute greatly to the success of our Airport.

2015 was an exciting year. We saw record passenger growth. More than 44 million passengers were served at CLT, a 1 percent increase over the previous year. Charlotte Douglas International Airport is the second largest hub to American Airlines, the world's largest airline. As a hub, Charlotte Douglas is very unique. The majority of our customers begin and end their flight from another location, which means they chose to connect through CLT.

The region's population increased, and we saw the positive impact of this local growth. More customers than ever before chose to begin their trip from CLT. The originating passenger number grew approximately 5 percent. This is exciting news for the region, the Airport and the local economy.

Within the pages of this report, you will read about the many accomplishments over the past year. Led by a very strong management team, Aviation Department employees met goals, launched new programs and achieved several milestones with our partners.

The Airport completed CLT 2015, a major capital improvement program. We opened a new main entrance and exit roadway, Hourly Deck and Consolidated Rental Car Facility. We launched Destination CLT, a 10-year development program to meet existing and future demand. Projects also are underway to maintain and preserve our assets.

We invested in infrastructure. The Airport's oldest runway, 18L/36R, underwent repairs. This ensures its usefulness in years to come. Construction was completed on a high speed taxiway and expansion began on CLT's air cargo ramp.

Sound financial stewardship is our management philosophy. We maintain strong bond ratings and extremely low operating costs. This makes Charlotte Douglas International Airport an airport where airlines want to do business. In 2015, airlines expanded air service to offer more destinations and carrier options to our customers.

We unveiled new customer service programs to improve the passenger's experience. A Mother's Room provides a peaceful space for nursing mothers. The CLT Caine Crew is a stress-relief pet therapy program for fliers. New concessions with a Charlotte flavor were added. Our customers have more than 100 retail and restaurant choices.

The Airport strengthened our partnerships. We support a federally approved Disadvantaged Business Enterprise (DBE) program that promotes viable opportunities for firms to perform in various FAA-assisted projects and initiatives. Charlotte Douglas is home to the North Carolina Air National Guard's 145th Airlift Wing. The Airport's General Aviation partner, Wilson Air Center - Charlotte, offers award winning service to private and corporate customers.

We invested in safety and training. The Airport held its first Foreign Object Debris (FOD) Safety Walk and hosted a Triennial Part 139 Disaster Drill with several agencies to test emergency protocols. Aviation Department employees averaged more than 25 hours of training per employee. CLT received the 2015 Airport Award for Training Excellence from the American Association of Airport Executives (AAAE), a significant accomplishment.

We engaged in community activities, with job fairs, a Runway 5K Run, neighborhood meetings and aviation programs for high school students interested in aviation as a career. Our partners also gave back to this community, through various fundraisers and partnerships with organizations throughout the region. We're proud to be part of a community that deeply cares for each other.

I hope you find this report informative and helpful. On behalf of the Aviation Department, thank you for your help in making Charlotte Douglas International Airport a premier airport.

Sincerely,



Brent Cagle  
Aviation Director  
Charlotte Douglas International Airport





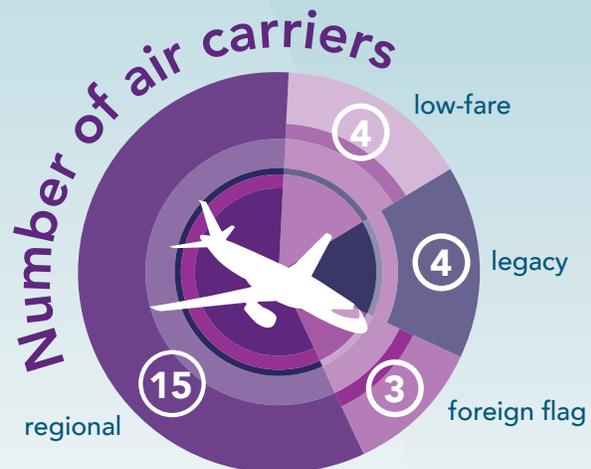
# CLT

by the numbers

Nonstop service to **154** destinations

CLT is ranked **5** nationwide **6** worldwide in aircraft movements

Estimated jobs throughout the region indirectly related to Charlotte Douglas:



# Management Highlights

Charlotte Douglas International Airport (CLT, the Airport) is one of the fastest growing airports in the world, experiencing remarkable growth within the last 10 years.



The Airport ranks ninth nationwide and 27th worldwide in **passenger traffic**, according to the 2015 Airports Council International (ACI) preliminary rankings based on 1,144 airports worldwide.

In **operations**, the Airport ranks fifth nationwide and sixth worldwide.

More than 44 million travelers were served in 2015, setting an all-time passenger record, an increase of 1 percent from 2014.

CLT offered nonstop service to 154 destinations, averaged 700 daily departures and oversaw 543,944 aircraft movements in 2015.

Much of the gain is attributed to strong customer demand and continued growth at the hub.

As passenger numbers have increased 59 percent over the last 10 years (from 28.2 million in 2005 to 44.9 million in 2015), the terminal, facilities and infrastructure have expanded, as well.

To meet demand, the Airport completed the CLT 2015 development program and opened a new Hourly Deck providing 4,000 parking spaces, a nearly 50 percent increase from the previous deck.

The Consolidated Rental Car Facility debuted as a one-stop shop for rental car customers, allowing passengers to pick up and drop off their rental cars inside the deck and eliminating the need for customers to use a shuttle bus.

The Airport also completed the final leg of the Josh Birmingham Parkway Realignment Project.





## Air Service Development

Airlines are drawn to CLT for its location and economic feasibility. The Airport continues to have one of the lowest airline cost per enplaned passenger (CPE) in the industry at \$1.33 (for FY 2015), a growing passenger base of 22.2 million boarding passengers in 2015 and a capital improvement plan to meet growing passenger demand.

The Airport is home to eight major carriers, 15 regional carriers and three foreign flag carriers. Passengers were able to take advantage of several new nonstop flights offered at CLT in 2015. American Airlines began seasonal nonstop service to Albuquerque, New Mexico; Curacao, Dutch Caribbean and Puerto Plata, Dominican Republic. American Airlines also started nonstop service to Burlington, Vermont; Springfield-Branson, Missouri and Portland, Maine. United Airlines kicked off nonstop service to Denver, Colorado. Frontier Airlines introduced nonstop service to Philadelphia. Southwest Airlines launched nonstop service to Dallas. ViaAir debuted nonstop service to Myrtle Beach.



## American Airlines and US Airways Integration

A big contributor to the Airport's growth has been its strength as a hub. American Airlines and US Airways merged in December 2013 to create the world's largest airline. At the end of March 2014, the two airlines combined frequent flyer programs. In the spring of that year, they received a single operating certificate from the FAA. In October 2014, the two airlines combined cargo operations, and a month later started the process of integrating terminal facilities.

US Airways operated its largest hub at CLT before merging with American Airlines in December 2013. Upon the 2013 merger, CLT became the second-largest hub for American Airlines. US Airways' final flight, Flight 1939, departed CLT on October 16, 2015.



Moody's attributed the rating to "the Airport's maintenance of extraordinary financial operations through a national economic recession, resilient enplanement levels and the strength of the local demand for air travel."

## Financial Growth

CLT is owned by the City of Charlotte and operates as an enterprise fund. It is financially self-sustaining. No general fund revenues are appropriated to the cost of the facilities or operation. The Airport's operating budget is made up of revenues from the airfield, terminal, concessions, parking and the cargo area.

Throughout the Airport's record growth, CLT has maintained a strong financial record.

In October 2014, Moody's Investors Service assigned an 'Aa3' rating to the Airport refunding revenue bonds and labeled CLT's outlook stable. The Aviation Department refinanced its 2004 General Airport Revenue Bonds (GARBs) due to improved market conditions for a projected savings of more than \$1 million per year in net present value savings.

Standard & Poor's Rating Services also in October 2014 affirmed its

'A+' long-term rating and underlying rating on Charlotte, North Carolina's outstanding GARBs issued on behalf of CLT and categorized the Airport's outlook stable.

The rating reflected S&P's assessment of CLT's: consistently strong liquidity position and very low airline cost structure; strong financial margins; generally favorable demand characteristics; and US Airways/American Airlines historical commitment to the Airport.

In October 2015, Fitch Ratings affirmed the 'A+' rating on \$532.8 million of Charlotte's senior lien GARBs on behalf of the Airport and declared CLT's rating outlook as stable.

According to Fitch, "The rating reflects the large hub airport's stable traffic performance, ample liquidity and low cost per enplanement (CPE), offset by the risks posed by a high degree of single carrier concentration in American Airlines

('B+'/Stable Outlook) and high degree of connecting traffic, as well as a potentially large capital program after 2016 that would call for sizeable addition debt funding."

Fitch Ratings also affirmed its 'A' rating on the City of Charlotte's approximately \$58.2 million special purpose facility taxable revenue bonds (Consolidated Rental Car Facility Project bonds), issued on behalf of the Airport.

"The rating reflects sustained multiyear growth in rental car transaction days due to the strength of CLT's sizeable origin and destination (O&D) market of more than 5 million enplaned passengers," Fitch said. "The rating is further driven by a stable-to-increasing history of customer facility charge (CFC) collections and rental car revenues, as well as substantial debt service coverage ratios projected to remain about 2.0x."

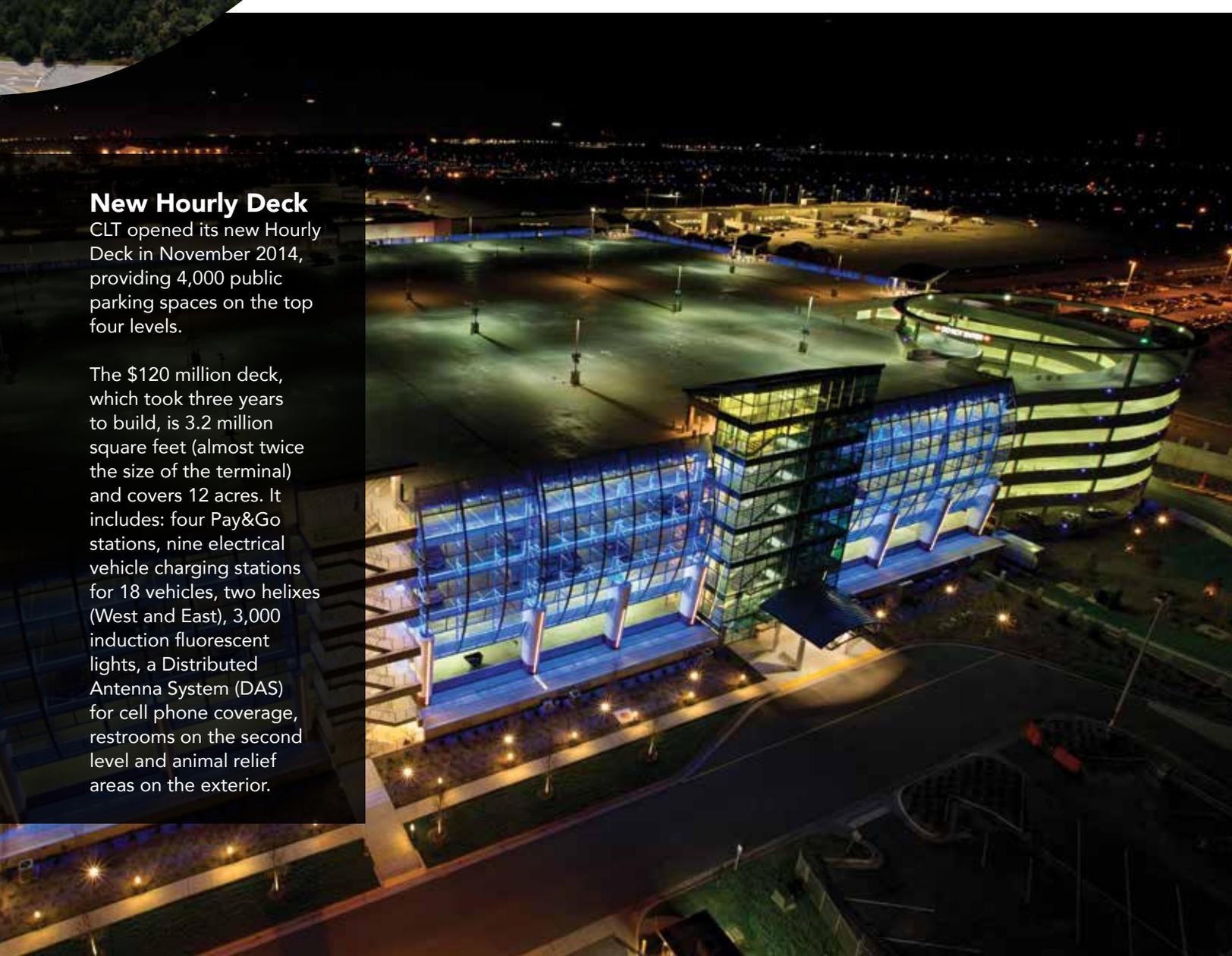


# Building for Demand

CLT is an airport of the future with a forward-thinking philosophy and a focus on constant growth.

In 2015, the Aviation Department completed CLT 2015, a multi-year capital investment program. It included two parking decks, a new consolidated rental car facility, a state-of-the-art inline baggage system, relocation of the Airport's entrance road and a terminal expansion.

CLT 2015 projects included:



## New Hourly Deck

CLT opened its new Hourly Deck in November 2014, providing 4,000 public parking spaces on the top four levels.

The \$120 million deck, which took three years to build, is 3.2 million square feet (almost twice the size of the terminal) and covers 12 acres. It includes: four Pay&Go stations, nine electrical vehicle charging stations for 18 vehicles, two helixes (West and East), 3,000 induction fluorescent lights, a Distributed Antenna System (DAS) for cell phone coverage, restrooms on the second level and animal relief areas on the exterior.



### Consolidated Rental Car Facility

The new Consolidated Rental Car Facility (CONRAC) debuted in April 2015 on the bottom three levels of the new Hourly Deck. Within walking distance to the terminal, the CONRAC offers quick and convenient service for passengers needing to rent a vehicle.

The new facility also allows rental car companies to detail and refuel vehicles in one location for a quick turnaround for the next customer.



### Business Valet Deck II

The Airport's Business Valet Deck II opened in May 2015. The \$40 million deck contains 3,200 valet parking spaces. It is located next to CLT's current Business Valet Deck on Wilkinson Boulevard. Valet services at the Airport completed 186,216 transactions in 2015.

## Surface Parking Improvements

The Aviation Department reopened the Daily North lot, which contains approximately 1,100 parking spaces, in November. The lot received new entry and exit plazas off the Airport's new entrance road.

In addition, the Department began the process of merging the Long Term 3 lot into Long Term 2 to create 200 additional parking spaces and to help compensate for the spaces lost during construction of the new entrance road.

Other improvements include relocation of the entry and exit plazas and installing a new toll plaza and cashier facilities for the Long Term 2 lot. Construction is scheduled for completion in spring 2016.

Currently, CLT has approximately 26,000 public parking spaces.



## New Inline Baggage System

The new inline baggage system's west and east matrix became operational in 2015. The old system contained 1.5 miles of conveyor and was manually intensive.

The new baggage system includes 2.5 miles of conveyor, improves screening technology and automates the baggage handling process for the approximately 20,000 bags screened daily.



## New Entrance Road

The Aviation Department opened the final leg of the Airport's new entrance and exit roads in April 2015, completing the Josh Birmingham Parkway Realignment Project. The new roadway provides drivers with a more direct path between the terminal and major thoroughfares.

The \$25 million Josh Birmingham Parkway Realignment Project connects the Little Rock Road exit off I-85 to North Josh Birmingham Parkway and the Airport's new main entrance for a more convenient and fluid traffic pattern to CLT. Motorists now have direct access to the terminal and the Airport's parking facilities from I-85 and Wilkinson Boulevard.

Since August 2012, the Aviation Department has built three miles of roadway to improve traffic flow and safety on area roadways.

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## Terminal Westside Expansion

The Terminal Westside Expansion opened in June 2015. The \$10.5 million addition connects Checkpoint A to Concourse B. It also includes space for four new concessions and supports a section of CLT's inline baggage system.

## Former Passenger Terminal Improvements

The Aviation Department repaved and realigned the roadway and parking lot at the Old Terminal off Yorkmont Road. LED lighting was installed throughout the lot, sidewalks were repaved and landscaping was added. The \$1.5 million project was completed in August.

The parking lot renovations were designed to resemble the Old Terminal's original parking lot in the 1950s.

# Building for the Future



In spring 2015, Aviation Department officials unveiled Destination CLT, a new development program that encompasses the first phase of the Department's recently completed master plan update.

Once the first phase is complete, the Airport's statue of Queen Charlotte will be relocated.

Destination CLT represents a \$2.5 billion capital investment aimed at enhancing capacity based on the Airport's growth forecast through 2035. The program continues to reflect the Airport's mission in that development and construction are demand driven, meaning the Aviation Department will build what is needed, when it is needed. This ensures sound planning and financial stewardship.

Primary Destination CLT projects include:



## Elevated Roadway and Terminal Curb Front

Additional commercial and passenger vehicle lanes will be constructed to assist drivers picking up and dropping off passengers. When completed, a total of 16 lanes will accommodate traffic in front of the terminal. A combined total of eight lanes now exist on the Departures/Ticketing and Arrivals/Baggage Claim levels. Construction will take approximately 3.5 years to complete.

## Terminal Lobby Expansion

The terminal's lobby will be expanded to create additional space for security lines, the Departures/Ticketing area and the Arrivals/Baggage Claim area. The \$247 million project will be completed in 2021.



### Concourse and Airfield Projects

Concourses A, B and C will be expanded to accommodate passenger growth. Concourse A Expansion will include the construction of nine gates during Phase I and 16 gates during Phase II. Concourse B will gain 8 to 10 gates and Concourse C will gain 10 to 12 gates.

### Terminal Renovations

Concourses A, B, C, E, parts of D and the Atrium will be modernized when the 34-year-old terminal building undergoes a multi-million dollar renovation. Terrazzo flooring, fresh wall treatments, updated ceiling finishes, a new public address system and LED lighting will be added.

### Airport Area Strategic Development Plan

The Aviation Department is making plans to develop land surrounding the Airport aimed at creating economic and employment opportunities. It's all part of the Airport Area Strategic Development Plan.

The Airport owns more than 6,000 acres of land, including the airfield. The study area encompasses 25 square miles defined by the Catawba River to the west, Billy Graham Parkway to the east, I-85 to the north and Shopton Road to the south. It has been described by some as the last undeveloped land in Mecklenburg County.

The Aviation Department hired MXD Development Strategists of Vancouver, Canada in October to help update the Department's 1997 Strategic Development Plan. The previous plan included construction of the Norfolk Southern Intermodal Facility and third parallel runway, which have been completed. The updated Airport Area Strategic Development Plan will map out a 10-year blueprint.

The initiative has the potential to attract businesses, such as manufacturing, aerospace, logistics, warehousing, transportation, trucking, distribution, research and development, as well as residential areas.

Project planners anticipate construction beginning within two to three years inside the area, and in 10 years, major sites will be under development.



### Proposed Fourth Parallel Runway

Planning is underway for a fourth parallel runway that will be located 1,200 feet west of Runway 18C/36C and between existing Runways 18R/36L and 18C/36C. At 200 feet wide and 12,000 feet long, it will be the Airport's longest runway.



# Organization & Management

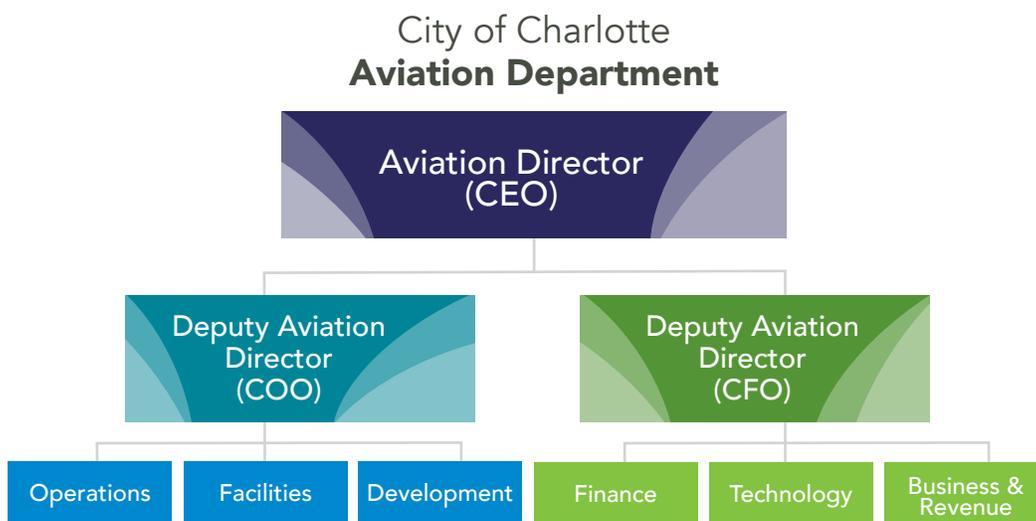


©Raymond Kaskey

The Aviation Department is a department within the City of Charlotte made up of more than 475 part-time and full-time employees and a FY 2015 operating budget of \$169,172,000.



L-R: Jeff McSwain, Haley Gentry, Herbert Judon, Chris Hazen, Brent Cagle, Mike Hill, Jack Christine, Jerry Schwinghammer, Leila Lahbabi



# Economic Impact

The Airport has a \$12 billion\* impact on the local economy and serves as a place of employment for 20,000 workers within the perimeter fence.

It is estimated that 100,000 jobs throughout the region are related to the Airport. This figure includes occupations in transportation, hospitality and tourism.



## Concessions

The Airport offered more than 100 retail and restaurant choices for passengers in 2015, adding nine new concessions. Whisky River, PZA, 1897 Market, Red Mango, Charlotte News, two CNBC Express locations, Auntie Anne's and an eighth Starbucks opened to eager travelers.

CLT's master concessionaires HMSHost and The Paradies Shops generated more than \$38 million in revenue in 2015 and provided employment for more than 2,200 local residents.



The Aviation Department also supports a federally approved Disadvantaged Business Enterprises (DBE) program that promotes viable opportunities for DBE firms to perform in various FAA-assisted projects and initiatives. The Department's DBE program has facilitated successful partnerships with the Airport's master concessionaires HMSHost and The Paradies Shops. Sixteen DBE business partners operate 32 enterprises in the Airport's terminal. DBE firms generate \$21 in every \$100 of concession revenue.



\*2012 Economic Contribution of Airport in NC, Division of Aviation, NC Department of Transportation

# Airport Infrastructure



The Airport's infrastructure is developing at a fast pace.

Currently, CLT's airfield has three parallel runways and one crosswind runway with plans to build a fourth parallel runway.

The Airport has one terminal, five concourses and 96 gates totaling more than 1.8 million square feet.

CLT's fixed base operator, Wilson Air Center - Charlotte, manages private and corporate aircraft for the Airport. Transportation requirements of business executives are served by Wilson Air Center.

The 50 acres of facilities provide heated hangar space and an executive terminal. Wilson Air Center, home to more than 40 tenants, including four Fortune 500 companies' air fleet, consistently wins industry customer service awards.



The North Carolina Air National Guard, and North Carolina Army Guard, have active facilities on Airport property as well. CLT is home to the North Carolina Air National Guard's 145th Airlift Wing.



Norfolk Southern's Intermodal Facility on the southern side of the Airport demonstrates the integration of transportation modes. Uniquely located between two runways proximate to two interstate highways (I-85 and I-485), it connects air, rail and truck to east coast seaports. The 200-acre facility is capable of 200,000 annual lifts, transferring containers between trucks and trains. Since relocating its facility from uptown Charlotte to the Airport in December 2013, lifts have seen steady growth.

The Airport is the home to Foreign Trade Zone (FTZ) #57 and is the region's permanent magnet FTZ #17 site. International trade can be supported by our air cargo capacity. The CLT Air Cargo Center consists of approximately 570,000 square feet of facilities, more than 50 acres of aircraft ramp space and a full complement of international service support organizations, including U.S. Customs & Border Protection. The CLT Air Cargo Center is further strengthened by more than 60 freight forwarders, custom house brokers and professional international service providers. Twenty percent of cargo handled in 2015 was to an international destination.



## Airfield Improvements

CLT consistently maintains its high standard of excellence by upgrading and expanding its facilities in order to meet the high demands of growth.

### Runway 18L/36R Repairs

Crews completed repair work on the asphalt pavement of Runway 18L/36R in August.

Centerline lighting on the runway also was replaced as part of the \$5.4 million project. The majority of the repair work was funded through a grant from the Federal Aviation Administration (FAA).

The Airport uses Runway 18L/36R for both arrivals and departures. It is a 77-year-old runway that opened in 1938.

### High Speed Taxiway

CLT completed construction of a high speed taxiway on the south side of Runway 18L/36R. The new taxiway helps reduce taxi times for aircraft and helps save fuel.

## Cargo Ramp Expansion

The Aviation Department began expansion of the cargo ramp on the southeast side of the airfield by 12,000-square yards to provide additional space for potential clients and the Airport's deicing operations. The project will be completed in 2016.



## Sustainability Initiatives

### LED Lights

LED lights were installed on the Departures/Ticketing and Arrivals/Baggage Claim curbsides equating to a \$9,000 yearly cost savings through reduced energy, parts and labor compared to the High Pressure Sodium (HPS) lights previously used at the Airport.

Forty-five LED lights also were installed on the A ramp for an anticipated yearly savings of \$12,500 and 62 percent energy reduction. The new lights also increase visibility and safety.

### Vehicle Charging Stations

Nine vehicle charging stations, each capable of charging two vehicles simultaneously, were activated on levels 4, 5 and 6 of the new Hourly Deck.

More vehicle charging stations will be installed over the next three years at CLT.

### Embracing Sustainability

The Aviation Department has chosen to embrace and incorporate various sustainable approaches into CLT's daily operations, moving the Airport toward a sustainable future.

All new construction is designed with sustainable elements. The Department is making use of recycled materials and installing efficient energy systems to reduce construction and operating costs.

### ISO 14001 Certification

The Aviation Department achieved an overall score of 96 percent and successfully completed 91 percent of the elements within the Airport's first Environmental Management System (EMS) audit of its deicing operations, storm water and vehicle management. The audit was conducted in the spring of 2015 by Virginia Tech University.

The Department's goal is to pursue ISO 14001 certification with a third party in 2016.

By implementing an environmental management system, the benefits for CLT include: a documented set of processes and



procedures to strengthen the Airport's internal controls and oversight pertaining to deicing operations, storm water control and vehicle management. The system also will enable CLT to reduce its environmental impacts for deicing operations.



# Safety & Training

CLT received zero discrepancies on its 2015 Federal Aviation Administration (FAA) Part 139 Airfield Inspection, which examined the overall condition of the airfield. The rating is the highest an airport can earn.

In 2015, the Airport completed several significant drills and trainings to ensure passenger safety.

## FAA Part 139 Airfield Inspection Earns Top Ratings

The annual inspection ensures that airports nationwide are meeting safety requirements set by the FAA.

Inspectors in August examined a variety of areas that included: pavement conditions, airfield signage, lights, safety areas, approach zones, fueling operations, training records and a timed run of the aircraft rescue and firefighting trucks.

CLT & its partners have received



A full-scale exercise with a staged accident scene was conducted.

## Triennial Part 139 Disaster Exercise

CLT tested its emergency protocols and procedures in October 2014 by holding a Triennial Part 139 Disaster Exercise involving a simulated airplane incident on Runway 5/23.

The Airport is required by the FAA to conduct a full-scale exercise every three years.

More than 200 emergency responders, including the Charlotte Fire Department, Mecklenburg EMS Agency (MEDIC), Airport Operations, Airport Security and Charlotte Mecklenburg Police Department (CMPD) participated in the practice event designed to establish a learning environment.



## Airport Hosts Aviation Safety Day

More than 200 employees and 15 vendors participated in the Aviation Department's first Safety Day in September.

The event included a driving simulator to test employees' safety skills on the road. Seminars were held on heat stress, first aid, the Smith Driving System, hazard recognition and proper lifting.

The event highlighted the importance for employees to put safety first and introduced them to the latest safety equipment.

## Airport Holds Active Shooter Drill

CLT, along with local law enforcement agencies and airlines, in September held an active shooter drill in a secured area of the Airport.

The drill was planned to help prepare staff, local law enforcement officers and other agencies including the Red Cross for a potential emergency situation at the Airport.

The Airport holds multiple drills throughout the year to prepare for emergency situations.

## Employee Training

CLT held several Non-Sterile Area Employee Security Training sessions.

These sessions are routinely held to raise the awareness of employees who work in the public areas of the Airport (Departures/Ticketing, Curbside and Arrivals/Baggage Claim) about reporting suspicious behavior.

Additionally, Aviation Department employees completed numerous City of Charlotte and Aviation Department training courses throughout the year averaging 25 hours per employee.

CLT received the 2015 Airport Award for Training Excellence from the American Association of Airport Executives' (AAAE) Airport Training and Safety Institute. It is awarded annually to airports that had at least 20 participants who collectively viewed at least 1,000 online programs. CLT was one of four large airports in the country to meet the criteria for the award.

The Aviation Department hosted AAAE's Certified Member Program and Developmental Associates' Change Management and Leadership Development series. In order to become an AAAE Certified Member, candidates were required to successfully complete a 180-question multiple-choice examination covering the body of knowledge essential

to carry out airport management responsibilities. Twenty-two Aviation Department employees received the Certified Member (C.M.) designation.

## Airport Hosts First FOD Safety Walk

Airport and Aviation Department employees collected six pounds of airfield debris during the Department's first Foreign Object Debris (FOD) Walk in October.

The FOD Walk was held to promote safety awareness among Department employees and partners. According to a 2013 FAA report, Boeing estimates that FOD causes \$4 billion in damage to aircraft each year.

# Passenger Experience

Providing high quality customer service is a primary principle at the Airport.

The Aviation Department added a variety of new customer service programs to improve the passengers' travel experience.

## Volunteer Program

CLT's Volunteer Program celebrated 10 years of welcoming and assisting passengers in the terminal. In 2015, volunteers donated 8,063 hours and aided more than 268,000 travelers.

Approximately 65 volunteers are in the program, which began in 2005.

## Canine Crew

The Department launched the Canine Crew, a pet therapy program which offers passengers the opportunity to pet a friendly canine.

The program began as a stress reliever for passengers to take their mind off the hustle and bustle that comes with traveling.

The Canine Crew is made up of 15 dogs and their handlers. All dogs are registered, professional in-service therapy dogs that have at least one year of experience working as a therapy dog.



## TLC from CLT

The Aviation Department launched "TLC from CLT" – an ongoing customer appreciation program to thank customers and extend CLT's unique southern hospitality to its passengers.

Events are held quarterly and began during the summer with the celebration of National Iced Tea Day on June 10. Department leaders and employees served 2,000 cups of free sweet and unsweet iced tea to passengers in the Atrium. During the summer, passengers also enjoyed reduced Hourly Deck rates.

In the fall, 3,000 cups of free banana pudding were served to recognize National Dessert Day. The winter event featured IT elves who greeted travelers throughout the terminal to offer WiFi connectivity assistance.

Passengers were encouraged to use #TLCfromCLT on social media.

## USO - Charlotte Center Gets Makeover

The USO - Charlotte Center received an update to its lounge in September with new paint, carpet and furniture.

Members of the Charlotte Chapter International Association of Home Staging Professionals (IAHSP) Regional Chapter planned the makeover.

The USO - Charlotte Center is one of the busiest USOs in the country, welcoming over 100,000 military personnel and their families in 2015.



The Mother's Room is open to all nursing mothers at CLT, both passengers and employees.

## Mother's Room

The Aviation Department opened a Mother's Room in October on the upper level of the Atrium across from the Airport Chapel.

The Mother's Room was created to provide a peaceful space for mothers who wish to nurse in a private setting.

The room features two private nursing stalls separated by privacy curtains. Each stall is outfitted with a cushioned rocking chair and power outlets.

The room also features a cushioned bench, diaper changing station, sink area and multiple power outlets. Bright and cheery animal safari wall art complements the furnishings.

Additional Mother's Rooms are being planned for future terminal expansions.

## New Addition to CLT's Art Program

"Old Growth," a statue standing 40-feet tall and weighing 40,000 pounds, now greets visitors at the entrance of Wilson Air Center - Charlotte, the Airport's fixed based operator overseeing private and corporate aircraft.

The steel sculpture was designed by Asheville artist Hoss Haley, who was inspired by Charlotte's tree-lined streets.

The Airport's art program, Just Plane Art, helps promote Charlotte and the surrounding regions. It also improves and enhances the travelers' experience at the Airport while giving them a memorable sense of place.



# Community Relations

The Aviation Department believes in the importance of establishing strong relationships with local residents through community outreach programs and events.

The Department strives to engage in activities that give back to the local community and economy.



## Noise Exposure Map Update

The Aviation Department updated its 1996 Noise Exposure Map (NEM) for 2015 and created a 2020 map for the future due to aircraft fleet changes and recent changes in runway operations.

Hundreds of residents attended public meetings held throughout 2015 to inform CLT's neighbors about the new Noise Exposure Map process.

In December, CLT sent its proposed updated NEMs, along with required documents and public hearing comments, to the Federal Aviation Administration (FAA).

Once the FAA gives its approval, the proposed updated Noise Exposure Maps will become official.

## Aviation Department Joins United Way Campaign

CLT raised \$12,983 for its 2015 United Way Campaign.

Events included a 50/50 raffle, NASCAR email bingo, music mania competition and a bake sale to raise funds.

Donated funds benefitted United Way of Central Carolinas. The organization serves 93 agencies and funds more than 200 programs across the Charlotte region, from Union and Anson counties in the south to Mooresville/Lake Norman and Cabarrus County to the north.

## CLT Connects With Instagram

As part of the Airport's community outreach program, CLT added Instagram to its social media platforms.

With its focus on pictures and short video clips, Instagram allows the Aviation Department to reach out directly to its customers and the community to keep them informed about Airport programs and initiatives.

The Airport's other social media platforms continued to grow as well. CLT's Twitter account grew to more than 7,700 followers, Facebook grew to 14,000 likes and over 790,000 visits and CLT's YouTube channel has more than 66,000 views.

The Airport's website, [cltairport.com](http://cltairport.com), received 1.8 million visitors in 2015.



## Airport Community Job Fair

The Aviation Department hosted and facilitated a community job fair in partnership with Airport tenants.

More than 600 people seeking job opportunities attended. Organizations on site included the Aviation Department, American Airlines, HMSHost, Sunshine Cleaning & Janitorial Services and The Paradies Shops.

The job fair was held to create awareness in the community about the wide variety of jobs available at the Airport and to fill the needs of its tenants to recruit and hire qualified personnel.



### Ninth Annual Runway 5K Run

CLT's ninth annual Runway 5K Run drew close to 2,000 participants to CLT's airfield on October 31.

The race benefited LIFESPAN's LIFEWORKS Program. The nonprofit organization assists children and adults with developmental disabilities. The Airport has raised approximately \$193,000 for LIFESPAN since 2008. Currently, 36 LIFESPAN participants work at CLT.

CLT will celebrate the 10th annual Runway 5K Run on October 29, 2016.

### Explorers Post 747

The Aviation Department has participated in the Explorers Post 747 Program for nearly two decades. The Explorers Program offers students the chance to learn about career opportunities in the aviation industry through collaborations with partner organizations. Students in the program speak with professionals in the aviation industry and tour various businesses at the Airport.

Approximately 500 students have completed the program in its 19-year history at the Airport. Partners have included American Airlines, North Carolina Air National Guard, TSA, FAA, HMSHost and the Carolinas Aviation Museum. Several participants have gone on to enter careers in aviation.



## Youth Day Celebrates 20 Years

The Aviation Department's Youth Day commemorated 20 years of giving Department employees the opportunity to teach young people about their work and the Airport.

More than 100 participants toured Fire Station 41, the Carolinas Aviation Museum and the airfield. Youth Day began in 1996. Today, it is an annual event that gives a behind-the-scenes look at CLT and the various organizations associated with the Airport.

## Operation Exodus

Approximately 4,000 soldiers from Fort Jackson, SC received a warm welcome at CLT as part of Operation Exodus.

During the three-day event in December 2015, the Airport served as a transfer point for the military men and women. The USO - Charlotte Center staff, Airport Operations and several CLT volunteers greeted more than 50 buses transporting troops from Fort Jackson as they headed home for a two-week Christmas leave from basic training.



Charlotte Douglas International Airport

# CLT



## CLT Debuts Trading Cards

CLT's trading card debuted in October at the Airports Council International (ACI) Conference in Long Beach, CA. It's part of the North American Airport Trading Card series with approximately 60 airport participants.

The cards allow travelers the opportunity to collect a piece of aviation history as they travel through participating airports across the United States and Canada, according to ACI.

CLT's trading card features a picture of CLT's iconic rocking chairs on the front. The back contains CLT fast facts, history and economic impact to the region, along with an aerial shot of the Airport.

# Accolades & Accomplishments



CLT remains committed to being a premier airport and putting its customers first.

*CLT is one of the 10 favorite U.S. airports for travelers from the U.K., BBC report. Travelers responded about why CLT is top on their list.* – British Broadcasting Corporation (BBC)

CLT ranked as the fourth best domestic airport by

*Travel + Leisure World's Best Awards 2014 readers survey, moving up from tenth place in 2013.*

– Travel + Leisure

Participants rated airports on a five-point scale of excellent, above average, average, below average and poor in the following categories: location/access, check-in/security, restaurants/food, shopping and design. CLT received 74.06 points out of 100, only four points behind top-ranked Portland International Airport.

*Travelers ranked CLT the sixth best airport for a layover in the 10 Best Readers' Choice poll.*

– USA Today

According to the newspaper, "Passengers on layover at sixth place Charlotte Douglas International can wait in comfort in one of the many rocking chairs overlooking the airfield. The airy central (Atrium) connecting the (concourses) features a food court and several retailers for easy shopping and dining while moving between gates. Free WiFi is another perk."

"We have been through Charlotte a couple of times and the general atmosphere plus the lovely white rocking chairs make it a very pleasant experience," said Sue Derbyshire of Honiton, UK. "The first time we went, there was even someone "tickling the ivories" of a grand piano!"

*CLT came in at No. 11, scoring 734 out of 1,000 points and earning a "better than most" designation in J.D. Power's 2015 North American Airport Satisfaction Study. The national average for large airports was 719 points.*

– J.D. Power

Overall passenger satisfaction with the airport experience averaged 725 points on a 1,000-point scale.

The annual J.D. Power survey was based on several factors, including terminal facilities, airport accessibility, security check, baggage claim, check-in/baggage check and terminal shopping.

## Air Compliance Excellence Award

CLT received the Air Compliance Excellence (ACE) Award from Mecklenburg County Air Quality.

The award is designed to highlight local industry efforts in achieving compliance with their air quality permits, thereby helping to reduce pollution and improve local air quality.

## Customs and Border Protection Celebrates 50 Years at CLT

Customs and Border Protection held a 50th Anniversary Celebration at the Carolinas Aviation Museum.

The agency first arrived in Charlotte in 1964. CLT now offers flights to 31 international locations. Customs and Border Protection helped process more than 1.3 million passengers entering the United States in 2015.

## Holiday Passenger Traffic Climbs

Thanksgiving holiday travel numbers from Saturday, November 21- Monday, November 30, 2015 rose 6 percent, passing the previous year's passenger numbers.

Originating traffic saw its highest numbers on November 29 with 27,449 passengers.

Christmas local passenger traffic numbers from December 19 - December 28 also jumped 6 percent compared to 2014 numbers.

Originating traffic reached its peak on December 27 with more than 27,000 passengers beginning their flight at CLT.

The local passenger traffic is in addition to the more than 100,000 passengers who connect through CLT daily.

These numbers are significant considering the Airport's busiest single day was September 7, 2012, the day after the 2012 Democratic National Convention ended in Charlotte when approximately 29,000 passengers originated their flight at CLT, a record that remains today.

# Partner Accolades, Accomplishments & Community Relations

## Wilson Air Center - Charlotte

Wilson Air Center - Charlotte, CLT's fixed based operator (FBO), was recognized as a standout among its peers.

- *Pro Pilot* magazine ranked Wilson Air Center the number one best small FBO chain and Wilson Air Center - Charlotte the 11th best FBO in the U.S.
- *Aviation International News* named Wilson Air Center - Charlotte the fifth best FBO.
- FLTPlan.com Pilot's Choice Awards rated Wilson Air Center - Charlotte the 13th best U.S. FBO and number one best small FBO chain.

## HMSHost, CLT's food and beverage concessionaire

- Contributed \$30,000 to both Hands on Charlotte and the YMCA of Greater Carolinas
- Donates daily to Second Harvest Food Bank
- Donated Operation Exodus meals – 4,000 portions
- Staff members volunteered approximately 140 hours with Hands on Charlotte and Toys for Tots
- Raised \$10,000 for Dine Out for Kids

## The Paradies Shops, CLT's retail concessionaire

- Named best airport retailer and also retailer with highest regard for customer service by *Airport Revenue News*
- Annual sponsor of the Airport's Runway 5K Run
- Assists with the Airport's United Way campaign by providing raffle prizes and donations
- Donates apparel and merchandise to charitable organizations
- Supports Treat Our Troops campaign and coordinates the delivery of CLT customer donated items to the USO locally and to bases and USO facilities within the state
- Assists in organizing the Airport's community job fair

## USO of North Carolina, Charlotte Center

- USO of North Carolina Charlotte Center was named the Top Large Stateside USO Center at the 3rd Annual TellUSO Awards ceremony honoring USO Centers for their commitment and service to America's military service members and their families. This is the second year the USO of NC, Charlotte Douglas International Airport Center has received this honor.

- USO of North Carolina Charlotte Center welcomed approximately 4,000 soldiers through the Airport in December 2015, as they traveled home for the holidays. Victory Block Leave, coined "Operation Exodus" is the annual voyage of America's military men and women through CLT as they head home for their two-week leave during the holidays.
- The USO and CLT hosted the Travel Channel as they filmed an "American Heroes" special for the show "Hello Goodbye." Host Curt Menefee (Fox NFL Sunday) interviewed service members and volunteers to create this one-hour salute to the armed forces, which aired in November leading up to Veterans Day.

## Lufthansa

- Sponsored CLT's annual Runway 5K Run
- Welcomed the famous "Dirndl Crew" to CLT
- Held an event for internal and external customers at the Olde Mecklenburg Brewery

## ViaAir

- Participates annually with a company team in the March of Dimes Mudd Volleyball tournament, raising money for March of Dimes

## Delta Air Lines

- Raised more than \$3,000 for the Breast Cancer Research Foundation, Susan G. Komen of Charlotte Organization and the American Cancer Society
- Hosted the 3rd Annual Polar Express at CLT for 30 children from the USO's TAPS Organization-for families that have lost a parent or relative in the line of duty
- Supported the CLT USO by providing food and gifts for traveling soldiers quarterly
- Supported the Ronald McDonald House of Charlotte by baking cookies for families that were experiencing serious health issues
- Raised \$1,500 for the Nepal Earthquake Relief fund
- Supported a successful College and Professional Charter operation with more than 180 flights in and out of Charlotte



## Frontier Airlines

- Received the 2015 Diamond Award for participating in the FAA aviation maintenance technician awards program

## American Airlines

- Hosted Snowball Express - a nonprofit organization with the goal of "Serving the Children of Our Fallen Military Heroes" – with nearly 1,700 children and spouses participating in 2015's event
- CLT Training Center donated 63 bikes, helmets & locks to the Salvation Army's Angel Tree
- CLT Customer Care Team partnered with A Child's Place and hosted a Give Back Gift Shop for students at a local elementary school
- Sponsored several special events in November to thank and honor employees, employees' immediate family members, and retirees who are Vietnam War-era veterans to mark the 50th anniversary of the first ground troops in Vietnam
- Scored perfect marks on the Human Rights Campaign's Corporate Equality Index
- FlyerTalk members named AAdvantage No. 1 loyalty program
- AAdvantage Program won top award at 2015 Freddie Awards
- Air Cargo News named American Airlines Cargo as the Best Cargo Airline of the Year
- The Association of Employee Resource Groups (ERG) & Councils honored American's Diversity Advisory Council (DAC) as one of the country's top 25 diversity councils

Photography courtesy of: Charlotte Douglas International Airport, Rob McKenzie Photography and Patrick Schneider Photography.

CLT

# Charlotte Douglas International Airport

5501 Josh Birmingham Parkway  
Charlotte, NC 28208

[www.cltairport.com](http://www.cltairport.com)



  
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# Budget Committee

Meeting Summary for February 29, 2016

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## COMMITTEE AGENDA TOPICS

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- I. Budget Committee Work Plan Update/Council Priorities
- II. March 16 Council Budget Workshop Agenda
- III. Employee Compensation & Benefits Overview
- IV. General Community Investment Plan
- V. Solid Waste Services – Multi-Family Service Review Update

## COMMITTEE INFORMATION

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Present: CM Phipps, CM Driggs, CM Kinsey,  
Time: 1:30 p.m. – 3:00 p.m.

## ATTACHMENTS

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- 1. [Budget Committee Work Plan](#)
- 2. [Draft Criteria for Evaluating Mayor and Council Priorities](#)
- 3. [March 16 Budget Workshop Agenda](#)
- 4. [Employee Pay and Benefits Presentation](#)
- 5. [Undesignated Resources & Capital Needs](#)
- 6. [Solid Waste Services Workgroup Agenda and Invitation List](#)

## DISCUSSION BRIEFING

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### **I. Budget Committee Work Plan Update/Council Priorities**

Kim Eagle, Management & Financial Services

Eric Hershberger, Management & Financial Services

#### **Committee questions included:**

- Phipps: Are action steps embodied in the Focus Area Plans?
  - Eagle: A lot of the descriptions in the priorities document came from the Focus Area Plans, so action steps could look like the content that's already in the Focus Area Plans. There has not been an official determination on whether we will map these descriptions against the Focus Area Plans or if these will replace the Focus Area Plans.
- Driggs: At the retreat we were struggling with some of these descriptions. So are you now saying that you'll update what we did at the retreat?
  - Eagle: We're looking to take these descriptions to the next level so that you can use them more effectively in budget conversations. For example on the CMPD item, we can map out outcomes and action steps around putting that in place, including phasing. It will be difficult to do that for all of the descriptions, but we could take those that had a funding request that may come before you for budget decisions and build those out for you.
- Kinsey: I have some concerns that we would ditch the Focus Area Plans that we've

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# Budget Committee

Meeting Summary for February 29, 2016

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been working on for a while. I also have concerns that if we do it, will the other committees do it?

- Eagle: That's the challenge. If Council wants to use these priorities as a guide for the budget deliberation and allocation decision process, there's an opportunity to do that, but we just need to be thoughtful about what that looks like. I have a similar concern regarding our Focus Area Plans as they have been in place for a very long time.
- Driggs: If we have places where there's nothing in either box next to the priority description, what conclusion should we draw?
  - Eagle: Staff is evaluating what may go in the box. The baseline information and, to a lesser extent, the funding request are both still in draft form. If you have specific thoughts around any of these, I'd like to capture that.
  - Driggs: You could say about Eastland that Neighborhood and Business Services is committing resources and is looking for a solution.
  - Eagle: We could also say that we're having conversations with the school system relative to their interest, we could talk about plans for the access road, and there are other components that are ongoing that we could fill in there.
- Kinsey: I'm really concerned about the Eastland situation, and I think it does impact the budget. From what I've heard, I'm not convinced that the right catalyst for Eastland is a school, but if that happens we're sort of giving away the property. And I have a huge problem with that, particularly in light of the fact that the County has a huge surplus.
  - Eagle: That is definitely where the Budget Committee comes in, and that's the kind of conversation that would be advantageous to hold at the next Budget Workshop, as we put these strategic questions on the table.
  - Kinsey: If we wait too long, it will be too late. And I don't think it can wait. We stand to lose a significant amount of money
  - Driggs: How does that show up in our budget? If we do a land transaction at Eastland, a portion of the land is transferred to CMS. It would almost be a balance sheet transaction.
  - Bill Parks: It would be a land bank transaction between the City and the County, or it might be a specific land swap.
  - Driggs: I think that's an important issue being raised, and I agree with you, Ms. Kinsey. I just don't think it's a budget topic.
  - Kinsey: The County is already into us for over \$1 million in this land swap, and I'm not willing to do any more of that given the surplus they're sitting on. I'm just not willing to give away our land.
  - Driggs: What committee primarily looks at that?
  - Eagle: I believe it's Economic Development and Global Competitiveness. But I can confirm and follow up.
- Driggs: When you showed us the results of senior staff and then we did our surveys, I mentioned then that the way to interpret that data needs to be clearer. I saw that information and it wasn't clear to me what action I was to take. Particularly as we get into some of these other priorities where there are several items and the outcome of Council is less predictable. Having seen the results of the first one, are you confident that we're getting good, actionable data from those surveys?
  - Eagle: It informs the internal conversations. There are other priorities where there is less consistency. My interest is in how department director input relates to Council input in terms of identifying gaps or questions staff can raise

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# Budget Committee

Meeting Summary for February 29, 2016

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that may inform Council's conversation.

- Driggs: How you report the findings and what you tell people you learned from the surveys will be critical.
  - Eagle: We're working on that now.

## **Committee decisions included:**

- Phipps and Driggs: Could we have the actual Focus Area Plans at hand? That way the integrity of the Focus Area Plans would be there. Could you go through the Focus Area Plans and write the corresponding Council Priority? I think we'll find that it aligns pretty well.
  - Eagle: The origin of the Council Priorities is the Focus Area Plans, the Manager's work plan and evaluation. There should be no conflicts with what's in the Council Priorities and the Focus Area Plans. We can do a crosswalk.
- Eagle: Staff can continue to update the descriptions to make them more specific so that they are more useful for the budget deliberation process. There's some action steps we can add.
- Driggs: On public safety, I believe we've agreed that the request for 125 officers could not be fully implemented in just one year. We should be clear about what we want to do and when. It would be good to have a goal listed on this document. Something we can look at a year or two from now and say what we've achieved.
  - Eagle: Along with phasing, we might benefit from some information on outcomes in terms of what we get if Council makes this funding decision.
- Kinsey: Looking at CMPD, there's an initial cost but there's also an ongoing cost. I don't think we always consider that. For example, with the body cameras, I had no idea how much it costs to store that data, and it is huge. We didn't talk about that.
  - Eagle: We could breakout phasing, ongoing costs, personnel, capital, etc. to make it usable for budget development. If it's the pleasure of this committee, we can consider that to be the next step and get it back out prior to the March 16 Budget Workshop. We will focus on those descriptions that have a funding request to be considered in the budget process.
- Kinsey: Will this committee be getting this full document prior to it going to full Council?
  - Eagle: Yes, we can do that. This will be a working document and we can meet in a small group setting if there's not another opportunity for the Committee to meet prior to the next Workshop.
- Eagle: Regarding the survey Council took at the last workshop, we would like to complete that work for items 2 through 6, as we only covered item 1 in the last workshop. Would you like to send that out to full Council electronically with the information that came in from department directors?
  - Phipps: I think it would be good to have them do it electronically. When they come back we'll have the directors in the room for some clarification. If we gave it to them ahead of time and encourage them to do it, that would facilitate an orderly flow.

## **II. March 16 Council Budget Workshop Agenda**

Kim Eagle, Management & Financial Services

*The Budget Committee received the March 16 Budget Workshop Agenda as information.*

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# Budget Committee

Meeting Summary for February 29, 2016

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## **III. Employee Compensation & Benefits Overview**

Cheryl Brown, Human Resources

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

- Kinsey: Is the state retirement the City match to what employees contribute?
  - Brown: This is what the City is required to contribute per the General Assembly. The City's contribution has remained at 6% for several years.
- Driggs: The total budget is \$2.1 billion for everything, and compensation represents 60%, correct
  - Eric Hershberger: The General Fund represents 60%
- Kinsey: When you say conversion, are we converting hourly employees to exempt?
  - Brown: We're moving those hourly employees from broadbanding into the new pay plan.
- Kinsey: What percentage of our employees are hourly?
  - Brown: Between 72 and 78.
  - DeLane Huneycutt: That includes public safety which will not be impacted by this new pay plan. This plan will impact about 2,800 employees.
- Kinsey: If you removed the public safety employees, what percentage would be impacted by the new pay plan?
  - Huneycutt: Approximately 40%
- Driggs: The \$0.5 million increase would carry forward, correct? We'd establish funding \$0.5 million higher than prior years?
  - Brown: Yes, it would be an increase to the base.
- Driggs: Does it change the trajectory of compensation? Will the ongoing implementation of this plan result in something other than the \$0.5 million more than we were going to spend in the old system?
  - Brown: I don't think so because although we're pulling this pay plan out, we're funding it in the same manner that we would have under broadbanding. So the market adjustment would be 0.5% and the merit budget would be 0.5% equal to the 3%. We've always tried to level the playing field when we found disparities, and I don't see us changing that.
  - Eagle: I'd add that we're tightening controls in implementation of the pay plan which could save money.
- Phipps: Can you comment on the feedback provided by the group that got together to hear about the plan?
  - Eagle: A group of employees from Engineering, Transportation, and Water get together occasionally, and we brought to them what was shared at the last budget committee in terms of the pay plan. It was good dialogue. They were very encouraged.
  - Huneycutt: They said they felt like they had been heard over the past couple of years. Some of them who had come to speak to Council in prior years regarding compensation didn't feel like that would be necessary now.
- Driggs: Are the top growth numbers for benefits reflective of the total growth? So this isn't just the City's share, correct? There will be a separate conversation about how much the City pays versus how much the employee pays, correct?
  - Brown: That is correct. This is also baked into the base budget number.
- Driggs: In Ms. Mayfield's absence, I would note that she's highlighted the sensitivity

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# Budget Committee

Meeting Summary for February 29, 2016

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of the increasing share of benefits for the lowest paid employees. As we transition to the new pay plan we should monitor that cost to the lowest paid employees.

- Brown: We are looking for ways to mitigate that impact of those health insurance increases on the lowest paid employees.
- Driggs: Given how big compensation is in proportion to the rest of the budget, compensation is going to be one of the things that comes under scrutiny. I'd love to see us defend the 3% merit increase. It will be a matter of choices we make.
- Phipps: Are you satisfied with utilization of the clinics after the first month?
  - Brown: We are satisfied at this point. The Wilkinson location will be used for public safety pre-employment physicals. I see the utilization increasing there.
- Driggs: When will you have enough data on the clinics to determine if our financial expectations were met?
  - Brown: Within a year. These return on investment numbers are important. Every person who goes to MyClinic and doesn't go to the doctor's office, fills a prescription, etc. saves the City money. Our initial expectation were that after a year the return on investment would be \$3.2 million and after that it went up to \$5.5 million.

## **IV. General Community Investment Plan**

Bill Parks, Management & Financial Services

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

- Driggs: I assume these available undesignated resources are net of any funding related to the Gold Line, correct?
  - Parks: Yes, that's correct.
- Driggs: The \$14.3 million was funded from the earlier balance of undesignated resources, not CIP money, correct?
  - Parks: Yes, that's correct.
- Driggs: How hard would it be to add a column breaking out future years of projects?
  - Carlee: We don't want to set an expectation that the projects were scheduled before they were actually approved.
  - Driggs: What about breaking the aggregate down by tear? I'm trying to get a sense of when this is going to get really urgent.
  - Carlee: Let's think about that. Part of what's important in the unfunded projects is providing as much flexibility for Council as possible. When we get too confined in terms of a project and a date, people do read that as a decision. I don't want to put Council in a box.
  - Driggs: What if we had a number representing urgent needs in the coming years?
  - Carlee: The way we would do that is in the CIP update. When we bring you the update, we would identify from the revision of this list, and then we would propose those urgent needs as a part of our CIP recommended funding for Fiscal Year 2017. Or if there's a really compelling need, building it in for FY2018 or FY2019. Otherwise we'd like to keep it in an unfunded list that would be revisited based on the most current information.
  - Driggs: I don't want to find ourselves having to make tough decisions based on foreseeable needs. For example is the transportation center funding we would need on this list? When we go down that road, we're committing an

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# Budget Committee

Meeting Summary for February 29, 2016

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additional \$118 million and we don't know if we have the wherewithal to see it through. I'd just like a bigger picture sense of what we know is coming along down the road, versus end up reacting. The better we get the benefit of the things we know about today with our priorities and sequencing, the better equipped we'll be with funding.

## **V. Solid Waste Services – Multi-Family Service Review Update**

Victoria Johnson, Solid Waste Services

Kim Eagle, Management & Financial Services

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

- Driggs: The core question is why are multi-family residents paying property taxes and not being provided with a service. So in simple terms, what is the answer to that question? Are we not just treating them differently than single family home owners who are paying taxes and see a large portion of their trash collection cost covered by that?
  - Johnson: When it came to multi-family, for me the question was, is it a commercial entity that was making a profit, like an apartment complex? So if it was for-profit, then we charge them. The question was, do we want to be in the dumpster business. If we want to continue in the dumpster business, that's fine, but we just need to be clear that we're in the dumpster business. If we want to be in the residential collection business, then we need to understand that. That's why it's been a struggle to determine what do we do with people who are in the middle. It would be an equity issue when you look at residential and you look at condo. Back in 2012 when we got rid of supplemental service for the apartment complex, one of the things everyone said was there was a concern about people massively dumping and littering. Along with that we considered how do we look compared to peer cities which provide a similar kind of service. The consultant report came back with a myriad of suggestions, but some of them we can't legally implement in North Carolina. We've been trying to determine what we can do. We started last year with the small business. We've been taking baby steps. Now we're dealing with the big question: do we want to continue with multi-family service? In that forum, some people said we'll pay the full cost per unit for service. Now we have more than one or two options that we're looking at.
  - Driggs: The business logic is a little faulty. The price they charge rolls up into their property tax and solid waste collection. The property tax they were charging had some of the cost of solid waste collection in it and now it doesn't. Also, the lines aren't that cleanly drawn. It gets muddied, like with people renting single family homes. I have some sympathy for the people I've heard from. I'd like to see us respond to this issue of unequal treatment of residents. Last year we lowered the tipping fee and that actually makes this conversation more difficult because taking away that smaller tipping fee gives less relief if we had a larger portion being allocated to user versus coming out of the General Fund.

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# Budget Committee

Meeting Summary for February 29, 2016

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- Phipps: The County classifies certain properties as commercial. Is that a County nomenclature? We had a similar issue with Storm Water where some condominiums were classified as commercial. Is this similar?
  - Eagle: I think the Storm Water situation was a misclassification on the city's part, but we can go back and check on that.
  - Carlee: Tax classifications are often not consistent. Here, townhomes are considered multi-family, and in other places they are considered multi-family attached. One of the challenges that Victoria Johnson has had is moving away from the tax collector paradigm.
  - Driggs: There's a public perception that we're using this rationalization just to raise revenue. People point to the \$3 million number.

## Budget Committee Work Plan Update

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

<b>Meeting Date</b>	<b>Item</b>	<b>Description</b>	<b>Discussion/Decision Points Future Action Requested</b>
	FY2017-FY2021 Community Investment Plan Overview	Discuss current outlook of General Community Investment Plan	Committee discussed criteria for making any changes to Community Investment Plan. Committee discussed importance of not making vast changes to approved plan
	General Fund-Fund Balance Policy	Update on City Fund Balance Policy and impact of potential modifications	Committee discussed the current policy and asked Staff return with additional information
Monday, February 8; 12:00 – 1:30 pm – Room 280	Budget Committee Work Plan Update	Discuss Budget Committee work plan through Council Budget Workshops	Committee discussed how to align budget priority discussion with document production. Staff offered to provide decision matrix and road map
	Pay Plan for Non-exempt/Hourly Employees	Discuss proposed modifications to City pay plan for non-exempt/hourly City employees	Committee asked specific questions related to implementation of the hourly pay plan. Staff provided answers and notated Committee feedback
	Solid Waste Services Delivery Model (primary referral is to Environment Committee)	Process status update	Committee received synopsis of Environment Committee meeting from February 1 <sup>st</sup> . Next step were outlined and presented
	Storm Water Budget	Preview of Storm Water Operating Budget & Overview of current Storm Water Capital Program	Committee discussed several issues related to City Storm Water and water quality.
	CATS Budget	Preview of CATS Operating & CIP Budget	Committee received summary document which previewed Budget Workshop topic
	February 24 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Committee did not amend February 24 <sup>th</sup> Council Budget Workshop agenda as presented by staff

<i>Meeting Date</i>	<i>Item</i>	<i>Description</i>	<i>Discussion/Decision Points Future Action Requested</i>
Monday, February 29; 1:30 – 3:00 pm – Room 280	Budget Committee Work Plan Update/Council Priorities	Continue to discuss Budget Committee work plan through Council Budget Workshops	Discussion & Feedback
	General Fund Update	Discuss Preliminary General Fund Revenues and Expenditures	Discussion & Feedback
	Community Safety strategic needs including Fire companies, in-fill Fire stations, Police patrol services and Police stations location planning (joint referral to the Community Safety Committee)	Community Safety Committee to discuss and determine relative priority within each area, not funding recommendation. Budget Committee to discuss funding.	Discussion & Feedback
	Solid Waste Services Delivery Model (primary referral is to Environment Committee)	Process status update	Discussion & Feedback
	Compensation & Benefits	Review Draft Compensation & Benefits Information	Discussion & Feedback
	Community Investment Plan	Review Draft Community Investment Plan	Discussion & Feedback
	March 16 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Discussion & Recommendation
Monday, March 21; 1:30 – 3:00 pm – Room 280	Aviation Budget	Preview of Aviation Operating & CIP Budget	Discussion & Feedback
	<del>Storm Water Budget*</del>	<del>2<sup>nd</sup> Review of Storm Water Operating &amp; Capital Program</del>	<del>Discussion &amp; Feedback</del>

<b><i>Meeting Date</i></b>	<b><i>Item</i></b>	<b><i>Description</i></b>	<b><i>Discussion/Decision Points Future Action Requested</i></b>
	Charlotte Water Budget	Preview of Charlotte Water Operating & CIP Budget	Discussion & Feedback
	Charlotte Water Assessment of Capital Funding Model	Overview of capital funding model used by Charlotte Water	Discussion & Feedback
	Financial Partner Recommendations	Preview of Financial Partner Recommendations	Discussion & Feedback
	Community Investment Plan*	2 <sup>nd</sup> of Review Draft Community Investment Plan	Discussion & Feedback
	April 6 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Discussion & Recommendation

\* If necessary

## Draft Criteria for Evaluating Mayor and Council Priorities

### What are we doing?

Continuing the work and discussion initiated at the Council Retreat on the Mayor and Council's strategic policy priorities for our City. Council's feedback on this updated draft will be used to shape the development of the City Manager's recommended FY2017 Budget.

### Why are we doing it?

There are a variety of ways in which numerous policy priorities are organized (Focus Area Plans, City Manager's work plan from Council).

As a complex City there are a large number of projects and activities always in progress.

This discussion attempts to identify what is most important strategically to the Mayor and Council.

**This draft is an update based on input from Council members. This version of the priorities now includes budget related information on current baseline funding and requests under staff review for FY2017 budget development. Baseline funding is still being refined, and FY2017 funding requests are still under review and reflect work in progress. Staff is making no funding recommendations on these funding requests at this time. Staff is also continuing to refine the priority descriptions to add action steps and success measures.**

In determining the highest level priorities for use in the **budget deliberation process**, the following criteria are suggested:

- Which priorities will have the **most impact in the community**?
- With constrained financial resources and staff capacity, which priorities are the **most urgent** to address?
- Which priorities have **significant budget impact** and require Council policy direction and funding allocation decisions?

Other important overarching criteria to be considered include:

- Which priorities are the most important for achieving the Charlotte that we want?
- Which priorities will have a "ripple effect" – addressing more than one policy area?

### What does success look like?

- Mayor and Council consensus on key strategic policies
- Prioritization of these key strategic policies
- **Use of priorities to frame key budget decisions and direct linkage of policy discussion with resource allocation process**
- Articulation of policy priorities that are actionable by staff

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## Draft Strategic Policy Objectives: What We Want to Achieve

1. **Ensure all residents and visitors are safe**
2. **Build and preserve vibrant and diverse neighborhoods**
3. **Provide economic opportunity to increase upward mobility**
4. **Facilitate and invest in innovation and intentional growth of the city with sustainable infrastructure**
5. **Connect people and places by foot, bike, transit, and car, safely and effectively for people of all ages**
6. **Advance a clean and healthy environment**

<b>1. Ensure all residents and visitors are safe</b>		
<u>Description</u>	<u>Baseline</u>	<u>Funding Request Under Review</u>
A. Increase CMPD resources in programs where additional staff can have the greatest impact on crime.	\$227M FY2016 Budget 2,309 Positions	125 Additional Sworn Positions, 80 Civilian Positions - Up to \$17.5M (includes \$1.9M in one-time capital expenses)
B. Ensure that the Charlotte Fire Department can meet response standards by adding companies based on analysis to target resources to have the greatest impact.	\$113M FY2016 Budget 1,167 Positions	Ladder 28 - \$2.8M (\$0.9M Capital) Engine 65 - \$2.4M (\$0.6M Capital)
C. Collaborate with effective youth crime diversion programs especially for first time, non-violent offenders to avoid a criminal record and increase their opportunity for success.	Approximately \$253,000 in grant funding for youth crime diversion programs	Funding request in item A would assist in supporting this Priority
D. Support CMPD efforts in addressing the broader root causes of crime in targeted areas.		Funding request in item A would assist in supporting this Priority

## 2. Build and preserve vibrant and diverse neighborhoods

Description	Baseline	Funding Request Under Review
A. Preserve or replace existing affordable workforce housing, using tools such as an inventory of City owned land and revisited locational policy.	\$60M budgeted in four Community Investment Plan bond cycles for Housing Diversity, which produces approximately 4,776 units	
B. At the Eastland Mall site create a new community through private and appropriate public investment that integrates into and enhances the surrounding areas		
C. In Applied Innovation Corridor ensure that elders and long-term residents can stay in their homes especially as neighborhoods gentrify. Inventory available and potential tools such as purchase assistance, home repair, and tax and fee impacts. Develop age in place program for seniors	<p>\$60M budgeted in four Community Investment Plan bond cycles for Housing Diversity. Program not targeted to a specific area.</p> <p>1,207 homes rehabilitated over 5 years supported by 5 positions</p>	<p>Potentially use a portion of \$60M budgeted in four Community Investment Plan bond cycles for Housing Diversity</p> <p>Two additional positions requested to reduce 18 month backlog of residents waiting for emergency repairs and home rehabilitation</p>
D. Continue strong investments in neighborhood infrastructure	\$120M budgeted in four Community Investment Plan bond cycles for Comprehensive Neighborhood Improvement Program	
E. Develop a strategy to address needs to infill and redevelopment		

<b>3. Provide economic opportunity to increase upward mobility</b>		
<u>Description</u>	<u>Baseline</u>	<u>Funding Request Under Review</u>
A. Create more opportunity for people with employment challenges by leveraging City workforce contracts and Business Investment Grants.		
B. Facilitate with our partners the availability of internships and apprenticeships, as well as the awareness of employment opportunities, job fairs, job training, and job assistance. Establish City guidelines for providing apprenticeships.	Current staff resources in multiple departments	
C. Support and grow small, entrepreneurial businesses, especially businesses owned by women and minorities through City contracts, Business Investment Grants, and access to information and resources.	\$27,000 operating funds for <i>CharlotteBusinessResources.com</i> , in addition to staff time for CBI initiatives and outreach	\$77,000 to assist with website development
D. Ensure that young people have work opportunities through the Mayor's Youth Employment Program as one part of a public-private system of youth employment and mentoring. Expand City participation in youth work opportunities with other partners.	\$188,000 Mayor's Youth Employment Program in addition to staff resources. In FY2015, the Program placed 320 interns, and 4,239 students participated in work experiences through Charlotte Career Discovery Day, Career Readiness Training Certification, and job shadowing opportunities	
E. Ensure that children get the right start in life by working with public and private sector partners to make quality after-school time programs available. Continue existing process with community programs with partners	Currently \$1.0M to Out of School Time Partners from non-General Fund sources.	

#### 4. Facilitate and invest in innovation and intentional growth of the city and sustainable infrastructure

<u>Description</u>	<u>Baseline</u>	<u>Funding Request Under Review</u>
A. Establish policy guidelines for evaluating rezoning requests.		
B. Rewrite the City's zoning code to reflect the diverse neighborhoods consistent with City vision and plans.	\$1.1M currently allocated for Zoning Ordinance Study	
C. Work with the private sector, nonprofits, and colleges and universities to develop the "Innovation Corridor" using creative "smart city" technologies.	\$29M budgeted in four bond cycle Community Investment Plan for Applied Innovation Corridor	Current Community Investment Plan
D. Implement the Gartner Study recommendations to improve customer service to businesses by improving Building Inspections and Permitting in collaboration with the County and stakeholders (including governance structure) working to reduce red tape	Current staff resources in multiple departments	
E. Prepare recommendations for the FY 2017 update of the CIP, including recommendations for the CY 2016 Bond Referendum; assess changes related to the timing and priority of projects and the financial capacity of the City.	\$816M budgeted in four Community Investment Plan bond cycles	Additional funds have been requested in multiple categories
F. Support growth of tourism and amateur sports	\$25M in four CIP bond cycles for Bojangles'/Ovens Area Redevelopment Plan	
G. Revitalize business corridors in priority areas (Applied Innovation Corridor, Eastland Mall, NW Corridor, West Boulevard, Freedom Drive)	\$149M in four Community Investment Plan bond cycles for the Comprehensive Neighborhood Improvement Program and Applied Innovation Corridor	One additional position to focus on business corridor revitalization and an additional \$700,000 in capital funding for façade and security grants
H. Identify opportunities to partner with private investment in high growth areas	\$20M in four bond cycle Community Investment Plan for Public/Private Redevelopment Opportunities	
I. Identify areas of high growth, and prioritize adequate resources to support Strategic Area Plans prioritizing high growth areas	Multiple projects in the \$816M four Community Investment Plan bond cycles provide funding in support of Strategic Area Plans	

**5. Connect people and places by foot, bike, transit, and car, safely and effectively for people of all ages**

<u>Description</u>	<u>Baseline</u>	<u>Funding Request Under Review</u>
A. Through operational changes, capital funding, and redevelopment, build safe streets, sidewalks, trails, rails, and bikeway connections.	\$464M budgeted in four Community Investment Plan bond cycles and Pay-As-You-Go Community Investment Plan for Transportation related projects	\$10M in additional Community Investment Plan funding requested for additional trail, pedestrian, and bicycle connectors
B. More efficiently connect employment centers with residential areas that have low employment opportunities through better transit options.		
C. Working through regional partners, update the MTC 2030 Transit Plan and CRTPO Transportation Investment Plan to provide mobility options.	Current staff resources	
D. Update the Transportation Action Plan including new Pedestrian and Biking Elements	\$60M budgeted in four Community Investment Plan bond cycles for sidewalks & pedestrian safety	
E. Connect CLT to the world - Or - Improve connections to and from the Airport	\$45M budgeted in four Community Investment Plan bond cycles for Airport/West Corridor Roads	
F. Support Freight Mobility	\$45M budgeted in four Community Investment Plan bond cycles for Airport/West Corridor Roads	

## 6. Advance a clean and healthy environment

<u>Description</u>	<u>Baseline</u>	<u>Funding Request Under Review</u>
A. Develop Storm Water policies that improve water quality, including revisions to post-construction controls.	FY2016 Budget includes revised Storm Water policies	
B. Adopt a multi-year plan to reduce energy and fuel use by the City government.	Motor Pool launched in FY2016  Sustainability office staff (two positions)	Staff evaluating alternative fuel vehicles in Solid Waste Services & Transit  Two additional positions requested for sustainability staff
C. Work with the business community through Envision Charlotte to adopt energy reduction goals in the city as a whole.	Sustainability office staff (two positions)	
D. Continue to design the appropriate service delivery system and funding structure for solid waste collection and disposal to support recycling and waste reduction policies.	\$52M FY2016 Budget 302 Positions	Evaluating elimination of multi-family collection services. Potential savings of approximately \$3.2 to \$3.8 million
E. Implement urban forestry master plan	\$10.5M in FY2016-2020 PAYGO Program	Additional \$3.1M requested in FY2017-2021 PAYGO Program

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# Draft 2017 Budget Workshops

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## City of Charlotte

**March 16, 2016**  
**1:30 p.m. – 4:30 p.m.**  
**Room 267**

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	<b>Page</b>
<b>I. Introduction/Budget Committee Report</b>	Council member Phipps Budget Committee Chair
<b>II. Council Priorities Discussion</b>	Ron Carlee/Kim Eagle
<b>III. General Fund Update</b> <ul style="list-style-type: none"><li>• Revenues</li><li>• Expenditures</li></ul>	Kim Eagle
<b>IV. Compensation &amp; Benefits Update</b>	Kim Eagle
<b>V. General Community Investment Plan Update</b>	Kim Eagle
<b>VI. Solid Waste Services – Multi-Family Service Review Update</b>	Victoria Johnson
<b>VII. Review of Budget Questions &amp; Answers from February 24<sup>th</sup> Budget Workshop</b>	Kim Eagle

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

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# Draft 2017 Budget Workshops

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

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

### April 6, 2016 Budget Workshop

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

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

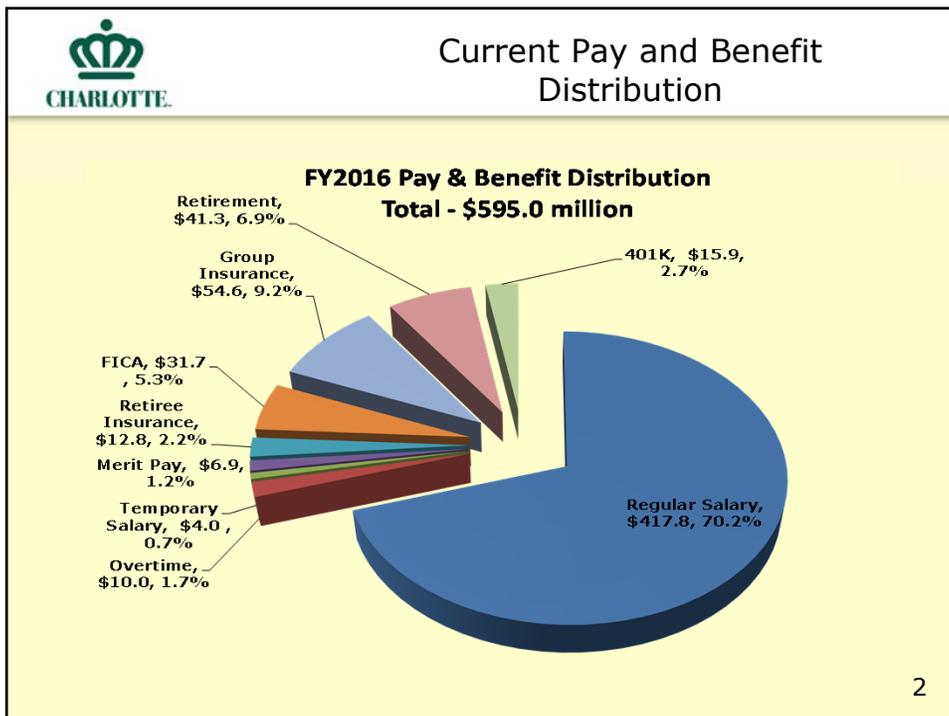
- Topics to be Determined



## Employee Pay and Benefits

Cheryl Brown, Director of Human Resources

February 29, 2016





## Preparing for March 16 - Pay

- Pay
  - Growth in total comp for employees (pay, benefits, etc.) cannot exceed revenue growth
  - Preliminary results of average market movement:

Market Movement Summary (Average Percent Change)						
Source	2013 Actual Market Movement	2014 Actual Market Movement	2015 Actual Market Movement	2016 Actual Market Movement	2017 Projected Market Movement (to date)	5 Year Average Market Movement
National Statistics Provided by World at Work, Hewitt, Mercer	3.0	2.9	3.0	3.0	3.0	3.0
National Municipalities	1.7	2.4	2.7	2.5	2.1 *	2.3
Charlotte Area Municipalities	2.8	2.6	2.6	2.8	2.4 *	2.6
Large Charlotte Employers (private sector)	2.5	2.5	2.7	2.9	TBD	2.7
The Employers Association	2.6	3.1	3.1	3.0	3.1	3.0
City of Charlotte	2.0	2.0	3.0	1.5	3.0 (Proposed)	2.3

\* Limited data

3



## General Fund Compensation Scenarios

Projected FY2017 General Fund Compensation Scenarios				
Projected FY2017	1% merit, .05% market, steps	2% merit, 1.0% market, steps	3% merit, 1.5% market, steps	4% merit, 2.0% market, steps
Broadband Merit	\$577,089	\$1,154,177	\$1,731,266	\$2,308,354
Non-Exempt/Hourly	\$1,361,856	\$1,503,886	\$1,645,916	\$1,787,946
Public Safety Pay Plan				
Market	\$853,510	\$1,707,020	\$2,560,530	\$3,414,040
Steps	\$2,066,632	\$2,066,632	\$2,066,632	\$2,066,632
Total	\$2,920,142	\$3,773,652	\$4,627,162	\$5,480,672
Grand Total	\$4,859,087	\$6,431,715	\$8,004,344	\$9,576,972

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## Preparing for March 16 - Pay

- **Non-Exempt/Hourly Pay Plan Proposal**
  - Net transition plus market cost in General Fund: \$0.5 million
  - Net transition plus market cost all Funds: \$1.2 million
- **Transition to proposed Non-Exempt/Hourly Pay Plan in February 2017**
  - Based on job class years of service, not hire date
  - Minimum pay increase to \$28,260 (60% Average Median Income)

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## Non Exempt/Hourly Pay Plan

- City Council concerns related to living wage for lower paid employees
- Proposed pay plan for hourly workers
- Feedback from employees and Department Directors
- Defined pay scales and promotion pay increases will ensure employees paid consistently
- Annual scale adjustment increases = 1/2 Broadband merit – February
- Merit matrix = 1/2 Broadband merit

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## Preparing for March 16 - Benefits

- **Benefits**

- Projected annual national trends:
  - Medical 8%
  - Prescription drug 11%
  - Specialty drug 19%
- Health insurance\* cost increase projection for FY17:
  - 7% (down from 9%)

\*includes medical, prescription, OurHealth, dental, short-term disability, basic life, accidental death & dismemberment, stop-loss, and administrative fees

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## Preparing for March 16 - Benefits

- **We are currently evaluating medical plan design options for FY17:**

- Add Health Reimbursement Account Plan option (high-deductible plan)
- Premium Increases / Cost sharing ratios / Wellness incentive
- Current Plan design changes
  - Deductibles, copays, pharmacy tiers & copays, and out-of-pocket maximums

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## January Clinic Utilization

Insured Status	Number Eligible	Individuals with at least one visit	Percent of Total Eligible
Employee/Pre-65 Retiree	6,370	682	10.70%
Spouse	2,820	183	6.50%
Dependent	4,486	35	0.80%
Total	13,676	900	6.60%

- Utilization above expectations for first month
- Expect increased utilization due to:
  - Clinic Presentations at all CMPD roll calls
  - Newly opened clinic – Tower Place
  - Health Screenings due by April 30
  - Targeted promotions to Pre-65 retirees

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## MyClinic Update

- Four clinics are open with the fifth opening on March 9
- Clinic visits by location as of January 31, 2016:
  - Northlake (39%)
  - 4th & McDowell (38%)
  - Wilkinson (23%)
  - Tower Place – opened early February



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## Next Steps

- Present at City Council Workshop: March 16
  - Pay & Benefits Presentation
- City Manager's Recommended Budget: May 2
  - Pay & Benefits Recommendation

## Attachment

### FY2017 – FY2021 General Community Investment Plan Available, Undesignated Resources

Funding Source	Amount	Uses/Restrictions
General Capital Debt Capacity (debt)	\$40-\$60M	<ul style="list-style-type: none"> <li>• <b>General Obligation Bonds or Certificates of Participation</b> investments (e.g., transportation, neighborhood investments, housing diversity, and facilities)</li> <li>• Full use of an additional \$60.0M debt capacity would increase total obligated debt capacity for the four bond referenda (2014-2020) by 7.3%, from \$816.4M to \$876.4M</li> </ul>
General Capital Reserves (Cash)	\$10.0M	<ul style="list-style-type: none"> <li>• General Fund-Fund Balance in excess of 16% Reserves</li> <li>• High flexibility</li> <li>• <b>One-time uses only</b> (e.g., facilities, major facility maintenance, capital equipment, and special studies)</li> </ul>
General Capital Project Balances (Current Year)	\$4.0M	<ul style="list-style-type: none"> <li>• <b>\$2.8M from prior transportation bonds</b>; must be used on transportation projects</li> <li>• <b>\$0.9M from Facilities Certificates of Participation</b>; can be reallocated to other investments where the asset is the security (facilities or vehicles)</li> <li>• <b>\$0.3M from Pay-As-You-Go cash</b>; can be used for any one-time capital needs</li> </ul>
Other Capital Reserves (Prior Year Savings, Sale of Land)	\$8.7M	<ul style="list-style-type: none"> <li>• <b>\$2.4M in transportation bonds</b>; must be used on transportation projects</li> <li>• <b>\$6.3M from Pay-As-You-Go cash</b>; can be used for any one-time capital needs</li> </ul>
<b>Total</b>	<b>\$62.7-\$82.7M</b>	

## Original List of Potential Capital Considerations Presented to Council in Spring 2014

Updated March 2015: Projects from Original List Funded in FY2015

Updated January 2016: Projects from Original List Funded in FY2016

Project	FY2015 Estimate Capital Cost	FY2015 Funded Capital Cost	FY2016 Funded Capital Cost
<b>FY2015 - FY2019 CIP - Potential New Considerations</b>			
<b>Neighborhoods &amp; Housing Diversity</b>			
A New Home (Rental Assistance Endowment)	8,000,000	2,000,000	
<b>Total Neighborhoods &amp; Housing Diversity</b>	<b>8,000,000</b>	<b>2,000,000</b>	
<b>Transportation</b>			
Neighborhood Transportation Program	37,500,000	5,200,000	
<b>Total Transportation</b>	<b>37,500,000</b>	<b>5,200,000</b>	
<b>Facilities/Infrastructure/Equipment</b>			
Americans with Disabilities Act (ADA) Investments	800,000	800,000	
CMPD Central Division Station	7,500,000		13,500,000
Asset Recovery and Disposal (ARD) Facility - Wilkinson Blvd.*	3,000,000	-	
CDOT Transportation Operations Facility Replacement	5,000,000	-	
Charlotte Vehicle Operations Center (CVOC) Facility -- Risk Management*	2,100,000	-	
CMGC Elevator Upgrade	1,160,000	400,000	800,000
CMGC Space Reconfiguration (all floors)	20,600,000	-	
CMGC South Plaza Waterproofing	350,000	350,000	
CMGC HVAC Improvement Program	8,000,000	-	
CMGC Plaza Renovation	1,200,000	-	
CMGC - Upgrade Security and A/V Equipment	325,000	-	
CMGC Parking Deck Office	120,000	-	
Carpet, Relocations, Furniture & Fixtures	1,200,000	-	
CMGC Blinds Replacement	800,000	-	
CMGC Basement Parking Security Renovations*	400,000	-	
CMGC Re-Caulking (exterior)	1,100,000	1,100,000	
CMGC Fitness Center Renovation*	800,000	-	
TreesCharlotte	1,000,000	100,000	
Fire Station Renovations	500,000	-	
Infill Fire Station - Hidden Valley	7,700,000	-	
Infill Fire Station - Clanton and I-77	7,700,000	-	
Zoning Ordinance Study and Revisions	1,081,540	1,081,540	
Police/Fire Academy Land	230,000	230,000	
Fire Apparatus - Station 28 ladder and Station 42 engine	1,384,027	-	
<b>Total Facilities/Infrastructure/Equipment</b>	<b>74,050,567</b>	<b>4,061,540</b>	<b>14,300,000</b>
<b>Technology</b>			
Myers Street Data Center Expansion	1,637,134	-	-
311/Government Center Network Infrastructure Upgrade	1,318,953	1,223,200	
Public Safety Radio Network (Redundancy)	1,132,044	1,028,281	
E-Agenda	250,000	225,000	
Resiliency, Redundancy, Security, & Ongoing Equipment	60,854,199	-	-
<b>Total Technology</b>	<b>\$ 65,192,330</b>	<b>\$ 2,476,481</b>	<b>\$ -</b>
<b>Other Facilities</b>			
Time Warner Cable Arena Improvements	41,915,310	30,500,000	
Bojangles Coliseum Renovations	12,000,000	15,453,375	
<b>Total Other Facilities</b>	<b>53,915,310</b>	<b>45,953,375</b>	<b>-</b>
<b>Total Potential New Considerations</b>	<b>\$ 233,158,207</b>	<b>\$ 59,691,396</b>	<b>\$ 14,300,000</b>
<b>Percent of Potential New Considerations Funded in FY2015</b>		<b>25.6%</b>	
<b>Percent of Potential New Considerations Funded in FY2016</b>		<b>6.1%</b>	
<b>Percent of All Capital Cost Funded in FY2015 and FY2016 Combined</b>		<b>31.7%</b>	

\* The need and/or scope for these FY2015 project requests are currently being reevaluated by staff and have not been requested for FY2017



## **Multi-Family Collection Service Discussion Forum**

February 26, 2016  
10 a.m. – 12 p.m.  
Charlotte-Mecklenburg Government Center, Room 267

### **AGENDA**

**1. Introductions and Objectives**

**2. Overview of Solid Waste Services and Collection Policy**

**3. Facilitated Discussion**

**4. Questions**

**5. Next Steps: Discussion Forum 2**

- Discussion Forum 2 will be held on March 11, 2016 from 10 a.m. – 12 p.m. at the Charlotte-Mecklenburg Government Center, Room 267

## Solid Waste Services Discussion Forum 1 on 2/26/2016

## Attendance List

Name	Organization	E-mail Address
1 Anttonio Briceno	PCAC	<a href="mailto:antonio.briceno@daimler.com">antonio.briceno@daimler.com</a>
2 Lorie Massenburg	Waterford Homeowners Association	<a href="mailto:lmassenburg@gmail.com">lmassenburg@gmail.com</a>
3 Jacky Lee	none	<a href="mailto:jacky_lee@triad.rr.com">jacky_lee@triad.rr.com</a>
4 Gaurav Gupte	Friends of Fourth Ward	<a href="mailto:ggupte@hotmail.com">ggupte@hotmail.com</a>
5 John H. Clark	Hawthorne Lane Condo HOA	<a href="mailto:johnhclark@earthlink.net">johnhclark@earthlink.net</a>
6 Mike Restaino	10th Street Townhomes HOA	<a href="mailto:mrestaino@gmail.com">mrestaino@gmail.com</a>
7 Megan Gude	Charlotte Center City Partners	<a href="mailto:mgude@charlottecentercity.org">mgude@charlottecentercity.org</a>
8 Sandy DuPrey	Rosewood Condos	<a href="mailto:scoleyo3@earthlink.net">scoleyo3@earthlink.net</a>
9 Bill Brittan	Rosewood Condos	<a href="mailto:britrale@gmail.com">britrale@gmail.com</a>
10 Richard Jones	Waterford Condo	<a href="mailto:RJRJ@carolina.rr.com">RJRJ@carolina.rr.com</a>
11 David R.	Graham Court HOA	<a href="mailto:drousm@yahoo.com">drousm@yahoo.com</a>
12 Jon McPherson	Graham Court HOA	<a href="mailto:jonmcd74@gmail.com">jonmcd74@gmail.com</a>
13 Richard Bargoil	none	<a href="mailto:rgbargoil@gmail.com">rgbargoil@gmail.com</a>
14 Richard Woodcock	Raintree Greens	<a href="mailto:rwoodcock76@gmail.com">rwoodcock76@gmail.com</a>
15 Rusty Gibbs	CAMS Management	<a href="mailto:rgibbs@camsmt.com">rgibbs@camsmt.com</a>
16 Ben Rhodes	CAMS Management	<a href="mailto:brhodes@camsmt.com">brhodes@camsmt.com</a>
17 Melissa Deas	Village of Prosperity HOA	<a href="mailto:msdeas@att.net">msdeas@att.net</a>
18 Tamra Goodman	Henderson Properties	<a href="mailto:tamra.goodman@hendersonproperties.com">tamra.goodman@hendersonproperties.com</a>
19 Jeff Davis	Waste Pro	<a href="mailto:jdavis@wasteprousa.com">jdavis@wasteprousa.com</a>
20 Jennifer Herring	Waste Pro	<a href="mailto:jherring@wasteprousa.com">jherring@wasteprousa.com</a>
21 Charlie Henley	Northwood Ravin	<a href="mailto:chenley@northwoodravin.com">chenley@northwoodravin.com</a>
22 Marianne McQuade	Condo Owner 4th Ward	<a href="mailto:scorpio921@yahoo.com">scorpio921@yahoo.com</a>
23 Jason Jordan	Private Property Manager	<a href="mailto:jason@urbanhomescharlotte.com">jason@urbanhomescharlotte.com</a>
24 Derrick Harris	Mecklenburg County Solide Waste	<a href="mailto:derrick.harris@mecklenburgcountnc.gov">derrick.harris@mecklenburgcountnc.gov</a>
25 Mary Ellen Page	Hamlin Park Homes	<a href="mailto:maryellen.page@gmail.com">maryellen.page@gmail.com</a>
26 Carole Lewis	Keswick Carriage Homes	<a href="mailto:landscaping.keswick@aol.com">landscaping.keswick@aol.com</a>
27 Robin Turner	O'Leary Group	<a href="mailto:rturner@olearywaste.com">rturner@olearywaste.com</a>
28 Tippi Moose	Henderson Properties	<a href="mailto:tippi_moose@hendersonproperties.com">tippi_moose@hendersonproperties.com</a>
29 Michael A.	Renaissance on Carmel II	<a href="mailto:Mat005cnc@yahoo.com">Mat005cnc@yahoo.com</a>
30 Kitty Sullivan	Renaissance on Carmel II	<a href="mailto:freeto.spend@yahoo.com">freeto.spend@yahoo.com</a>
31 Joni Brown	Bumina on S. Church Street	<a href="mailto:oohoofox@aol.com">oohoofox@aol.com</a>
32 Julian Wright	PCAC	<a href="mailto:jwright@robinsonbradshaw.com">jwright@robinsonbradshaw.com</a>
33 Clarence Gibson	Red Rock HBO	<a href="mailto:c.gibson8@bellsouth.net">c.gibson8@bellsouth.net</a>
34 JoAnne Means	Hobbs Ridge HOA	<a href="mailto:dgmq@aol.com">dgmq@aol.com</a>
35 Dom Means	Hobbs Ridge HOA	<a href="mailto:dgmq@aol.com">dgmq@aol.com</a>
36 Linda Ashendorf	Linda Ashendor Public Affairs	<a href="mailto:lashendorf@aol.com">lashendorf@aol.com</a>
37 Derek Greene	Communiyt Association Management	<a href="mailto:dgreene@communityassociationmanagement.com">dgreene@communityassociationmanagement.com</a>
38 Mark Lerner	Lerner Residential	<a href="mailto:mlerner@lernerapartments.com">mlerner@lernerapartments.com</a>
39 Elizabeth Kurtz	Charlotte Family Housing	<a href="mailto:ekurtz@charlottefamilyhousing.org">ekurtz@charlottefamilyhousing.org</a>
40 Bryan Holladay	Greater Charlotte Apartment Association	<a href="mailto:bryan@greatercaa.org">bryan@greatercaa.org</a>

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# Budget Committee

Meeting Summary for March 21, 2016

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## COMMITTEE AGENDA TOPICS

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- I. Community Investment Plan
- II. Solid Waste Services – Multi-Family Service Options
- III. Budget Committee Work Plan Update/Council Priorities/Base Budget Review
- IV. Charlotte Water FY2017 Budget
- V. Aviation FY2017 Budget
- VI. April 6 Council Budget Workshop Agenda

## COMMITTEE INFORMATION

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Present: CM Phipps, CM Driggs, CM Kinsey, CM Lyles, CM Mayfield  
Time: 1:30 p.m. – 3:00 p.m.

## ATTACHMENTS

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1. [FY2017-FY2021 General Community Investment Plan Considerations for Additions and Adjustments](#)
2. [Solid Waste Services Presentation](#)
3. [Budget Committee Work Plan Update](#)
4. [Summary of Charlotte Water Budget Request](#)
5. [Summary of Aviation Budget Request](#)
6. [April 6<sup>th</sup> Draft Budget Workshop Agenda](#)

## DISCUSSION BRIEFING

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### I. Community Investment Plan

Bill Parks, Management & Financial Services

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

- Phipps: Is it safe to say that the Gateway Station intergovernmental funding will be a part of our legislative agenda?
  - Carlee: There are existing mechanisms through CRTPO that we're already pursuing; however, they haven't played out yet. I don't want to say that we have the money because we don't have the money to both fund Gateway and do all of the other things we want to do. We want to be able to make the case that we need the external money that may be available to us.
- Driggs: If we have to fund the gateway station we would have committed all of our estimated available funding for the current year and there are still other capital needs to consider. So, is that prudent?
  - Carlee: Yes depending on what the actual Gateway amount is. We expect it to be less than the \$33.6 million, and we can give you a separate analysis what other funds we would factor in.
- Driggs: Is there a year-to-year process through which the conservatism of our

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# Budget Committee

Meeting Summary for March 21, 2016

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estimates is updated and that results in new money materializing on the available funding line?

- Parks: Every year we examine our available debt capacity to see how interest rates change, what revenue sources are coming in, if we have any bond refunds that can save money. Each year there is some change to the debt capacity. In addition each year we do a mid-year capital review of existing projects coming to completion and identify those that might have savings that we can fold back into that debt capacity.
- Driggs: Is there a tendency on a year-to-year basis for new money to materialize in the top line because of the assumptions being conservative? Otherwise, I don't see us ever getting there
  - Carlee: Yes that does occur, and hopefully that number would always be positive. It should be unless something significant were to happen in the economy and revenues were to change. There should always be some additional capacity on a year-to-year basis. We're now getting back to regular two year updates on the CIP. So the next time Council reviews the CIP two years from now, you'll have another bond cycle of the CIP. That will represent another \$150 to \$200 million in funding. Every two years you would be picking up another bond cycle. Because of the extraordinary nature of the current Community Investment Plan that was originally put forward in 2012, you've been overcommitted beyond the cycle.
- Driggs: I still have a concern that we're committing eight years into the future. One assumes that along with the debt capacity we will also have additional needs. For example, I don't see the Gold Line or our share of the Gateway Station cost and surely those are going to show up. I assume that the ask is going to be that we fund \$50 million in the current budget out of this capital plan as a use of our available funding. I'm concerned that that leaves us exposed.
- Lyles: There are a number of new initiatives here. If we do all of the things that we've already committed to, we don't have to do anything new. It's just a question of what do we want to do on this list. Half of these are Council Strategic Initiatives that we can decide if we want to do. We have a lot of flexibility. I believe staff said that we're now retiring debt from the major program we did in 2012 and we're going to see that debt capacity continue to grow. We're not necessarily constrained for the long term.
- Driggs: We're already committed in the CIP as compared to debt service capacity and we're pushing it to the limit with the issuance we've already committed to. We're now talking about looking three bond cycles forward in order to find any money to deal with these currently acknowledged needs. I want what we do this year to acknowledge what will happen in the coming years.

## **II. Solid Waste Services – Multi-Family Service Options**

Hyong Yi, City Manager's Office

### **Committee questions included:**

- Driggs: You show multi-family residential, condos and townhomes. You also show commercial multi-family entities which are apartments. If you have rental townhomes, where do they fall?
  - Yi: There isn't a distinction drawn by rental or non-rental. It's drawn by the type of property. The tax assessor classifies properties by type of dwelling not

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# Budget Committee

Meeting Summary for March 21, 2016

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- by whether it's single family owned and occupied or if it's rental.
- Carlee: The distinction is if the units are individually owned or if they are collectively owned. In a condominium the units are individually owned and it is therefore considered residential. An apartment building has a single owner or taxable entity and is considered commercial.
  - Phipps: I'd like to see our solid waste ordinance. It's been 20 years since we made an adjustment to it.
  - Driggs: Is there any data that suggests that the assessed value for an apartment as compared to a condo is systematically higher or lower? Does the rent reflect a different property tax rate because it's an apartment? Unless you can make the case that the values are systematically lower for apartments then you don't have a case for defending discrimination between the two of them when it comes to trash collection. You can only justify it if you say that apartments pay less tax because of how they're valued than the condo owner does.
    - Carlee: If you go down that realm of logic, you have to look at the taxation overall. There are tax subsidies available for owner of residential that are different than the income taxes on rental. The financial scenario around owning an apartment complex as a for-profit enterprise is fundamentally different than individual homeowners. The methodology around calculating property tax around an apartment building is very similar to the methodology for calculating property tax for an office building. It's based on what would someone pay for this building based on the income stream they would receive. The methodology for property tax on an individual home is based on comparable sales.
    - Driggs: What do you think determines the price of a comparable sale? Economics tells you that the valuations both come back to the same factors. The fact that there's an albatross between the two markets is a big divergence. There's no consistency. I think the distinction is a bit artificial. There are residences where people live and there are businesses where people conduct their business, and if we're trying to make a distinction it should be along those lines. We should not have a situation where people's residential trash is being characterized differently because they happen to live in an apartment building. They are people who make a home in a place where they rent instead of paying mortgages.
    - Carlee: That same question can be asked of commercial enterprises that are residential versus commercial enterprises that operate as offices.
    - Driggs: It's a place of business versus a place where people live. Most of the gray areas and confusion come among the residential properties and not between what is a place of business and what is a place where people live. If you justify residential service, the same rationale would apply to any place where people live.
  - Lyles: The Solid Waste fee came about as a result of the Solid Waste agreement with the County years ago, correct? I don't recall that fee actually being related to what it cost the City to provide the service. I thought it was related to the landfill and waste management more than how we operate the service. What is that charge to the County? Is that tipping fee something we have to pay the County? Is the County's Solid Waste fee devoted to the landfill?
    - Michelle Moore: Some of it is planned for maintenance. Some of it is for recycle drop off centers facility maintenance.

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# Budget Committee

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- Driggs: There was originally a notion that the City paid a fee to the County, but the connection between the fee and that cost has been lost over time. Now we're just talking about the mix of General Fund property tax versus user fee.
  - Lyles: Is there a relationship between the tipping fee and what we're paying? Is there a correlation that should be made?
- Driggs: Staff does not recommend that we change the service to townhomes and condos, is that correct?
  - Yi: Yes. We would draw a distinction between multi-family residential and multi-family commercial, and suggest that we stop serving those multi-family commercial units. The implication is that we would continue service to multi-family residential including townhomes and condos.
- Driggs: The people who live in those places have been very concerned. If we were able to report out that this is something we're no longer considering, they would be very relieved. What kind of public statement can we make about the possibility of changing service for those people?
- Lyles: Would it be possible to say something at an upcoming meeting with full Council so that we can focus on what we're trying to do versus what we're not going to do.
  - Manager: I can put together a policy question to bring to full Council.
  - Kinsey: I don't believe I can support that at this time. I think it's a little premature to do it.
- Kinsey: Regarding the distinction that we're drawing for townhome and condo owners, does that mean any number of townhomes and any number of condos?
  - Yi: The 30 rule still applies.
  - Manager: The 30 rule is something will have to continue to assess as 30 doesn't always mean the same thing.
  - Kinsey: All the more reason for us not to go out now and say that we're drawing this distinction.
  - Carlee: There are condominiums of a certain size that are served with compactor or dumpster service. There are other condos where it is more practical and efficient to serve them with roll out carts. There could be 100 units that are better served by roll out because they function like single families.
- Driggs: I think it's unfortunate that we're having this conversation in budget committee because there is a public perception that we're trying to find some money by modifying other services. I thought what we intended last year was to make decisions about policy issues related to solid waste and address budget issues now. If we realize \$2 million from not collecting from apartments, what happens to that money?
  - Phipps: What I would like to see is that money go back into Solid Waste Services to reinstitute some of the crews we reduced funding for mowing and litter pickup.
  - Driggs: I would just like to make it clear to the public that we are not taking any actions in Solid Waste for the purposes of closing a budget gap. We could have had a very useful conversation five months ago about the best philosophy for Solid Waste Services.

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# Budget Committee

Meeting Summary for March 21, 2016

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## III. Budget Committee Work Plan Update/Council Priorities/Base Budget Review

Kim Eagle, Management & Financial Services

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

- Mayfield: As we're discussing budget requests in our committee, it would be beneficial to get a report on staff turnover. We have a request from Neighborhood and Business Services for a number of additional staff, and it would be helpful to have a snap shot from 2008 to 2014 on turnover. I want to know if the reason we're having a high turnover is based on budget. We're paying employees a certain salary and still seeing a high turnover. If our salaries are within range of comparable employers and we're still having high turnover, that's a different conversation regarding personnel. There may be an issue that we as an employer are not addressing regarding morale. Throwing money at it is not the answer. There's an employee survey and an exit survey that we need to look at. It would be helpful to see turnover in the departments that are requesting additional staff.
  - Driggs: So the ask is data on the turnover rate, the exit interviews and see what conclusions we can draw about compensation.
  - Mayfield: Wasn't there information presented to Council when we decided to do the employee survey? I want to know if are we achieving the goals we set out to achieve and we told the community we would achieve.
- Lyles: Out of our top four revenues as a City, we fund police, fire, garbage collection and transportation services. We discussed out of those four revenues what was actually growing at rate that was comparable to the growth that was going on in the city. If we're going to try to increase public safety, which represents 33% of our 4 revenues, I want to know when do we get out of sync. If we look at our structural system, if our workforce is increasingly public safety with higher costs and shorter careers and we're getting final efficiencies out of solid waste. When do those four revenues require some change significantly? How do we do these four services the best that we can. If we make any change, it's making choices among the four municipal services that we're providing.
  - Eagle: You'd like us to look at what we project in terms of growth in revenues and how that tracks against the growth we anticipate in the four large departments to see how those track together and where the gaps are.
  - Lyles: Yes, and I'd like to see all of the costs which includes that 25% to 40% overhead. I'd like to see us make decisions that put us on a path through the 2018 revaluation. Can we figure out a way to live and manage ourselves until we get the revenue from the 2019 revaluation.
  - Driggs: At the retreat we were shown a projection that showed a divergence of expenses and revenues.
  - Lyles: Yes, but we did not talk about it in the context of what services we deliver. Which services will receive moderate growth and which services do we really want to take the leap for growth.

## IV. Charlotte Water FY2017 Budget

Kim Eagle, Management & Financial Services

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

- Phipps: Did we grant new positions in this area last year?

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# Budget Committee

Meeting Summary for March 21, 2016

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- Eagle: Yes, there were positions added last year included in their operating budgets. They had a net increase of 22 positions, and I can return to you the breakdown of where those positions were allocated. They have an allocation of positions that is at its lowest point in years.
- Mayfield: This is another example of why that snapshot of turnover for departments requesting positions would be helpful.
- Kinsey: We need to look at the request in the context of how many vacant positions they have.
- Mayfield: We should look at vacancies and if positions were held vacant for a long time.
- Driggs: How many people do they employ now?
  - Eagle: They employ 822 individuals.
- Driggs: Their whole projection model is based on anticipated 6% increase year over year, correct? That seems unrealistic. We need to be able to see the choices that are being made in the capital program which is the key driver in all of this. How long do we wait to make certain replacements? There are risk levels associated with the timing of capital investments.
  - Eagle: I anticipate that the investment projection model will be presented as a range on April 6<sup>th</sup> at your workshop.
- Phipps: Given the deterioration of customer confidence in water quality do you think the public would be more conducive to entertaining these rate escalations to keep the quality at a certain level?
  - Driggs: I think a lot of people in the public would say that growth has occurred on the revenue side and therefore we're paying for people. So the question is what is the rationale that says the per household cost has to go up.
  - Eagle: Because so much of their rates are driven by the capital program and maintaining the infrastructure, capital is key to their rates.

## **V. Aviation FY2017 Budget**

Brent Cagle, Aviation

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

- Mayfield: A number of us went to the National League of Cities Conference. One initiative at that conference was Race, Equity and Leadership (REL), which examined how we look at employment, positions and how diverse are we as an employer. We see in this budget request that one of the priorities is valuing employees. I'm worried that when we look at leadership and hiring of upper management there isn't a diverse group of people in the room making those hiring decisions in terms of age, race and gender. As we look at requests for additional staff what are we doing to reflect the community we're serving?
  - Cagle: Of the positions we're requesting, seven are related to moving temporary positions to full time. Two are apprenticeship positions and we're partnering with CPCC and local nonprofit organizations to identify and train candidates. One position is a full time manager of internships and apprenticeships in terms of job fairs and the Mayor's Youth Employment program to bring in a more diverse segment of our community into the airport.
- Driggs: You show revenues for passenger, freight, parking, etc. Can you give us a breakdown of those revenues?

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# Budget Committee

Meeting Summary for March 21, 2016

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- Driggs: The portion of that revenue controlled by AUA is passenger operations, correct? Those are basically untouchable. What would be interesting to know is what discretionary reinvestments you're making.

## **V. April 6<sup>th</sup> Draft Budget Workshop Agenda**

Kim Eagle, Management & Financial Services

- Phipps: When will user fees come back to us?
  - Eagle: At the April 20<sup>th</sup> workshop.
- Mayfield: Will there be enough time to bring back the information I requested today? It won't do any good to have conversations about staff allocations without that data.
  - Eagle: If we get that to you by April 1 in advance of the April 6<sup>th</sup> workshop, will that be sufficient time.
  - Mayfield: Yes
- Driggs: Given that the financial partner conversation has taken two to three hours in the past, is that enough?
  - Carlee: Because of policies Council has put in place, it shouldn't take that long.

**FY2017 - FY2021 General Community Investment Plan  
Considerations for Additions and Adjustments**

* CIP Steering Team Recommendation	Total
<b>Available Funding</b>	<b>\$ 84,806,511</b>
<b>Near-Term Recommended Adjustments</b>	
<b>Transportation</b>	
Cross Charlotte Trail-South Charlotte Connector *	3,000,000
South End Pedestrian/Bicycle Connector *	2,000,000
Idlewild/Monroe Intersection (Addl Funding) *	1,940,000
ADA Implementation *	2,000,000
Neighborhood Transportation Program *	5,000,000
<b>Neighborhoods &amp; Housing Diversity</b>	
New SouthPark CNIP (Comprehensive Neighborhood Improvement Program) *	10,000,000
HOME Grant (Addl City Match)	363,930
<b>Facilities/Infrastructure/Equipment</b>	
Infill Fire Station Land Purchase (Suppliment existing funds) *	1,860,000
Joint Communications Center	12,565,000
Tree Replacement Program/Trees Charlotte	1,000,000
Contract Tree Removal Services	1,125,000
Fire Logistics Renovations	423,408
Fleet Maintenance Facilities Master Plan	400,000
Parking Lot 6 Louise Ave (Fleet & Solid Waste)	2,760,000
<b>Technology</b>	
PeopleSoft Upgrade	2,592,399
Voice Over IP (VoIP) Conversion (Partial Funding)	2,226,774
Radio System Upgrades (Partial Funding)	1,000,000
<b>Other Considerations</b>	
Diversity Study	350,000
Natiional League of Cities	600,000
Hold for matching funds, cost overrun contingencies, and unanticipated opportunities (such as Charlotte Gateway Station) *	33,600,000
<b>Total NEAR-TERM Recommended Adjustments</b>	<b>\$ 84,806,511</b>
<b>Net Remaining Available Funding</b>	<b>\$ -</b>

**FY2017 - FY2021 General Community Investment Plan  
Considerations for Additions and Adjustments**

* CIP Steering Team Recommendation	<b>Total</b>
<b>Mid-Term Capital Needs</b>	
<b>Facilities/Infrastructure/Equipment</b>	
Infill Fire Station Construction -Clanton Rd and 77 *	5,360,000
Infill Fire Station Construction-Selwyn Rd and Colony *	5,910,000
Tree Replacement Program/Trees Charlotte	500,000
Contract Tree Removal Services	500,000
Rehabilitation of Vault	85,000
<b>Technology</b>	
Data Center Upfit	3,155,817
Radio System Upgrades (Remaining Funding)	3,590,000
High-risk Infrastructure Items	9,446,000
<b>Total MID-TERM Capital Needs</b>	<b>\$ 28,546,817</b>
<b>Net Remaining Available Funding (Overrun)</b>	<b>\$ (28,546,817)</b>
<b>Long-Term Capital Needs (to be considered in future capital programs)</b>	
<b>Neighborhoods &amp; Housing Diversity</b>	
Innovative Housing (Addl Funding)	1,750,000
Neighborhood Matching Grants (Addl Funding)	375,000
Urgent Repair Grant	1,250,000
Economic Development	2,950,000
<b>Transportation</b>	
Brevard Street Improvements *	9,500,000
Eastway/Shamrock Intersection	3,000,000
Cemetery Roads Renovation	2,340,000
ADA Implementation (balance of request)	15,000,000
Neighborhood Transportation Program (balance of request)	20,000,000
Ardrey Kell Corridor Upgrades	40,000,000
<b>Facilities/Infrastructure/Equipment</b>	
CMPD Division Station - Additional Funds for Cost Escallation	6,250,000
CMPD New Division Station Construction	17,700,000
CMPD Facilities /Equipment Replacements, Expansions, & Renovations	46,435,000
City Facility Infrastructure Repair & Replacement	10,358,467
City-wide Buildings - Upgrades, Renovations, & Replacements	79,000,900
CMGC - Maintenance, Upgrades, & Renovations	28,375,000
Infill & Replacement Fire Stations	55,670,000
Fire Station Renovations & Other Fire Facility Improvements	7,400,000
<b>Technology</b>	
Voice Over IP (VoIP) Conversion (remaining funding)	4,868,226
Medium-risk Infrastructure Items	27,403,824
Low-risk Technology as an Investment Items	52,321,593
ERP P2P "Ease of Use" Program	2,293,220
CBI-Small Business Loans	1,000,000
<b>Total LONG-TERM Capital Needs</b>	<b>\$ 435,241,230</b>
<b>Total ALL Requests</b>	<b>\$ 548,594,558</b>
<b>Total Remaining Available Funding (Overrun)</b>	<b>\$ (463,788,047)</b>



# Solid Waste Services

Budget Committee Update

March 21, 2016



## Overview

- Policy Question
- Options
- Implications

2

Policy Question

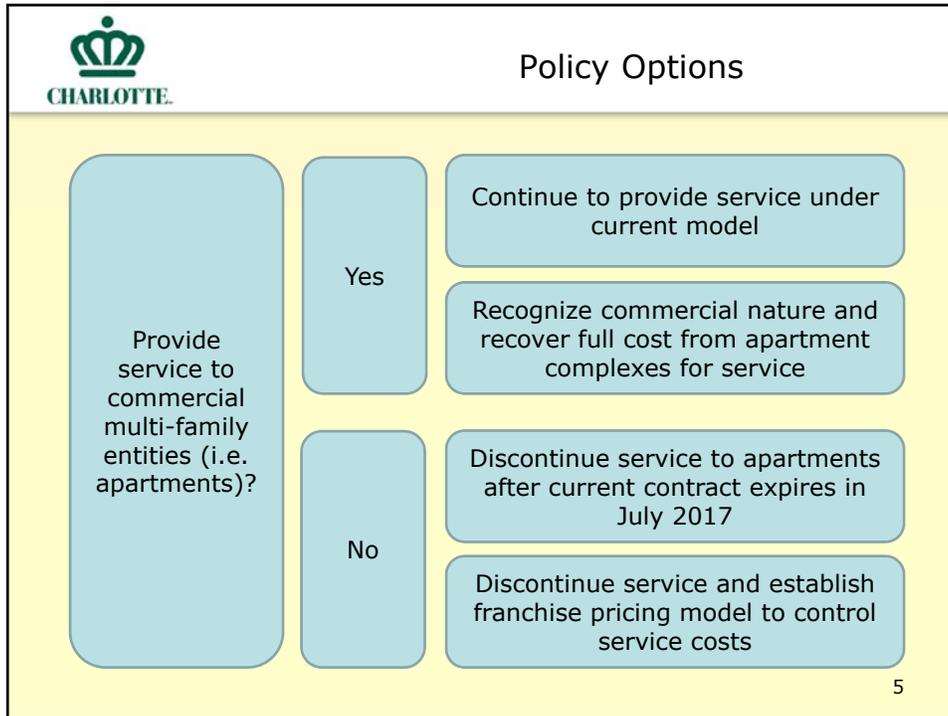
Does the City of Charlotte want to provide solid waste collection services to commercial entities?

3

Current Policy

- Solid Waste Services provides collection services for:
  - Single family residential
  - Multi-family residential (townhomes & condos)
  - Multi-family commercial (apartments)
  
- Collection methods include:
  - Roll out service (single family, multi-family < 30 units)
  - Contracted Dumpster/Compactor (multi-family ≥ 30 units)

4



**CHARLOTTE.**

### Basis for Options

- From Tax Assessor's Office
  - Multi-Family is a classification of housing where multiple separate housing units for residential purposes are contained within one building. Most of the time these are properties such as apartments, duplexes, triplexes etc.
  - Apartments are considered commercial projects by our office. The commercial real estate division is responsible for those valuations.

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## Basis for Options

- Solid waste management is a *residential* service in most municipalities
- Collecting commercial solid waste without full cost recovery is unique to Charlotte based on review of peer cities

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## Collection Service Counts

Multi-Family Unit Type	Units	Roll Out	Dumpster/ Compactor	Private Hauler
Apartment	102,878	3,958	98,920	
Condo	24,122	6,079	18,043	
Townhouse	8,969	6,313	2,656	
Unknown	17,695			17,695
Total	153,664	16,350	119,619	17,695

Single Family	Units	Roll Out	Dumpster/ Compactor	Private Hauler
Homes	197,670	197,670		

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### SWS Current Funding Model

Funding Source	FY16 Estimated Revenue	Funding %
SWS Other Revenues	\$1,410,206	2.5%
Short-Term Debt	\$3,455,000	6.2%
Solid Waste Fee (\$25/year/unit)	\$8,733,591	15.6%
Other General Fund Revenues	\$42,287,430	75.7%
Total	\$55,886,227	100.0%

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- ### Implications
- For Townhouse & Condo owners – no change from current service
  - For Apartment complex owners – responsible for getting private hauler service post June 30, 2017
  - For City – issue modified RFP for compactor/dumpster service and possible franchise option
  - Changes to City ordinances
- 10

## Budget Committee Work Plan Update

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

<b>Meeting Date</b>	<b>Item</b>	<b>Description</b>	<b>Discussion/Decision Points Future Action Requested</b>
	FY2017-FY2021 Community Investment Plan Overview	Discuss current outlook of General Community Investment Plan	Committee discussed criteria for making any changes to Community Investment Plan. Committee discussed importance of not making vast changes to approved plan
	General Fund-Fund Balance Policy	Update on City Fund Balance Policy and impact of potential modifications	Committee discussed the current policy and asked Staff return with additional information
Monday, February 8; 12:00 – 1:30 pm – Room 280	Budget Committee Work Plan Update	Discuss Budget Committee work plan through Council Budget Workshops	Committee discussed how to align budget priority discussion with document production. Staff offered to provide decision matrix and road map
	Pay Plan for Non-exempt/Hourly Employees	Discuss proposed modifications to City pay plan for non-exempt/hourly City employees	Committee asked specific questions related to implementation of the hourly pay plan. Staff provided answers and notated Committee feedback
	Solid Waste Services Delivery Model (primary referral is to Environment Committee)	Process status update	Committee received synopsis of Environment Committee meeting from February 1 <sup>st</sup> . Next step were outlined and presented
	Storm Water Budget	Preview of Storm Water Operating Budget & Overview of current Storm Water Capital Program	Committee discussed several issues related to City Storm Water and water quality.
	CATS Budget	Preview of CATS Operating & CIP Budget	Committee received summary document which previewed Budget Workshop topic
	February 24 Council Budget Workshop Agenda	Review and Approve agenda for Council Budget Workshop	Committee did not amend February 24 <sup>th</sup> Council Budget Workshop agenda as presented by staff

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

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

\* If necessary

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

SUMMARY

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

CHALLENGES

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

FY2017 Operating Program

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

FY2017-21 Community Investment Program

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



# FY2017 Budget Overview

- **FY17 Operating Budget - \$149.7 million** (3.45% increase over FY16)
- **FY17-FY21 Capital Budget - \$1.6 billion**
  
- **Budget Considerations:**
  - Budget designed around CLT’s six guiding principles
  - Department made a commitment to City Council and airline partners to keep operating growth between 3-5% for FY17
  - Focused on converting high price contracts to permanent positions to provide better service and recognize savings
  - Projected FY17 Cost Per Enplanement for airlines is \$1.43; down from FY16 Budget of \$1.56
  - Budget includes projects that support both CLT and the airline objectives for future growth
  - Focus on Airport’s \$1.6 billion five-year Community Investment Plan, including Concourse A Expansion, West Ramp Expansion Phase I, Lobby Expansion, Terminal Rehabilitation, and Environmental Impact Study for Fourth Parallel Runway
  
- **Strategic Principles:**

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

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# Draft 2017 Budget Workshops

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## City of Charlotte

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

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

Note: Budget Questions & Answers from March 16<sup>th</sup> Budget Workshop included in materials

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

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# Draft 2017 Budget Workshops

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

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

### April 20, 2016 Budget Workshop

- Topics to be Determined

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# Budget Committee

Meeting Summary for April 11, 2016

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## COMMITTEE AGENDA TOPICS

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- I. FY2017 General Fund Budget Discussion
- II. Regulatory User Fee Policy
- III. April 20 Council Budget Workshop Agenda

## COMMITTEE INFORMATION

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Present: CM Phipps, CM Driggs, CM Kinsey, CM Lyles, CM Mayfield  
Time: 12:00 p.m. – 1:30 p.m.

## ATTACHMENTS

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- 1. [FY2017 General Fund Budget Discussion Overview](#)
- 2. [FY2016 Services Inventory](#)
- 3. General Fund Update: Framework for Budget Balance
  - A. [Draft Toolbox for Budget Balancing: Potential Revisions to Public Safety Requests](#)
  - B. [Draft Toolbox for Budget Balancing: Public Safety Request = \\$11.8 million](#)
  - C. [Draft Toolbox for Budget Balancing: Public Safety Request = \\$7.2 million](#)
- 4. [Regulatory User Fees Presentation](#)
- 5. [April 20<sup>th</sup> Draft Budget Workshop Agenda](#)

## DISCUSSION BRIEFING

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### I. FY2017 General Fund Budget Discussion

Kim Eagle, Management & Financial Services

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

- Kinsey: I think we're funding some things now that don't fall into our core services. We'll have to start looking very closely at those things, if not now then certainly in the future.
  - Manager: The problem on the administrative side is that there is a constituency for those services, including a constituency on Council. It would be helpful for those items to be identified so that staff can do deeper research, knowing that there is some appetite on Council for reevaluating those services.
  - Kinsey: Given that information, we might need to start looking at those for next year's budget. I am concerned about looking forward and the obligations we have, particularly in community safety.
  - Carlee: To the extent that there are those programs that Council members think are outside of our core services, we should evaluate not doing them, shedding them, or having someone else do them. If you can identify either as a part of this budget process or for FY2018, it provides staff the opportunity to evaluate what the consequences would be, evaluate if someone could pick it

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# Budget Committee

Meeting Summary for April 11, 2016

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- up, and engage in some dialogue with those stakeholders who would be affected by that loss.
- Lyles: Do you have an idea of process on how we would identify those? Would those come from the Budget Committee or full Council?
    - Carlee: What I'd like you to think about as a process is to allow any Council member put a candidate on the menu for consideration. Then, as with your adds and deletes process, having some core number of Council members say, "yes, we really do want you to look at this." Maybe it's not six, but maybe five as in adds and deletes or four. That would be your discretion, but knowing that there's enough interest on Council to work the dialogue would keep us from wasting time and energy.
  - Driggs: Some of the prioritizations and choices happen at a level beyond our direct involvement. I think we'd be looking for some input from staff's perspective. There are some things as a matter of concept, we don't think belong in there at all, but I don't know where the soft spots are in terms of who has the capacity to help find a solution. I'm hoping we'll get recommendations on how to make that work, and we can decide whether to adopt that or a revenue solution.
  - Lyles: It seems like we've been going through this process of skimming back since 2007, so are there those things that can be routinely done or is everything in our budget something that has some constituency group, some mandate or regulation?
    - Driggs: 2007 was the end of unprecedented growth. If you look at some economic and market indicators, we're back to levels that are similar of where we were before the boom. We have a tendency to ratchet up when things are good and then scale back when they're not.
    - Driggs: We'd need to know if we have comparable data points from other cities, what our historical trend line is for us, our tax burden, whether the cost of government for other cities is comparable to ours.
  - Kinsey: I really am talking about those services and positions that are not core services. For example the DA's office is not a City responsibility. Also, afterschool, except for what we spend of federal Community Development Block Grants (CDBG) funds, should we be funding that?
    - Driggs: CMS Safety Officers also fall in that category.
    - Lyles: Those things you've listed are Council policy. There has to be some indication from Council as to whether these are things we're willing to look at. So do we ask full Council to submit items by a certain deadline to the Budget Committee chair or staff?
    - Lyles: I think we have been getting data comparing our services to those in other North Carolina Cities. We should pull that data back up.
    - Driggs: We have, and it showed that we were among the highest.
  - Driggs: If there is a redistribution of resources and we take something away from another part of the budget, it shouldn't come to us as a sequester. If we wanted to save 4% by reducing other parts of the budget, we should receive recommendations from staff on what is the least painful way to do it.
  - Lyles: There are some things that are top of mind and we can give that list to staff. We can also receive recommendations from staff on what we should look at.
  - Driggs: Is the 3% merit increase built into the FY2017 budget requests?
    - Carlee: These are requests beyond compensation and normal contractual increases.
    - Driggs: There's another number that represents the FY2017 base, and that

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# Budget Committee

Meeting Summary for April 11, 2016

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would be the one plus the \$38 million in budget requests that would net the total budget if you granted all of the requests.

- Mayfield: I'm still waiting on the update on what turnover has been. I'm concerned that we're asking for an additional five positions in Code Enforcement, when we've had serious turnover in Code Enforcement in the last few years. Bringing on five new people is not addressing the serious issue we have in Code Enforcement. We're just throwing money at it.
- Mayfield: In order for us to come up with a recommendation, there's additional information that we need. I'm concerned about funding one core service to the detriment of one, especially if we don't have the information on what can be done to better support these services aside from hiring more people.
  - Carlee: We can schedule time individually to go through those questions.
- Kinsey: I request consideration of an additional person to help Council members. Similar to what staff does for the Mayor's office, taking all of the emails we get corporately and managing those.
- Driggs: How are we paying for the capital equipment in public safety?
  - Carlee: We're proposing to pay cash, so that does four year funding in FY2017, which would be sustainable into FY2018 and FY2019.
  - Driggs: So we are budgeting the entire capital cost of a fire truck that would last 20 years in one year. That's very conservative and onerous.
- Driggs: CMPD's \$6.6 million in FY2017 grows to the two subsequent numbers for the full year effect. That means there's another \$12 million in their request that would also be coming on stream in FY2018.
  - Carlee: That would be what you would consider in your FY2018 budget.
- Mayfield: We're looking at these numbers but we don't have true property value numbers because of the schedule of property tax assessments. Are we using the last tax rate or the numbers that properties are now selling for?
  - Carlee: You've identified a fundamental flaw in cities' revenue structure. The way cities fund themselves through property tax is by the tax base growing and generating more taxes in order to offset the increase cost of services. By not doing frequent reassessments, we're lagging behind. Currently we're using property tax values based on the 2011 evaluation, and we will likely use those values until 2019, which is problematic especially if you have a growing economy. We capture in our real estate tax new buildings or buildings that have been substantially rehabilitated, but we do not capture any of the increased value in any of the existing properties that are not rehabbed. For example, we're not capturing any of the increased value on the Blue Line. We're doing assessment now. Based on all properties in Mecklenburg County, according to the information from the tax assessor it looks like we're approximately 11% below actual market value. There are also taxes levied by the state, Public Service Corporations, which are also reduced based on the assessment ratio. Therefore, the City is having money reduced based on that gap. Based on some preliminary work that staff has done, I think we could be 20% or 30% below market value on residential properties.
  - Driggs: When you get the reappraisal on the tax base, you also reset the tax base. Based on information that was provided at the retreat, it seems like we're low balling the FY2017 estimates, which translates into more pressure on us to make the revenue and expense equation work.
- Driggs: I've asked the staff to show us their best recommendation of a budget that

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# Budget Committee

Meeting Summary for April 11, 2016

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does not include a tax increase.

- Lyles: I think we've all agreed that that's something we'd like to see. The question is what does that do. I think it would be valuable to see what the increase in taxes would be regardless of if we choose to increase taxes or not.
- Carlee: There is a policy question on how long people in a growing community will be held flat, and whether you can build a sustainable budget with increased costs with just the margins on the new development growth. Historically Charlotte's been able to do that through annexation.
- Mayfield: Do we have the breakdown of the total positions that would be impacted by these reductions that are not public safety? Would this include positions that are vacant, such that we're not talking about reducing or doing layoffs?
  - Carlee: We don't know at this point what strategy we would use to get to these reductions. It would be unavoidable to achieve this level of savings without eliminating positions in the other departments. Whether those positions were vacant or filled is something we would have to look at. Roughly in the reduced request, we're adding 93 positions to public safety, so you would likely be looking at reducing 93 positions in the other areas.
- Lyles: If you included police and fire and looked at layers throughout the organization to make reductions, would that be significantly different? If we were to do something like that, I wonder what it would like look if we made reductions functionally.
- Driggs: You show \$192 million, which is the net General Fund reduction. What was the actual FY2016 number that corresponds to that? In other words, we aren't actually talking cuts. We're talking about less than a projected growth line, which is not necessarily less than FY2016 levels.
  - Carlee: Our increases in FY2017 are largely contractual. I do think we're talking about layoffs.
- Mayfield: I would support upper level staff that are already at a certain percentage, seeing no increase. I think this shows commitment to the City and the staff. That 3% won't matter as much to those senior staff as it does to those on the lower end of the pay scale.
  - Carlee: We have, with the hourly pay plan, a way to compensate those employees on the lower end of the pay scale. We're doing some analysis now that indicates that we're a leader in terms of compensating those on the lower end of the pay scale. To not do market rate while adding additional services, sends a message to senior executives in terms of how they're valued. It might make recruiting and retention more difficult for you.
  - Driggs: I would sound a note of caution that the return on investment for what we pay senior people is actually very high. There would be adverse impacts on trying to economize on that compensation. The direct impact of what our senior people do on the financial position of the city and our ability to pay other people is way out of proportion. Since we're in the process of a search for a new Manager, the upside of trying to cut those amounts is not there. As Council, we should take care of senior staff and not compromise our leadership. Staff could offer to cut their own pay, and that would be a great message to send.
  - Mayfield: I don't see it as a cut. It's a matter of not getting an increase. They won't miss what they didn't have.
- Lyles: Do we have a compensation policy? To put those numbers down without the policy it's just numbers to me. I would like a better understanding of our policies. If

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# Budget Committee

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we're going to put this conversation before full Council, the plan would have to reflect some rationale. Across the board cuts is similar. I think we all understand the tax rate. It worries me to go to Council without a recommendation of what we bring forward and why.

- Driggs: There could be another step for us. Looking at these numbers, I'm not sure what we as a committee will say to full Council at this stage.
- Lyles: Is the step for us to ask Council if they want us to go through and look at some of the big things the Manager recommends? Or are we to bring comments to him in advance of his recommended budget? I'm uncomfortable looking at employee compensation with just numbers and looking at across the board reductions. I think Council has been clear that we'd like to not see a tax increase. I do believe we need to have police and fire as those increases are necessary. Those are short term increases. The increases we need are dealing with the root causes. Maybe that's waiting on the economic mobility study or looking at our apprenticeship programs. I think we need to balance our own community thinking. There are many communities that are more highly impacted by crime than others. Are we just going to police that out? I highly doubt it.
- Lyles: The one thing we do well in the City is invest in our infrastructure. I don't want to back up on our referendum this fall. I would look at a mix of service reductions and reduction to market-based employee compensation.
- Kinsey: I've always been in support of compensating staff. I would like to know the impact of not giving raises this year. I'd like to see if it would be helpful for the Manager if we had another meeting. We've done so much work on this, we would need to have some kind of recommendation for Council so that they have time to review it.
- Driggs: We've got a budget workshop scheduled for April 20<sup>th</sup>. I'm concerned we're going to run into the same issues we've run into here. As I look at the agenda, what can we do between now and then to avoid that?
- Lyles: We could get some more information on April 20<sup>th</sup> regarding the compensation plan. When the manager presents his budget, that's when it's helpful for us to weigh in.
- Carlee: The question is, are taxes completely off the table. If they are, then I've got to roll up the sleeves and decide where to cut. That may have ripple effects throughout the organization.
- Driggs: We should be thinking about what that will look at.
- Driggs: I would like to convey appreciation to Chief Putney for getting the number down in response to our predicament. In support of the work he did, it would be good if we could make his number work.
  - Phipps: I would agree.
  - Kinsey: The same could be said of the Fire Chief.

## **Committee decisions included:**

- Phipps: Can we send an email to Council saying by a certain date, send your top of mind ideas and recommendations you'd like to see evaluated for consideration in budget development?
  - Carlee: We can do that. I think there are two tracks. Council member Kinsey was talking about FY2018, and that's where I'm talking about these ideas being flagged so that we can tee that up for a discussion on FY2018. On

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# Budget Committee

Meeting Summary for April 11, 2016

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FY2017, we have made recommendations on offsets which you'll see later in this presentation. I expect based on conversation and guidance we get here at this meeting and at the Budget Workshop on April 20<sup>th</sup>, we will use those to influence making recommendations on perhaps reducing some of the existing services.

- Driggs: My hope is that we can have that conversation before the Manager presents his recommended budget. The message has been that we have a lot of data, and stand by; you'll see the recommendation. I'd like to see an interim step where the rationale for some of the choices we're going to make is easier to follow. If we could plan to meet as a committee and look at the recommendation without that coming out at full Council with the media present, etc. that first time it would help. There are a lot of unanswered questions at this point.
  - Phipps: Would another 90 minute meeting be enough? We could look at this into perpetuity?
  - Lyles: The question is do we advise the manager and be specific in what we talk about. It would not be helpful to do more of what we've done today. We need to say would we change our employee compensation, would we change our administration versus our operation?
  - Phipps: The consensus is for another meeting where we can focus in and cut to the quick.
  - Carlee: We can have another meeting of this group to frame up the conversation on April 20<sup>th</sup>.
  - Driggs: If that could take into consideration the conversation we've had today, that would be helpful.
  - Lyles: I think at this point we are talking about taking property tax increase and capital off the table. It would be good if staff could frame some things for us. Feedback from the executive team would be really helpful as we're talking about tough choices.
  - Carlee: I'm happy to do that. I just want you to understand the implications of your request. If you want to make a substantial increase in public safety by offsetting other General Fund services, that means I have to put some things on the table. That could cause anxiety within the organization.

## **II. Regulatory User Fee Policy**

Debra Campbell, City Manager's Office

Mike Davis, Transportation

*The Budget Committee received the Regulatory User Fees Presentation as information.*

## **III. April 20 Council Budget Workshop Agenda**

Kim Eagle, Management & Financial Services

*The Budget Committee received the Draft April 20 Council Budget Workshop Agenda as information.*



## General Fund Update

### Framework for Budget Balancing

April 11, 2016



### General Fund Framework:

- Meet contractual obligations
  - County Landfill Fees
  - Technology
  - Utilities
- Ensure sustainability for FY2018
- Maintain core services
- Limit service expansions to development services funded by capital projects or user fees
- Address Public Safety Priorities

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### General Fund Services

Category	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Operational	\$462,873,095	4,763.75	\$36,130,535	323.00
Governance	18,370,147	211.75	837,903	10.00
Support	43,097,409	430.00	1,478,338	25.00
<b>Total</b>	<b>\$524,340,651</b>	<b>5,405.50</b>	<b>\$38,446,776</b>	<b>357.00</b>

- Includes all key FY2017 program additions as requested by Departments
- Includes positions funded by other revenue sources

\*Updated to reflect most recent information. Numbers remain under review

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### Operational Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Police	\$227,035,628	2,368.00	\$18,926,474	205.00
Fire	112,626,341	1,167.00	11,845,665	82.00
<b>Public Safety subtotal</b>	<b>\$339,661,969</b>	<b>3,535.00</b>	<b>\$30,772,139</b>	<b>287.00</b>
Solid Waste	52,431,227	302.00	2,685,787	5.00
Transportation	34,605,090	408.75	566,979	8.00
N&BS	12,295,538	137.00	841,808	13.00
E&PM	18,182,541	325.00	1,123,123	7.00
Planning	5,696,730	56.00	140,699	3.00
<b>Total</b>	<b>\$462,873,095</b>	<b>4,763.75</b>	<b>\$36,130,535</b>	<b>323.00</b>

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### Support Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Human Resources	\$4,227,630	36.00	\$196,909	1.00
Innovation & Technology	24,576,112	131.00	657,095	13.00
Management & Financial Services	14,293,667	263.00	624,334	11.00
<b>Total</b>	<b>\$43,097,409</b>	<b>430.00</b>	<b>\$1,478,338</b>	<b>25.00</b>

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### Governance Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
City Manager's Office/ Mayor & City Council	\$15,351,549	178.75	\$829,303	10.00
City Attorney	2,458,427	27.00	2,100	0.00
City Clerk	560,171	6.00	6,500	0.00
<b>Total</b>	<b>\$18,370,147</b>	<b>211.75</b>	<b>\$837,903</b>	<b>10.00</b>

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 <b>Public Safety Requests</b>			
<b>Phased Option as Submitted</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
CMPD Request Phase I	\$6,623,336	\$8,246,246	\$8,576,096
CFD Ladder 28	2,806,377	1,982,859	2,062,173
CFD Engine 65	2,414,952	1,905,686	1,981,913
<b>Total FY17</b>	<b>\$11,844,665</b>	<b>\$12,134,790</b>	<b>\$12,620,182</b>
<b>Reduced Option*</b>			
CMPD	\$4,387,338	\$5,793,192	\$6,024,920
CFD Ladder 28	2,806,377	1,982,859	2,062,173
<b>Reduced Option Total FY17</b>	<b>\$7,193,715</b>	<b>\$7,776,051</b>	<b>\$8,087,093</b>

- The table above outlines phase 1 costs only for the CMPD request.
- Phase II request would be considered as part of FY2018 budget.

\*Funded resources in the reduced option include \$4.4m for CMPD staff and \$2.8m to fund Ladder 28

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 <b>General Fund Budget Balancing Toolbox</b>	
<ul style="list-style-type: none"> <li>• Property tax increase \$11.8m = 1.32¢ rate increase (2.7%)</li> <li>• Service reductions in non-public safety departments' base budgets \$11.8m = 6.16% reduction in each department</li> <li>• Reduce market-based employee compensation, implementation of hourly pay plan 0% = \$9.2m; 1% = \$1.9m</li> <li>• Transfer from Capital \$11.8m = \$118m in debt capacity, or 1.32¢ \$890k annually = \$10m = 0.10¢</li> </ul>	8



## Next Steps

- April 20<sup>th</sup> Budget Workshop
- May 2<sup>nd</sup> Manager's Recommended Budget

Attachment 2

FY2016 General Fund Services Inventory									
Dept.	Service Name	Description	Historical Budget Reductions/* Additions		FY2016 Approved	FY2016 Approved Positions	FY2017 Budget Requests		
			Net impact	Positions			Description	Net impact	Positions
<b>Operational Departments</b>									
Police (Part of Functional Consolidation with Mecklenburg County)									
	<b>Community Policing/Crime Prevention</b> Provides police field services to the City and the unincorporated areas of Mecklenburg County. Includes Patrol Divisions, Burglary, Auto Theft, Special Events, and the Charlotte Area Transit Liaison.	*FY2010 and FY2011 added 125 officers (funds matched by federal grant) \$ 888,290	125.00				Increase to sworn and civilian personnel to respond to the growth in the population and the number of special events in the city	\$ 17,633,297	205.00
		*FY2012 added funding for officers who were previously grant funded, response area commanders, and officers at Aviation	\$ 3,700,000	28.00	\$ 154,434,877	1,555.50	Uniforms for new officers and replacement of officer equipment	\$ 225,006	0.00
	<b>Patrol Support Services</b> Investigates vice, gathers criminal intelligence information, and investigates gangs. Includes Vice and Narcotics, Gang and Firearm Enforcement Division, Airport Law Enforcement, Animal Care and Control, and Criminal Intelligence.				\$ 18,150,188	245.50			
	<b>Criminal Investigation</b> Investigates major Part One crimes, domestic violence cases, and crimes with a juvenile victim and/or suspect. Includes Homicide/Missing Persons, Robbery/Sexual Assault, Fraud, and Special Victims.				\$ 15,881,414	160.00	Cell site simulator technology to aid the investigation and arrest of violent felony offenders Technology to support incident reporting, investigations, and administrative functions	\$ 197,500 \$ 751,200	0.00 0.00
	<b>Special Operations</b> Provides tactical support for patrol operations. Includes Crime Scene Search, Canine Unit, Aviation/Field Force, Electronic Monitoring Unit, SWAT Team, and Arson/Bomb Squad.				\$ 7,486,952	60.00			
	<b>Police Communication</b> Answers and dispatches 911 calls for service in the City of Charlotte, Davidson, Huntersville, and unincorporated Mecklenburg County.				\$ 13,839,518	193.00	Additional 911 call dispatch stations	\$ 238,000	0.00
	<b>Community Services</b> Provides a variety of services that promote positive police-citizen interaction.	*FY2012 added funding for youth initiatives FY2012 reduced school crossing guard program FY2015 reduced communication and radio equipment repair costs FY2016 reduced 4 non-sworn positions	\$ 200,000 \$ 229,165 \$ 144,534 \$ 204,330	0.00 0.00 0.00 4.00	\$ 3,176,283	22.00			
	<b>Crime Lab</b> Administers, directs, and controls all activities of the forensic services for the City and County including forensic analysis, DNA analysis, latent print analysis, and quality assurance.				\$ 9,075,094	89.00			
	<b>Police Officer Training / Recruiting</b> Provides 26 week Basic Law Enforcement Training to Recruit classes of 20 to 50 persons. This training includes Physical Training, Classroom Training, Legal Training, Firearms/Use of Force Training and Driver Training. Provides a variety of services that promote positive police-citizen interaction. Develops and provides training for CMPD employees and other Mecklenburg County Law Enforcement Agencies in advanced law enforcement techniques and concepts. The Training Division is also responsible for the recruitment and processing of all applicants for police officer positions and develops recruitment initiatives that attract a diverse police officer applicant				\$ 4,991,302	43.00			
	<b>Police Total</b>		\$ 578,029	4.00	\$ 227,035,628	2,368.00		\$ 19,045,003	205.00

Attachment 2

FY2016 General Fund Services Inventory									
Dept.	Service Name	Historical Budget Reductions/* Additions			FY2016 Approved	FY2016 Approved Positions	FY2017 Budget Requests		
		Description	Net impact	Positions			Description	Net impact	Positions
Fire (Part of Functional Consolidation with Mecklenburg County)									
	<b>Fire Emergency Response</b> Provides fire suppression, first responder medical service, hazardous materials mitigation, technical rescue, and aircraft crash rescue.								
		FY2015 reduced operating expenses due to move to new fire headquarters	\$ 75,459	0.00				Establishment of Ladder 28 in Northlake mall area	\$ 2,806,377 18.00
		FY2016 eliminated Urban search and rescue's Emergency Management Battalion Chief	\$ 127,126	1.00	\$ 102,486,328	1,061.00		Firefighter physical examinations coordinator	\$ 429,502 1.00
								Airport Division Chief	\$ 135,784 1.00
								Operations Companies 39 and 21	\$ 5,612,754 36.00
								Establishment of Engine 65 in Eastland Mall area	\$ 2,414,952 18.00
	<b>Emergency Preparedness and Homeland Security</b> Coordinates response to large-scale emergency situations in Charlotte and Mecklenburg County.				\$ 761,945	4.00			
	<b>Fire Communications</b> Provides 24-hour emergency communications responsible for matching the public's requests with the resources of the Fire Department.							GIS Software developer	\$ 93,348 1.00
		FY2016 reduced public and media relations position	\$ 83,785	1.00	\$ 3,168,764	39.00		IT mobile support package	\$ 352,948 5.00
	<b>Fire Investigations</b> Provides for investigation into origin and cause of fires under special conditions including large loss, injury or death, and arson.				\$ 1,005,861	10.50			
	<b>Fire Code Enforcement</b> Provides enforcement of the fire code for buildings under construction and for existing commercial and business buildings.				\$ 2,909,876	36.00		Additional construction services inspector	\$ - 2.00
	<b>Fire Community Education and Involvement</b> Provides prevention education as a key component of reducing fires and injuries to the citizens of Charlotte through an aggressive and comprehensive fire and life safety educational program.				\$ 431,084	4.50			
	<b>Firefighter Training</b> Provides training to more than 1,000 firefighters who rely on their preparedness to deal with any type of emergency in the community.				\$ 1,862,483	12.00			
	<b>Fire Total</b>		\$ 286,370	2.00	\$ 112,626,341	1,167.00			\$ 11,845,665 82.00
Solid Waste Services									
	<b>Curbside Waste Collection</b> Provides weekly curbside collection of garbage, yard waste, bulky waste, and bi-weekly collection of recycling.							Contract escalation and population growth for recycling and rollout containers	\$ 303,329 0.00
		FY2009 reduced equipment operator position	\$ -	1.00				Tipping fee increases	\$ 1,168,534 0.00
		*FY2010 added refuse and recycling carts	\$ 300,000	0.00				Vehicle maintenance and repair	\$ 476,192 0.00
		FY2016 reduced customer service technician	\$ 56,182	1.00	\$ 39,561,861	216.00			
	<b>Dumpster/Compactor Waste Collection</b> Contracted weekly collection of garbage, recycling, and bulky waste for multi-family complexes and public facilities.							Contract escalation and population growth for multi-family collection	\$ 477,940 0.00
		FY2010 reduced multi-family contract	\$ 267,000	0.00				Multi-family collection contract administration	\$ 62,929 1.00
		FY2012 new multi-family contract resulted in lower cost	\$ 587,332	0.00	\$ 6,446,500	5.00			
	<b>Special Collections</b> Collects small business refuse and dead animals, services public receptacles, and supports neighborhood cleanups.				\$ 1,012,212	15.00			
	<b>Special Maintenance Services</b> Cleans city-maintained streets and rights-of-way, supports special events, and manages the infrastructure and the cleanliness of the Central Business District. Provides maintenance for bus stops, the trolley corridor and light rail line.				\$ 5,410,654	66.00		Additional service to Central Business District related to increased activity in this area	\$ 196,863 4.00
	<b>Solid Waste Services Total</b>		\$ 910,514	2.00	\$ 52,431,227	302.00			\$ 2,685,787 5.00

Attachment 2

FY2016 General Fund Services Inventory									
Dept.	Service Name	Historical Budget Reductions/*Additions			FY2016 Approved	FY2016 Approved Positions	FY2017 Budget Requests		
		Description	Net impact	Positions			Description	Net impact	Positions
CDOT (Services and Functions Authorized for Cities Only)									
	<b>Traffic Control &amp; Transportation Safety</b> Provides road maintenance services, including pothole and base failure repairs, patching utility cuts, and drainage system	FY2011 reduced contract for traffic control at Time Warner Cable Arena	\$ 180,000	0.00	\$ 7,665,626	109.75	Implementation of Americans with Disability Act Compliance Study recommendations	\$ 66,000	2.00
	<b>Transportation Safety &amp; Neighborhood Services</b> Provides ParkIt! (parking meter) operations, Pedestrian and Traffic Safety (includes capital improvements for safe movement of pedestrians-signals, marked pavement, and other improvements), and traffic calming measures.				\$ 3,426,551	15.50	Installation and maintenance of traffic control infrastructure Replacing pay stations with EMV chip readers Support of Open Streets projects Complete streets demonstrations	\$ 208,152 \$ - \$ 25,000 \$ 30,000	4.00 0.00 0.00 0.00
	<b>Street Lighting</b> Provides streetlights to Charlotte residents by request and petition both for individual lights and whole subdivisions.	FY2012 reduced traffic signal electricity with use of LED lights in pedestrian signals	\$ 71,000	0.00	\$ 10,697,617	-			
	<b>Street Maintenance</b> Provides road maintenance services, including pothole and base failure repairs, patching utility cuts, and drainage system	FY2016 eliminated one street maintenance crew	\$ 135,895	3.00	\$ 7,708,688	231.00	Management of activities for utility locate requests Building maintenance for employee health and safety	\$ 207,827 \$ -	2.00 0.00
	<b>Transportation Regulation Services</b> Reviews development plans for conformance with City ordinances.	FY2010 froze six positions FY2012 froze two positions	\$ 347,969 \$ 125,562		\$ 2,932,851	20.50			
	<b>Transportation Planning and Capital Project Implementation and Management</b> Provides planning and management for the capital programs, including air quality conformity, regional planning, rapid transit, neighborhoods, and thoroughfares.	FY2016 reduced administrative support position and traffic counter position	\$ 92,315	2.00	\$ 2,173,757	32.00	Study of traffic and access in Charlotte's high growth areas	\$ 30,000	0.00
	<b>CDOT Total</b>		\$ 952,741	5.00	\$ 34,605,090	408.75		\$ 566,979	8.00
Neighborhood & Business Services									
	<b>Targeted Area Economic Development</b> Funds and provides technical assistance for redevelopment projects in distressed areas and transit corridors. Provides grants and matching funds for façade grants and security improvements to eligible business owners.				\$ 1,574,622	14.00	Economic development program management for business revitalization initiatives Administrative support of sustainability initiatives	\$ 83,015 \$ 156,124	1.00 2.00
	<b>Business Services</b> Supports public/private partnerships, business attraction and retention, small business growth and opportunity, workforce development, support to international organizations within Charlotte.				\$ 994,388	10.00	CharlotteBusinessResources.com improvements	\$ 77,000	0.00
	<b>Housing Services</b> Provides loans and grants to finance affordable housing, rehabilitation services, and funds housing support agencies (most costs charged to Federal grants).				\$ 273,433	20.00	Administrative support of housing rehabilitation program Additional funding and administrative support for HouseCharlotte Workforce Expansion to increase the number of families served Additional funding and administrative support for the Safe Home, Emergency Repair, and Home Retrofit Loan housing rehabilitation programs to preserve the existing housing stock and increase the number of families served	\$ - \$ 459,825 \$ 959,933	2.00 1.00 2.00
	<b>Community Engagement</b> Provides services to neighborhoods and business corridors, including plan implementation, outreach and problem solving, leadership and organization training, infrastructure and financial assistance programs.	FY2016 reduced community and commerce specialist position	\$ 68,820	1.00	\$ 1,980,479	22.00	Additional community technical trainings Community Leadership Training Academy	\$ 25,000 \$ 26,500	0.00 0.00
	<b>Neighborhood Code Enforcement &amp; Zoning</b> Conducts housing, property, and zoning inspections to enforce City codes.	*FY2010 added new non-residential code enforcement program FY2016 reduced code enforcement inspector position and code proces specialist position	\$ 500,000 \$ 122,488	0.00 2.00	\$ 7,472,616	71.00	Additional code enforcement positions to respond to housing and nuisance complaints	\$ 474,079	5.00
	<b>Neighborhood &amp; Business Services Total</b>		\$ 191,308	3.00	\$ 12,295,538	137.00		\$ 2,261,476	13.00

Attachment 2

FY2016 General Fund Services Inventory									
Dept.	Service Name	Description	Historical Budget Reductions/*Additions		FY2016 Approved	FY2016 Approved Positions	FY2017 Budget Requests		
			Net impact	Positions			Description	Net impact	Positions
<b>Engineering</b>									
	<b>Municipal Capital Project Planning, Design and Construction</b>								
	Provides planning, engineering, landscape design, construction inspection for transportation infrastructure and municipal facility capital projects; administration, design, implementation, and oversight of neighborhood development, environment, transportation, sidewalk, streetscapes, economic development programs, and project management services for Charlotte Area Transportation System (CATS). Real Estate section provides land acquisition and disposition, and management of property.	FY2012 eliminated leased office space due to Real Estate Division moving into CMGC	\$ 117,500	0.00					
		FY2015 reduced liability and workers compensation costs	\$ 153,997	0.00			Additional engineering project coordinator	\$ 40,582	1.00
		FY2016 reduced administrative support staff by 50%	\$ 170,052	3.00	\$ 7,202,565	186.00	Additional construction inspection to coordinate utility relocations on Storm Water Services projects	\$ 8,661	1.00
	<b>Land Development</b>								
	Provides administrative review, building permits, storm water detention, driveway permits, grading and erosion control permits, minor plans, conditional re-zoning, subdivision plans, tree ordinance and landscaping permits, and uptown mixed use development/mixed use development district.						Urban Forestry Specialist and Erosion Control Specialist to accommodate increased permitting and development workload	\$ 162,000	2.00
		FY2010 reduced land development positions	\$ 347,969	6.00	\$ 3,442,561	31.00	Implementation of recommendation from Gartner Study	\$ 639,000	0.00
							Additional construction inspection services	\$ 45,130	5.00
							State mandated membership to NC811 notification center for underground utility locate requests	\$ 1,028,750	0.00
	<b>Municipal Facilities Maintenance</b>								
	Provides maintenance for Charlotte-Mecklenburg Government Center, Old City Hall, and other facilities such as Solid Waste Services and Fleet Management locations.	FY2012 & FY2013 transferred maintenance costs to cultural facilities	\$ 816,096	0.00	\$ 1,567,323	51.00			
	<b>Landscape Maintenance</b>								
	Provides landscape planning, management, and grounds maintenance of most public rights-of-way, public buildings, City-owned parks and green spaces, medians, islands, and park and ride lots, which are the City's responsibility. Examples of some public facilities include Tryon Street Mall, CATS facilities and rail line, cultural arts facilities, and Police facilities.	FY2009 eliminated landscape maintenance of Marshall Park	\$ 88,000	0.00					
		FY2010 reduced mowing services on state right-of-way	\$ 100,000	0.00					
		FY2016 reduced mowing services in street right-of-way from bi-weekly to monthly	\$ 104,567	0.00	\$ 5,970,092	57.00			
	<b>Engineering Total</b>		<b>\$ 1,898,181</b>	<b>9.00</b>	<b>\$ 18,182,541</b>	<b>325.00</b>		<b>\$ 1,924,123</b>	<b>9.00</b>
<b>Planning (Part of Functional Consolidation with Mecklenburg County)</b>									
	<b>Long Range Planning Support</b>								
	Coordinates collaborative and comprehensive long-range land use and transportation planning services, which include: Land Use Planning, Charlotte Regional Transportation Planning Organization (CRTPO), Research, Information and Technology, and Communication/Public Outreach; provides support to City and County budget offices in the development of capital budget needs, and committee support for the Charlotte-Mecklenburg Planning Commission Planning Committee and CRTPO.	FY2016 reduced administrative support	\$ 48,145	1.00	\$ 2,791,398	27.00	Administrative support of CRTPO	\$ -	1.00
							Planning/GIS Internship program	\$ 20,000	0.00
	<b>Strategic Planning Services</b>								
	Responsible for Economic Development planning efforts in targeted areas including distressed business corridors and transit corridors, and coordinates the City's annexation process. Responsibilities include: Economic Development, Transit Planning Services, Capital Facilities, Plan Implementation, Annexation, and Developer Response.				\$ 1,082,378	9.50			
	<b>Development Services</b>								
	Provides administrative and planning services for Subdivision Administration, Zoning Services, Zoning Administration, Urban Design, Historic District, and Committee Support for Charlotte-Mecklenburg Planning Commission Zoning Committee, Zoning Board of Adjustment, and Historic District Commission.				\$ 1,822,954	19.50	Associate Planner for rezoning activities	\$ 71,987	1.00
							Associate Planner for subdivision process	\$ 48,712	1.00
	<b>Planning Total</b>		<b>\$ 48,145</b>	<b>1.00</b>	<b>\$ 5,696,730</b>	<b>56.00</b>		<b>\$ 140,699</b>	<b>3.00</b>
<b>Operational Departments Total</b>			<b>\$ 4,865,288</b>	<b>26.00</b>	<b>\$ 462,873,095</b>	<b>4763.75</b>		<b>\$ 38,469,732</b>	<b>325.00</b>

Attachment 2

FY2016 General Fund Services Inventory										
Dept.	Service Name	Description	Historical Budget Reductions/*Additions			FY2016	FY2016 Approved	FY2017 Budget Requests		
			Net impact	Positions	Approved	Positions	Description	Net impact	Positions	
<b>Government Departments</b>										
City Manager's Office/ Mayor & City Council										
	<b>Mayor &amp; City Council</b>									
	Provides leadership to the community through active involvement with community and national organizations, responding to community needs and providing overall direction for policies that affect the community's quality of life. Enacts local legislation, adopts budgets and determines the policies by which the City is governed and administered. Staff of nine provides support for constituent service requests, policy research, media relations, administrative support, and communication with Council and the community.					\$ 1,488,752	21.00			
	<b>CharMeck 311</b>									
	As the customer contact center, serves as the first contact point for general information, initiating service requests, and directing calls to other departments and agencies for problem resolution.	FY2011 reduced service hours								
		FY2016 eliminated weekend and holiday service hours	\$ 658,924	11.00	\$ 8,448,744	113.75				
	<b>Policy Development and Organizational Leadership</b>									
	Provides policy recommendations to the Mayor and Council and recommends strategies and actions to implement City Council policies and programs.	FY2016 eliminated records management position	\$ 54,415	1.00	\$ 2,330,765	12.00	Records management program administration	\$ 141,051	1.00	
	<b>Corporate Communications &amp; Marketing</b>									
	Provides strategic and integrated communications and marketing solutions. Partners with departments to develop and implement strategic planning to market specific campaigns, services, and initiatives for City departments and the citizens of Charlotte.					\$ 2,172,340	19.00	Support of web services	\$ 285,825	3.00
								Management of marketing and creative services	\$ 70,000	1.00
								Support of CIP community engagement	\$ 240,000	3.00
								Administrative support	\$ 42,427	1.00
	<b>Community Relations Committee</b>									
	Promotes community harmony by: addressing personal and community conflicts, fairness in housing and preventing discrimination, training and education as well as police community relations.					\$ 910,948	13.00	Belmont Center infrastructure and front desk assistance	\$ 50,000	1.00
	<b>City Manager's Office Total</b>		\$ 713,339	12.00	\$ 15,351,549	178.75		\$ 829,303	10.00	
City Attorney										
	<b>Legal Advice and Representation</b>									
	The City Attorney's Office drafts or reviews all ordinances and resolutions considered by the City Council. The City Attorney's Office also drafts or reviews all contracts, leases, deeds, franchises, and other legal documents to which the City is a party.					\$ 2,458,427	27.00	Increase to printing, publishing, and shredding	\$ 2,100	0.00
	<b>City Attorney Total</b>		\$ -	0.00	\$ 2,458,427	27.00		\$ 2,100	0.00	
City Clerk										
	<b>Recording and Maintenance of Municipal Records</b>									
	Serves as Clerk to the City Council, recording, transcribing, distributing, and archiving minutes for all budget workshops and retreats, business meetings, dinner briefings, citizens' forums, closed sessions, special sessions, workshops and zoning meetings; assists citizens to address Council by coordinating and disseminating the speakers' list; certifies and posts all official acts by Council; and provides public access to the records as broadly and quickly as possible.									
	Custodian of the corporate seal of the City of Charlotte and all permanent records pertaining to the City and City Seal; maintains the City Charter and City Code; provides information and research of records to citizens, staff, and City Council; publishes Notices of Public Hearings and other legal advertisements; provides attestations, certifications, and/or notarizations for contracts, deeds, and agreements; administers oaths of office; receives and certifies City-initiated annexations and protest petitions. Administers processes, maintains records, coordinates nominations and appointments for City Council's 38 Advisory Boards and Commissions, and serves as staff support and Clerk to the Citizens' Review Board and Civil Service					\$ 560,171	6.00	Preservation and restoration of records	\$ 4,000	0.00
								Advertising public meetings	\$ -	0.00
								Increase in training, meetings and office supplies	\$ 2,500	0.00
	<b>City Clerk Total</b>		\$ -	0.00	\$ 560,171	6.00		\$ 6,500	0.00	
<b>Government Departments Total</b>			\$ 713,339	12.00	\$ 18,370,147	211.75		\$ 837,903	10.00	

Attachment 2

FY2016 General Fund Services Inventory									
Dept.	Service Name	Historical Budget Reductions/* Additions			FY2016 Approved	FY2016 Approved Positions	FY2017 Budget Requests		
		Description	Net impact	Positions			Description	Net impact	Positions
<b>Support Departments</b>									
Human Resources									
	<b>Compensation, Benefits, Compliance, Recruitment &amp; Retention</b>								
	Provides oversight and consultation services to City departments in the areas of employee talent and performance management, compensation administration, and benefit design/management.				\$ 2,311,824	20.00		Recruitment program enhancement, including branding materials and job fair attendance fees	\$ 4,445 0.00
								Benefits orientation program for new employees	\$ 3,200 0.00
	<b>Organization Development &amp; Learning (ODL)</b>								
	Provides coaching, facilitation, and training services to improve organizational and individual performance. Delivers employee leadership development and diversity/inclusion initiatives, business skills development classes, and technology training.				\$ 940,031	9.00		Reinstatement of shared leadership learning program	\$ 5,000 0.00
								Reinstatement of Charlotte 2020 Leadership Conference	\$ 50,000 0.00
	<b>Human Resources Management Services</b>								
	Manages the human resource management system, which produces the City's payroll and maintains employment records for pay, taxes, benefits, and performance.				\$ 975,775	7.00		Enterprise Personnel Records Management program	\$ 134,264 1.00
	<b>Human Resources Total</b>		\$ -	0.00	\$ 4,227,630	36.00			\$ 196,909 1.00
Innovation & Technology									
	<b>Chief Information Officer Services</b>								
	Provides leadership for the City's Technology Governance Policy and coordinates IT initiatives across the organization to support, enhance, and advance citizen service delivery.	FY2010 eliminated Cable Office due to function being taken over by the state	\$ 194,423	2.00					
		FY2016 eliminated Chief Operating Officer position	\$ 125,000	1.00	\$ 4,618,979	16.00			
	<b>Technology Management</b>								
	Manages the City's technology infrastructure to enable the effective delivery of City services.	provided by department	\$ 514,381	8.00				Critical security upgrades	\$ 240,106 2.00
		FY2016 reduced support of the Enterprise Resource Planning system	\$ 203,477	3.00	\$ 13,439,698	97.00		models	\$ 300,076 4.00
								Public safety radio personnel for Stanley and Town of Mooresville	\$ - 4.00
	<b>Technology Management Communications Services</b>								
	Supports the City's financial management, budgetary, and procurement platforms necessary for the City to conduct daily business.				\$ 6,517,435	18.00		ERP upgrade project management	\$ 116,913 3.00
	<b>Innovation &amp; Technology Total</b>		\$ 842,858	14.00	\$ 24,576,112	131.00			\$ 657,095 13.00

Attachment 2

FY2016 General Fund Services Inventory									
Dept.	Service Name	Description	Historical Budget Reductions/* Additions		FY2016 Approved	FY2016 Approved Positions	FY2017 Budget Requests		
			Net impact	Positions			Description	Net impact	Positions
<b>Management &amp; Financial Services</b>									
	<b>Financial Management</b> Provides strategic financial planning, general accounting services, financial reporting including the Comprehensive Annual Financial Report; Manages billing, collection, and deposit of all City monies for citywide services. Provides procurement services to City and County departments for the acquisition of goods and services, facilitates cost savings through cooperative procurement opportunities, and supports asset recovery and disposal.	FY2014 reduced postage cost due to participation in Citizen web portal and electronic billing FY2012 reduced technology, rent, and contract services due to operational streamlining	\$ 133,191 \$ 66,689	0.00 0.00	\$ 2,773,914	20.00	Vendor file administration	\$ 180,002	2.00
	<b>Procurement Management</b> Provides for the procurement and contracting of commodities, goods, materials, apparatus, supplies, trade and professional services, and technology goods, services, and systems.	FY2010 reduced procurement card services and vendor bill printing, mailing, and collection	\$ 208,212		\$ 2,548,115	23.00	Cooperative Purchasing Alliance business and compliance analyst	\$ 92,703	1.00
	<b>General Accounting &amp; Financial Services</b> Provides general accounting services, which includes the production of the Comprehensive Annual Financial Report, in conformance with the GASB-34 reporting model. This division maintains all City accounting records; including net assets, provides authorization and documentation for payment of the City's liabilities. This division distributes accounts payable checks and prepares related reports.				\$ 2,731,620	34.00	Accountants to support Aviation Finance/financial reporting accountants Ensure regulatory compliance for City's bond issues	\$ - \$ 212,182 \$ 10,000	4.00 2.00 0.00
	<b>Revenue Management</b> Responsible for collection and deposit of all City monies. These citywide services include billing and collection of various accounts such as animal licenses, transit passes, Neighborhood Development loans and parking violations. Provides Water/Sewer and Storm Water billing and collection services for all Charlotte Water and Storm Water Services customers.	FY2008 eliminated Utility Management System and Cashiering System upgrade	\$ 389,912	0.00	\$ 4,468,271	21.00			
	<b>Administrative Management</b> Provides centralized administrative support, communications/marketing, business resource analysis, human resources, and budget/financial management services for the six offices of the Department of Management and Financial Services.				\$ 2,102,127	14.00	Records management program administration	\$ 83,853	1.00
	<b>Strategy &amp; Budget</b> Recommends strategy and resource allocation for achievement of the City's vision and mission through the Performance Management and Strategic Planning, Budgeting, Community Investment Plan, and Council Business Agenda processes.				\$ 1,523,642	12.00			
	<b>Fleet Management</b> Provides full spectrum fleet management services including equipment specification, predictable preventative maintenance, and commission/decommission services focused on achieving the peak operating efficiency at the lowest cost. Provides these services for all City Departments with the exception of Aviation and heavy transit vehicles.	FY2010 reduced service technician positions	\$ 74,364	2.00	\$ 1,355,156	119.00			
	<b>CLT Business Inclusion</b> Administers the program, which includes registration and certification services to small businesses, local minority and/or women-owned businesses; Provides monitoring and reporting services to ensure compliance with the program.	*FY2014 began Charlotte Business INclusion program	\$ 153,287	1.00	\$ 906,706	11.00	Conduct Disparity Study	\$ 350,000	0.00
	<b>Internal Audit</b> Conducts reviews of the City's system of internal controls and reports findings, recommendations, and corrective actions to the City Manager and department managers.	FY2016 reduced capacity of internal audits by 10%	\$ 98,000	1.00	\$ 1,206,145	9.00	Additional senior auditor	\$ 45,594	1.00
<b>Management &amp; Financial Services Total</b>			<b>\$ 970,368</b>	<b>3.00</b>	<b>\$ 14,293,667</b>	<b>263.00</b>		<b>\$ 974,334</b>	<b>11.00</b>
<b>Support Departments Total</b>			<b>\$ 1,813,226</b>	<b>17.00</b>	<b>\$ 43,097,409</b>	<b>430.00</b>		<b>\$ 1,828,338</b>	<b>25.00</b>

## DRAFT Toolbox for Budget Balancing

### Potential Revisions to Public Safety Requests

#### a. Police

CMPD's FY2017 Requests:	FY2016 Base	FY2017 Base	FY2017 Increase	Total FY2017 Budget/ Section	FY2017 Base FTEs	FY2017 FTE Increase
Officers (includes all other CMPD)	\$ 194,668,159	\$ 202,348,051	\$ 3,291,965	\$ 205,640,016	1,840.00	63.00
Civilians						
911 Communicators	\$ 8,533,979	\$ 9,066,126	\$ 1,011,094	\$ 10,077,220	127.50	20.00
Crime Scene	\$ 1,830,521	\$ 1,953,388	\$ 151,004	\$ 2,104,392	27.00	4.00
Crime Lab	\$ 2,350,165	\$ 2,433,631	\$ 72,318	\$ 2,505,949	23.00	1.00
Human Resources	\$ 4,322,033	\$ 4,732,784	\$ 154,388	\$ 4,887,172	12.00	3.00
Computer Technology Services	\$ 4,614,249	\$ 4,789,442	\$ 235,863	\$ 5,025,305	22.00	4.00
Crime Analysis	\$ 1,819,440	\$ 1,943,159	\$ 166,854	\$ 2,110,013	20.00	2.00
Community Services	\$ 623,823	\$ 754,572	\$ 68,619	\$ 823,191	2.00	1.00
Special Operations	\$ 681,661	\$ 648,380	\$ 49,832	\$ 698,212	15.00	1.00
Crime Reporting Unit	\$ 1,954,727	\$ 2,176,682	\$ 165,607	\$ 2,342,289	22.00	3.00
Police Attorney	\$ 990,901	\$ 1,027,165	\$ 129,233	\$ 1,156,398	7.00	2.00
Training	\$ 1,900,061	\$ 2,071,855	\$ 127,743	\$ 2,199,598	2.00	2.00
Fiscal Affairs	\$ 7,549,973	\$ 7,970,706		\$ 7,970,706	8.00	-
<b>Total Personnel Services &amp; OpEx</b>	<b>\$ 231,839,692</b>	<b>\$ 241,915,941</b>	<b>\$ 5,624,522</b>	<b>\$ 247,540,463</b>	<b>2,127.50</b>	<b>106.00</b>
Capital Expenses (One Time)						
Marked Units			\$ 928,480	\$ 928,480		
Crime Scene Van			\$ 70,334	\$ 70,334		
<b>Total Capital</b>			<b>\$ 998,814</b>	<b>\$ 998,814</b>		
<b>TOTAL</b>	<b>\$ 231,839,692</b>	<b>\$ 241,915,941</b>	<b>\$ 6,623,336</b>	<b>\$ 248,539,277</b>	<b>2,127.50</b>	<b>106.00</b>
<b>Reduced Option</b>			<b>\$ 4,387,338</b>	<b>\$ 246,303,279</b>		<b>75.00</b>

#### b. Fire

Fire's FY2017 Requests:	FY2016 Base	FY2017 Base	FY2017 Increase	Total FY2017 Budget	FY2017 Base FTEs	FY2017 FTE Increase
Base Fire Budget	\$ 112,707,486	\$ 117,499,201	\$ 4,791,715	\$ 122,290,916	1,166.00	
Ladder 28			\$ 1,906,595	\$ 1,906,595		18.00
Engine 65			\$ 1,832,390	\$ 1,832,390		18.00
<b>Total Personnel Services &amp; OpEx</b>	<b>\$ 112,707,486</b>	<b>\$ 117,499,201</b>	<b>\$ 3,738,985</b>	<b>\$ 126,029,901</b>	<b>1,166.00</b>	<b>36.00</b>
Capital Expenses (One Time)						
Ladder 28			\$ 899,782	\$ 899,782		
Engine 65			\$ 582,562	\$ 582,562		
<b>Total Capital</b>			<b>\$ 1,482,344</b>	<b>\$ 1,482,344</b>		
<b>TOTAL</b>	<b>\$ 112,707,486</b>	<b>\$ 117,499,201</b>	<b>\$ 5,221,329</b>	<b>\$ 127,512,245</b>	<b>1,166.00</b>	<b>36.00</b>
<b>Reduced Option</b>			<b>\$ 2,806,377</b>	<b>\$ 125,097,293</b>		<b>18.00</b>

#### c. Potential Revised

<b>Police Total</b>			<b>\$ 6,623,336</b>			<b>106.00</b>
<b>Fire Total</b>			<b>\$ 5,221,329</b>			<b>36.00</b>
<b>Public Safety Request</b>			<b>\$ 11,844,665</b>			<b>142.00</b>
<b>Reduced Option</b>			<b>\$ 7,193,715</b>			<b>93.00</b>

## DRAFT Toolbox for Budget Balancing

*The following is a list of data to be used as part of the decision making process. It does not represent a recommendation*

**Public Safety Request = \$11.8 million**

### 1) Property Taxes

- a. 1% increase = \$4.3m
- b. \$11.8 million = 1.32¢ rate increase (2.7%)
- c. Impact to median value home:

Annual Impact	1% Impact	2% Impact	2.5% Impact	2.73%
Median Value	\$6.75	\$13.51	\$16.89	\$18.63
25th Percentile Value	\$4.67	\$9.34	\$11.68	\$12.89
75th Percentile Value	\$11.01	\$22.01	\$27.51	\$30.36
85th Percentile Value	\$14.62	\$29.24	\$36.55	\$40.33
95th Percentile Value	\$25.79	\$51.58	\$64.47	\$71.14

### 2) Department Reductions

General Fund	FY 17	FY18	FY19
Projected FY 2017 Base Budget	\$ 629,320,680	\$ 654,493,507	\$ 680,673,247
Less Police	\$ 387,404,739	\$ 402,900,929	\$ 419,016,966
Less Fire	\$ 269,905,538	\$ 280,701,760	\$ 291,929,830
Less Other Fixed	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
<b>Net GF for Reduction</b>	<b>\$ 192,297,243</b>	<b>\$ 199,989,133</b>	<b>\$ 207,988,698</b>
	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
CMPD Request Phase I	\$ 6,623,336	\$ 8,246,246	\$ 8,576,096
CFD Ladder 28	\$ 2,806,377	\$ 1,982,859	\$ 2,062,173
CFD Engine 65	\$ 2,414,952	\$ 1,905,686	\$ 1,981,913
<b>Total FY17</b>	<b>\$ 11,844,665</b>	<b>\$ 12,134,790</b>	<b>\$ 12,620,182</b>
	<b>FY 17 Reduction</b>	<b>FY 18 Reduction</b>	<b>FY 19 Reduction</b>
<b>Non Public Safety</b>	<b>6.16%</b>	<b>(\$290,125)</b>	<b>(\$485,392)</b>
Solid Waste	(\$3,391,172)	(\$83,064)	(\$138,969)
Transportation	(\$1,567,587)	(\$38,397)	(\$64,239)
E&PM	(\$1,158,045)	(\$28,365)	(\$47,456)
N&BS	(\$940,379)	(\$23,034)	(\$38,537)
Planning	(\$356,848)	(\$8,741)	(\$14,624)
Mayor & Council	(\$97,848)	(\$2,397)	(\$4,010)
Attorney	(\$158,042)	(\$3,871)	(\$6,477)
Clerk	(\$36,155)	(\$886)	(\$1,482)
City Manager	(\$873,114)	(\$21,386)	(\$35,780)
I&T	(\$1,674,109)	(\$41,006)	(\$68,605)
DMFS	(\$1,314,657)	(\$32,201)	(\$53,874)
HR	(\$276,710)	(\$6,778)	(\$11,340)

### 3) Employee Compensation

<b>Projected FY2017 with Benefits</b>	<b>1% merit, 0.5% market, steps</b>	<b>2% merit, 1.0% market, steps</b>	<b>3% merit, 1.5% market, steps</b>
Broadband Merit	\$ 680,388	\$ 1,360,775	\$ 2,041,163
Non-Exempt/Hourly	\$ 1,361,856	\$ 1,503,886	\$ 1,645,916
Public Safety Pay Plan			
Market	\$ 1,029,760	\$ 2,059,520	\$ 3,089,279
Steps	\$ 2,493,392	\$ 2,493,392	\$ 2,493,392
Total	\$ 3,523,151	\$ 4,552,911	\$ 5,582,671
<b>Grand Total</b>	<b>\$ 5,565,395</b>	<b>\$ 7,417,572</b>	<b>\$ 9,269,750</b>
Difference	\$ (3,704,355)	\$ (1,852,177)	

### 4) Transfer from Capital

- a. \$11.8m = \$118m in debt capacity, or 1.32¢
- b. \$890k annually = \$10m of debt capacity = 0.10¢
- c. Capital program would need to be reevaluated based upon level of reduction

## DRAFT Toolbox for Budget Balancing

The following is a list of data to be used as part of the decision making process. It does not represent a recommendation

**Public Safety Request = \$7.2 million**

### 1) Property Taxes

- a. 1% increase = \$4.3m
- b. \$890k annually = 0.10¢
- c. \$7.2 million = 0.79¢ rate increase (1.7%)
- d. Impact to median value home:

Annual Impact	1% Impact	1.7%
Median Value	\$6.75	\$11.32
25th Percentile Value	\$4.67	\$7.83
75th Percentile Value	\$11.01	\$18.44
85th Percentile Value	\$14.62	\$24.49
95th Percentile Value	\$25.79	\$43.21

### 2) Department Reductions

General Fund	FY 17	FY18	FY19
Projected FY 2017 Base Budget	\$ 629,320,680	\$ 654,493,507	\$ 680,673,247
Less Police	\$ 387,404,739	\$ 402,900,929	\$ 419,016,966
Less Fire	\$ 269,905,538	\$ 280,701,760	\$ 291,929,830
Less Other Fixed	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
<b>Net GF for Reduction</b>	<b>\$ 192,297,243</b>	<b>\$ 199,989,133</b>	<b>\$ 207,988,698</b>
	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
CMPD Request Phase I	\$ 4,387,338	\$ 5,793,192	\$ 6,024,920
CFD Ladder 28	\$ 2,806,377	\$ 1,982,859	\$ 2,062,173
CFD Engine 65			
<b>Total FY17</b>	<b>\$ 7,193,715</b>	<b>\$ 7,776,051</b>	<b>\$ 8,087,093</b>
	<b>FY 17 Reduction</b>	<b>FY 18 Reduction</b>	<b>FY 19 Reduction</b>
<b>Non Public Safety</b>	<b>3.74%</b>	<b>(\$582,336)</b>	<b>(\$311,042)</b>
Solid Waste	(\$2,059,587)	(\$166,725)	(\$89,052)
Transportation	(\$952,055)	(\$77,069)	(\$41,165)
E&PM	(\$703,325)	(\$56,935)	(\$30,410)
N&BS	(\$571,128)	(\$46,233)	(\$24,694)
Planning	(\$216,727)	(\$17,544)	(\$9,371)
Mayor & Council	(\$59,427)	(\$4,811)	(\$2,569)
Attorney	(\$95,985)	(\$7,770)	(\$4,150)
Clerk	(\$21,958)	(\$1,778)	(\$949)
City Manager	(\$530,275)	(\$42,926)	(\$22,928)
I&T	(\$1,016,750)	(\$82,307)	(\$43,962)
DMFS	(\$798,441)	(\$64,634)	(\$34,523)
HR	(\$168,057)	(\$13,604)	(\$7,266)

### 3) Employee Compensation

<b>Projected FY2017 with Benefits</b>	<b>1% merit, 0.5% market, steps</b>	<b>2% merit, 1.0% market, steps</b>	<b>3% merit, 1.5% market, steps</b>
Broadband Merit	\$ 680,388	\$ 1,360,775	\$ 2,041,163
Non-Exempt/Hourly	\$ 1,361,856	\$ 1,503,886	\$ 1,645,916
Public Safety Pay Plan			
Market	\$ 1,029,760	\$ 2,059,520	\$ 3,089,279
Steps	\$ 2,493,392	\$ 2,493,392	\$ 2,493,392
Total	\$ 3,523,151	\$ 4,552,911	\$ 5,582,671
<b>Grand Total</b>	<b>\$ 5,565,395</b>	<b>\$ 7,417,572</b>	<b>\$ 9,269,750</b>
Difference	\$ (3,704,355)	\$ (1,852,177)	

### 4) Transfer from Capital

- a. \$7.2m = \$72m in debt capacity, or 0.79¢
- b. \$890k annually = \$10m of debt capacity = 0.10¢
- c. Capital program would need to be reevaluated based upon level of reduction



## Regulatory User Fee Policy

Budget Committee

April 11, 2016



### Outline

Outline:

- 1) Regulatory User Fees Policy Background and Information
- 2) Research and Findings
- 3) Staff Recommendation
- 5) Next Steps

1



## User Fee Definition & Policy

- **Definition:** Fees for direct and indirect costs associated with regulatory services
- **Review Cycle:** Fees are reviewed and established annually as part of the budget process.
- **Council Policy:** Since FY2006, 100% recovery of fully allocated costs for regulatory user fees.

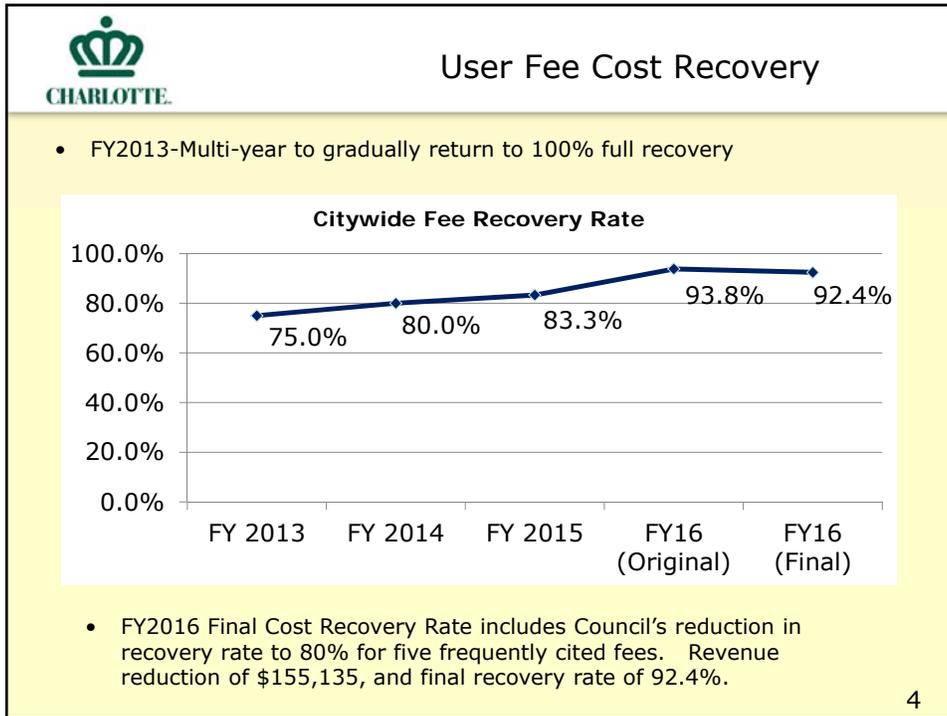
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## Background on User Fee Policy

- Regulatory User Fees:
  - FY2006- Fully-allocated Cost Recovery rate of 100%
  - Fees remained flat (FY2009-FY2012)
  - FY2013-Multi-year to gradually return to 100% full recovery
- June 8, 2015 – Council adopted FY2016 Budget including User Fees with the adjustment to 80% for five fees.
  - *Referred User Fee Policy to Economic Development & Global Competitiveness Committee to review & provide recommendations for changes, if needed to policy for FY17*

3



### Types of User Fees

- Annual budget includes regulatory user fees from eight different departments.
- Regulatory User Fee Examples include
  - Land Development: Rezoning, Subdivision, Commercial Plan Reviews, etc.
  - Special Events: Festivals & Parades
  - Passenger Vehicle For Hire
- Costs to users should be considered in groupings in some cases (Subdivision = Planning + CDOT + Engineering & Property Management)

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 **Current User Fee Formula**

**Definition:** Fees for direct and indirect costs associated with regulatory services

**Costs** ÷ **Projected Occurrences** = **User Fee**

**Current Policy**  
Existing Council Policy is to recover user fee costs at a rate of 100%

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 **Policy Tradeoffs**

**User Fee Revenue**      **General Fund Budget**

↓      ↘

**Service Delivery to Customer**

Options

- 1) Recover 100% of costs through user fees
- 2) Subsidize costs with general fund revenue
- 3) Change Service Levels

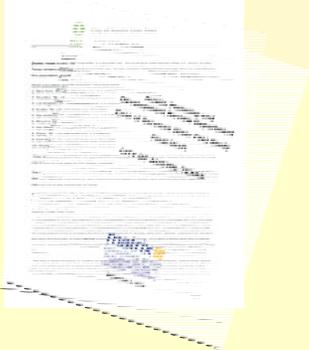
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 **Research & Findings**

**Research**

Surrounding Towns  
Staff reviewed user fees in the surrounding towns in Mecklenburg County.

- Recovery rate is close to 100%
- Fee amounts are comparable for similar services.



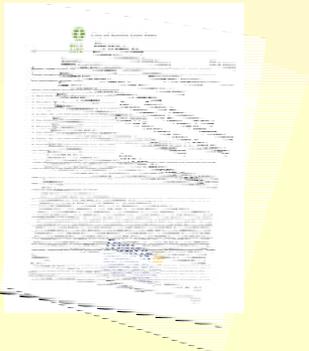
Other Cities  
Staff reviewed consultant reports for Austin, TX and Palo Alto, California.

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 **Research & Findings**

**Findings**

- 1) Important to have a clear community-wide policy on user fee recovery.
- 2) Charlotte's methodology (formula) is consistent with other Cities.
- 3) Matrix report (Austin) recommends 100% fully allocated recovery rate.
- 4) Consultants conducting reviews identify specific reasons why some types of fees might be appropriate for a subsidy.
- 5) Difficult to make "apples-to-apples" comparisons.
- 6) Many cities do not review fees annually, unlike Charlotte.



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## Staff Recommendation to ED&GC

City staff recommends continuing Council's adopted 100% regulatory user fee recovery rate.

The policy should include the ability for the City Manager to recommend exceptions to the 100% user fee recovery for specific services as part of the annual budget process.

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## Criteria

Staff recommends that the policy include the following categories for exceptions to the 100% recovery rate in the Manager's recommended budget:

### Exception Criteria

- 1) Avoid significant jump in price from year to year
- 2) Ensure regulatory compliance
- 3) Recognize a greater benefit to the general public

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### Requested Committee Action by EDGC

- City staff to receive input on recommended policy from key stakeholders.
  - Two policy questions on the rate and exception criteria
  
- Stakeholder Group Meetings
  - NAIOP (3/9)
  - Development Services Technical Advisory Committee (3/9)
  - Homebuilder’s Association (3/11)
  - Greater Charlotte Apartment Association (3/16)
  - Charlotte Water Developer Board (3/17)
  - Charlotte Water Advisory Board (3/17)
  - Charlotte Chamber Land Use Committee (3/23)

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### Next Steps-Process Moving Forward

Time Frame	Action	Community Outreach
January-February 2016	Staff prepares User Fee policy recommendations	
February 17, 2016	ED&GC Committee review staff’s draft recommendations	
March 2016	Stakeholders Meetings  Seeking feedback on recommendations and impacts	1. NAIOP 2. DSTAC 3. Homebuilders Association 4. Greater Charlotte Apartment 5. Charlotte Water Developer 6. Charlotte Water Advisory 7. Charlotte Chamber Land Use
April 14, 2016 (ED&GC Committee)	ED&GC receives feedback from stakeholder meetings and takes action on Regulatory User Fees Policy	
April 20 2016 (Council Budget Workshop)	ED&GC Committee recommends changes to Reg. User Fee Policy to Council for approval	
May 2, 2016	City Manager presents FY2017 Recommended Budget, including User Fees	
June 13, 2016	City Council Budget Adoption	

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# Draft 2017 Budget Workshops

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## City of Charlotte

April 20, 2016  
1:30 p.m. – 4:30 p.m.  
Room 267

- 
- |             |  |   |
|-------------|--|---|
| <b>I.</b>   | <b>Introduction/Budget Committee Report</b>  | Council member Phipps<br>Budget Committee Chair |
| <b>II.</b>  | <b>FY2017 General Fund Budget Discussion</b> | Ron Carlee<br>Kim Eagle<br>Eric Hershberger     |
| <b>III.</b> | <b>Regulatory User Fee Policy</b>            | Debra Campbell<br>Mike Davis                    |
| <b>IV.</b>  | <b>General Discussion</b>                    | Kim Eagle                                       |

Note: Budget Questions & Answers from April 6<sup>th</sup> Budget Workshop included in materials

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