

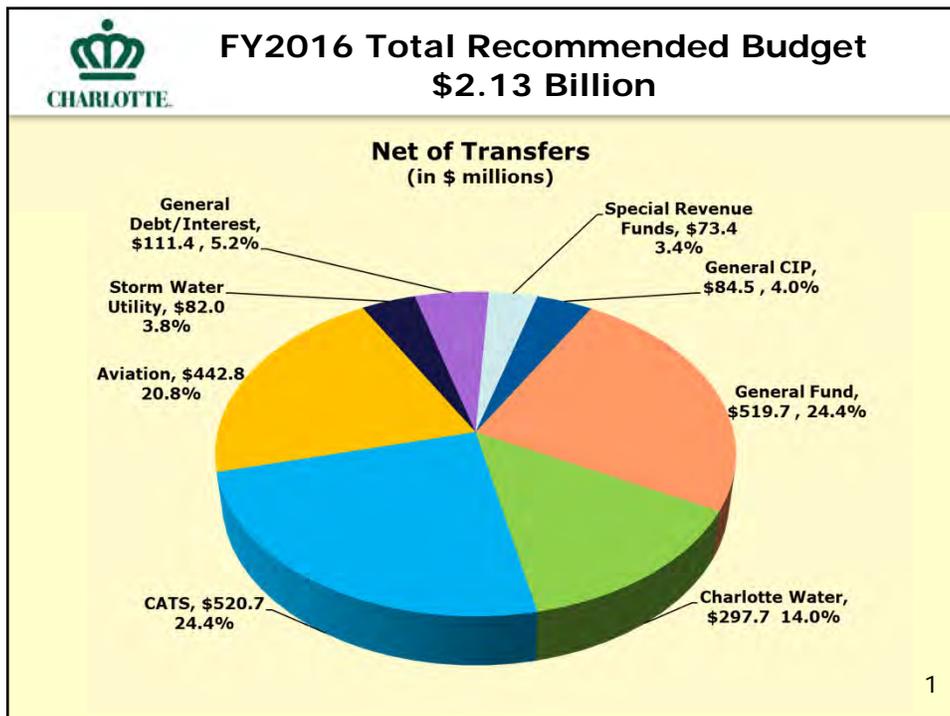


CHARLOTTE
MANAGEMENT & FINANCIAL SERVICES

Preliminary FY2016 & FY2017 Strategic
Operating Plan and FY2016-2020 Community
Investment Plan

City Manager's Recommendation

May 4, 2015





The Challenge

- Challenge: Close an estimated General Fund gap of \$21.7 million, or 3.7% caused by tax cuts and reevaluation
- Objective: Provide a structurally balanced budget for FY2016 and beyond that reflects the policy priorities of the Council
 - No short-term fixes
 - No use of one-time funds for ongoing expenses
 - No accounting tricks
 - Comply with Council budget principles and priorities
 - Well researched, quantified, strategic and sustainable
 - Best practice oriented and creative
 - Respect City employees

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FY2016 Budget Balancing Framework

Revenue & Finance

1. Revaluation
2. Solid Waste Fee Conversion
3. Water Fees
4. Storm Water Fees
5. Overall Impact
6. Other User Fees

Expenditures

1. General Fund Expense Transfers
2. Expense Reductions
3. Service Reductions
4. Service Expansions
5. Unmet Needs
6. Compensation
7. Financial Partners
8. Operating Summary
9. Aviation
10. CATS

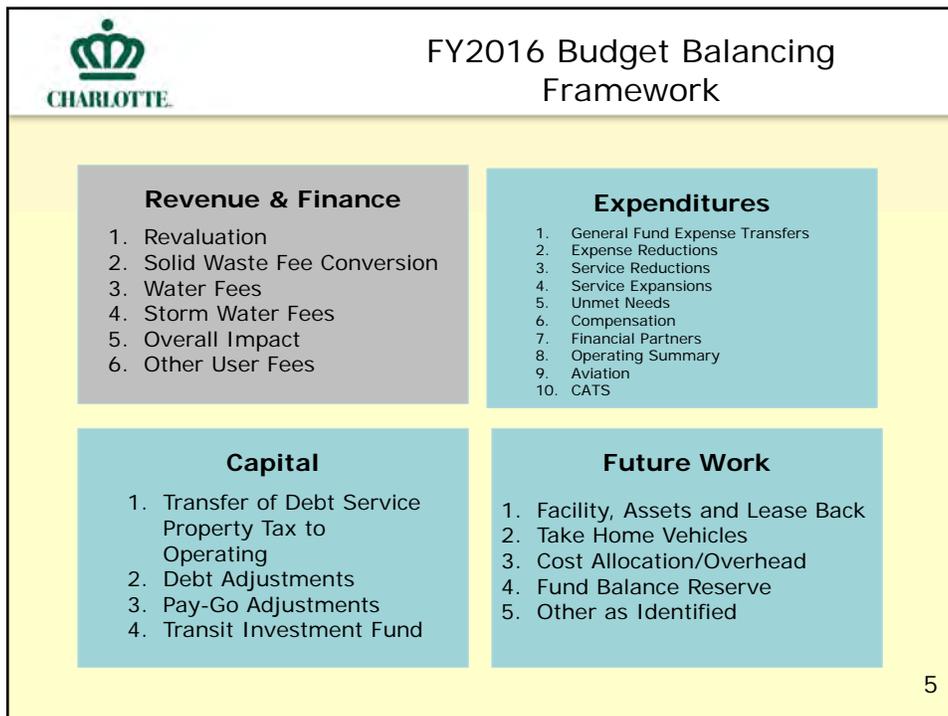
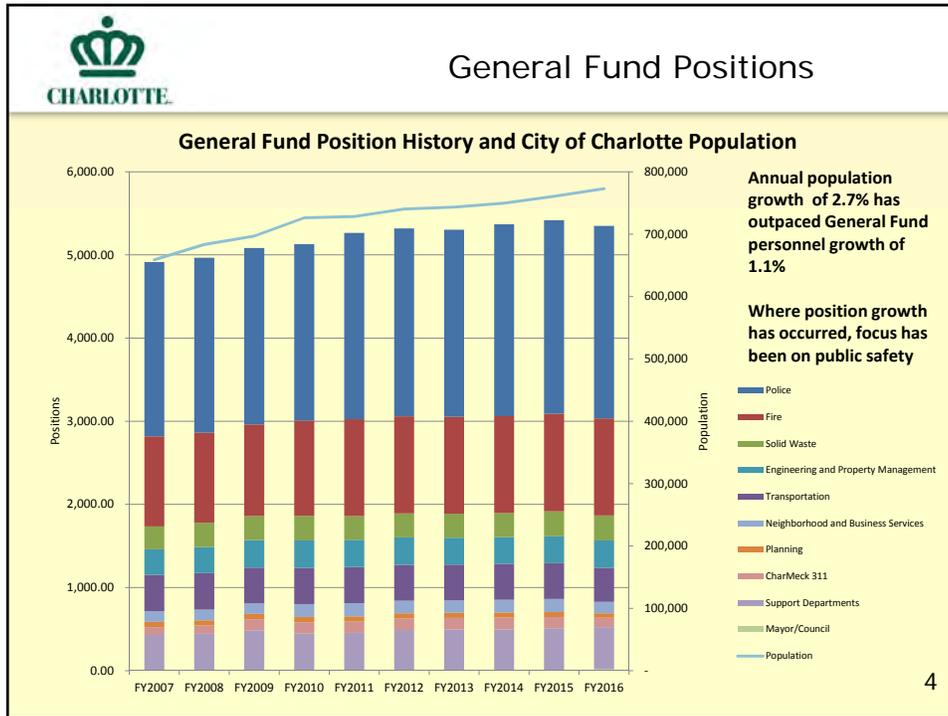
Capital

1. Transfer of Debt Service Property Tax to Operating
2. Debt Adjustments
3. Pay-Go Adjustments
4. Transit Investment Fund

Future Work

1. Facility, Assets and Lease Back
2. Take Home Vehicles
3. Cost Allocation/Overhead
4. Fund Balance Reserve
5. Other as Identified

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1. Revaluation

- Adjustment of 0.41 cents to achieve a revenue neutral rate
 - Generates \$3.7m in revenue
 - Would have been considered if the initial 2011 property assessment revaluation had been accurate

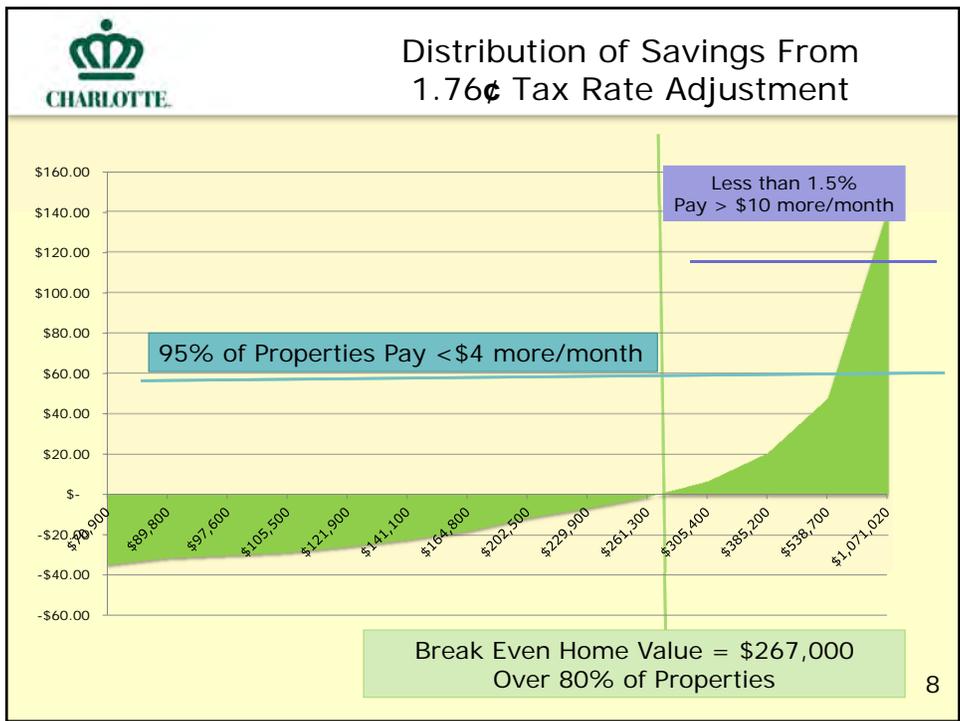
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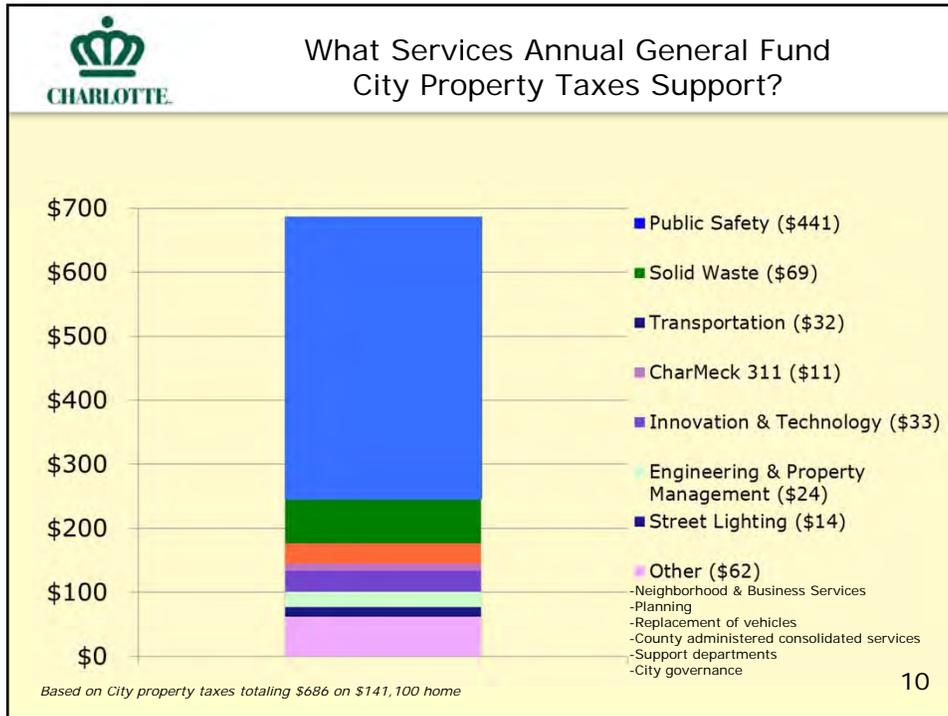
2. Solid Waste Fee Conversion

- Conversion of \$47 Solid Waste Fee to property tax – 1.35 cents
 - Revenue neutral adjustment of 0.99 cents to convert current \$47 fee
 - Generates \$8.8m in revenue
 - Addition of 0.36 cents to fund higher costs for solid waste operations
 - Generates \$3.2m in revenue

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- CHARLOTTE**
- ### Impact of Adjusted Tax Rate
- 80% of residential properties pay less
 - Homes valued \$267,000 or less
 - 163,353 properties
 - 95% Pay Less than \$4.00 more per month
 - Homes valued \$538,700 or less
 - 192,177 properties
 - Less than 1.5% of residential properties pay an additional \$10 more per month
 - \$1 million property pays \$10.75 more per month
- Additional Benefit of Conversion**
\$2.2m in additional sales tax distribution to City in FY2017 based on current sales tax distribution method chosen by Mecklenburg County government
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Value for City property taxes paid per day: \$1.88 for typical homeowner*

\$1.47 to General Fund Services such as:

- Community Safety
 - 255 Firefighters at 42 stations
 - 348 Police field units
- Transportation
 - 2,400 miles of streets; 735 signalized intersections
 - 2,015 miles of sidewalks
- Environment
 - Trash pick-up, recycling, yard waste, bulky items

\$0.41 to Community Infrastructure Investments such as:

- Roads
- Sidewalks & Pedestrian Safety
- Neighborhood Improvements
- Housing Diversity

**\$141,100 median home value*

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3. Enterprise Funds Overview: Charlotte Water

Charlotte Water	FY2016 Recommended Budget	% Change
	\$122.5M	2.1%

- Maintaining assets to provide clean, safe water and sewer services to all residents in Mecklenburg County and regional contracts
- 22 positions added to respond to regulatory environment and increased water and sewer service demand
- Water and Sewer rates increase by 2.72%, or \$1.55 per month, for typical user




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Charlotte Water

- Rate Methodology Changes:**
 - Eliminate Tier 1 Subsidy
 - Increase Availability Fee to recover approximately 25% of debt service
 - Stabilize revenue stream by decreasing reliance on Tiers 3 and 4
 - Align revenue structure more directly with cost of service delivery

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4. Storm Water Services

Storm Water Services	FY2015	FY2016	% Change
Operating	\$13.1 M	\$14.9 M	14.2%
PAYGO Transfer to Capital	\$35.0 M	\$43.0 M	22.9%
Transfer to Debt Service	\$11.6 M	\$13.0 M	11.8%
Total Storm Water Services	\$59.7 M	\$70.9 M	18.8%

- Rate structure changes from two rates to four rates
- Increased revenue from new rate structure will support capital investments to reduce backlog of maintenance and repair projects
- 16 positions added to support increased capital program
- Will improve water quality and reduce flood risks for all residents of Charlotte-Mecklenburg




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Storm Water Services

- Methodology Change
 - Recommended rate structure recovers costs of managing runoff from residential properties with largest impervious surface
- Ensures fees for all tiers are calculated on same per-square-foot basis (33/100 penny)
- No change in cost for 61% of residential customers (Tier 1 and 2)**
- \$3.91 per month increase for 29% of residential customers (Tier 3)
- \$11.78 per month increase for 10% of residential customers (Tier 4)

Current Fee Structure	Median Square Feet	FY2015 Monthly 2 Rates	FY2016 Monthly 4 Rates
Detached Single-Family Residential			
Tier I (No Change) < 2,000 sq ft	1,673	\$5.52 (33/100 penny)	\$5.52 (33/100 penny)
Tier II (No Change) 2,000 to <3,000 sq ft	2,467	\$8.13 (33/100 penny)	\$8.13 (33/100 penny)
Tier III (+\$3.91/Mo.) 3,000 to <5,000 sq ft	3,648	\$8.13 (22/100 penny)	\$12.04 (33/100 penny)
Tier IV (+11.78/Mo.) 5,000 sq ft & up	6,034	\$8.13 (13/100 penny)	\$19.91 (33/100 penny)
All Other			
Per Impervious Acre (+\$8.17/Mo.)	Billed for actual impervious	\$135.56 (31/100 penny)	\$143.73 (33/100 penny)

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		<h3>5. Overall Impact of Tax & Fee Changes</h3>																
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City Tax & Fee Impact

City of Charlotte taxes & fees – 75th percentile home value	Prior Year FY2015	FY2016 Budget	\$ Change	% Change
Property taxes on \$232,500 home	\$1,089.73	\$1,130.65	\$40.92	3.8%
Solid Waste fee (Residential)	\$47.00	\$0.00	(\$47.00)	(100.0%)
Water & Sewer (Average user rate)	\$682.80	\$701.40	\$18.60	2.7%
Storm Water (Average user rate)	\$97.56	\$97.56	\$0.00	0.0%
Total Annual	\$1,917.09	\$1,929.61	\$12.52	0.7%
Total Monthly	\$159.76	\$160.80	\$1.04	0.7%

City of Charlotte taxes & fees – 90th percentile home value	Prior Year FY2015	FY2016 Budget	\$ Change	% Change
Property taxes on \$385,200 home	\$1,805.43	\$1,873.23	\$67.80	3.8%
Solid Waste fee (Residential)	\$47.00	\$0.00	(\$47.00)	(100.0%)
Water & Sewer (Average user rate)	\$682.80	\$701.40	\$18.60	2.7%
Storm Water (Average user rate)	\$97.56	\$97.56	\$0.00	0.0%
Total Annual	\$2,632.79	\$2,672.19	\$39.40	1.5%
Total Monthly	\$219.40	\$222.68	\$3.28	1.5%

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6. Other User Fees

- Regulatory Fees - Background
 - FY2006- Fully-allocated Cost Recovery rate of 100%
 - Recovers direct/indirect costs association with regulatory services
 - E.g. Land Use & Subdivision Reviews & Hazardous Chemical Permits
 - Fees remained flat (FY2009-FY2012)
 - FY2013 -Multi-year to gradually return to 100% full recovery

Cost Recovery			
FY2013	FY2014	FY2015	FY2016
75.0%	80.0%	83.3%	93.8%

- Recommended FY2016 Regulatory Fees generate additional \$1.4m revenue

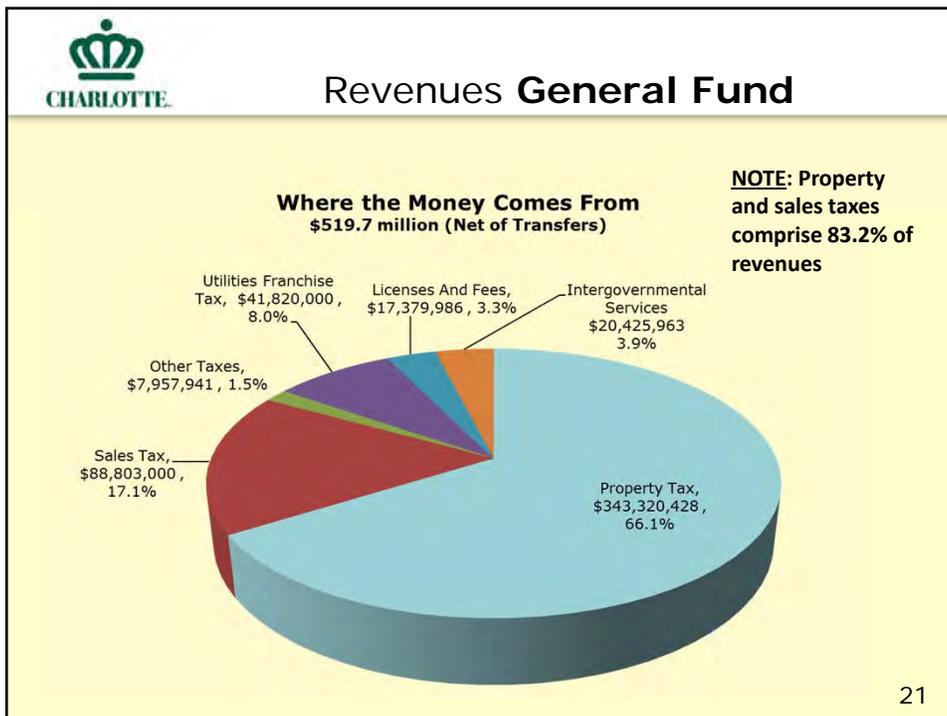
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User Fee Changes

- New Regulatory Fees Recommended for FY2016
 - Historic District Review (Minor \$500; Major \$1,000)
 - State Mandated Fire Inspections (Range of \$35-\$270 based on sq. ft)
 - Subdivision Sketch Plan Review (\$580)
 - Subdivision Street Exceptions Review (\$500)
 - Temporary Infrastructure Permits (\$300 for on-street activities)
- Non-Regulatory Fees – Recommended Changes
 - First increase in Cemetery fees since FY2010 (eg. \$175 increase for opening and closing of grave)
 - Aviation (eg. Maintenance & Operations Costs and City Hangar Rentals)
 - Added Expedited Pre-submittal Meeting Option (\$500)
 - Added Administrative Charge for Letter of Agreement (\$500)

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FY2016 Budget Balancing Framework

<p style="text-align: center;">Revenue & Finance</p> <ol style="list-style-type: none"> 1. Revaluation 2. Solid Waste Fee Conversion 3. Water Fees 4. Storm Water Fees 5. Overall Impact 6. Other User Fees 	<p style="text-align: center;">Expenditures</p> <ol style="list-style-type: none"> 1. General Fund Expense Transfers 2. Expense Reductions 3. Service Reductions 4. Service Expansions 5. Unmet Needs 6. Compensation 7. Financial Partners 8. Operating Summary 9. Aviation 10. CATS
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1. General Fund Expense Transfer

Item	Amount	Description
Arts Facilities Maintenance	\$1.93m	Transfers expense to Tourism Fund to more appropriate funding source
Equipment Funding	\$1.4m	Self financing equipment from Debt Service Fund instead of financing. Has no material impact on Debt Service Fund and is better method
CRVA Film Commission	\$0.15m	Transfers expense to Tourism Fund
TOTAL	\$3.48m	

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2. Expense Reductions General Fund Budget History

Fiscal Year	Changes
2009	\$9 million of mid-year expenditure cuts
2010	\$6.5 million of FY2009 budget reductions carried forward
2011	48 budget cuts resulted in \$7.7 million in savings
2012	\$3.3 million added for base police expenses, \$1.3 added for fuel – Police, Fire and Solid Waste Services
2013	Predominately flat operating budgets
2014 and 2015	Predominately flat operating budgets, minor base increases for Police and Fire

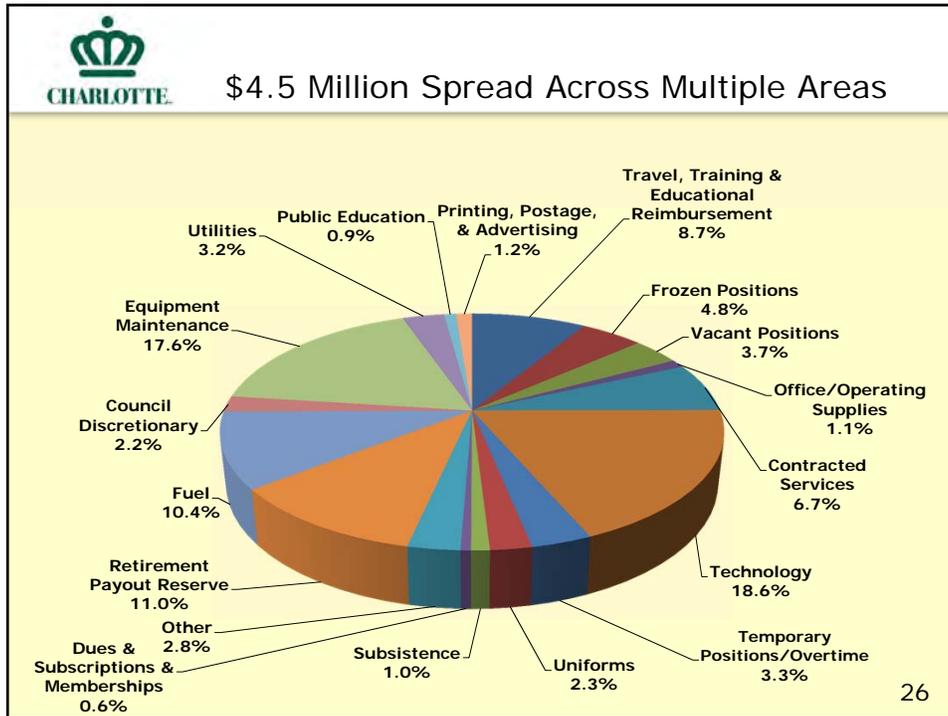
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General Fund Expense Reductions \$4.5 million

- General Fund expense reductions were made at the line item level and are permanent
- Process validated and reset the base budget
- Categories of reductions include:
 - Frozen and vacant positions eliminated
 - Office and other supplies
 - Travel and training
 - Contractual services
 - Printing and publishing

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3. \$3.1 million Service Reductions in FY2016 General Fund

- General Fund service reductions include, *among others*
 - Reduction in hours for the CharMeck 311 service
 - Reduction in Street Resurfacing miles
 - Reduction in mowing street rights-of-way
 - Reduction in traffic management and maintenance staff

100.75 Positions Eliminated,
But No Employees Will Be Laid Off

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		General Fund Service Reductions - Detail	
Department	Reduction Item	Impact Statement	Financial Impact
CharMeck 311	Close Weekends and Holidays: 11 positions (vacant)	<ul style="list-style-type: none"> Minimal impact to most partners CMPD and Charlotte Water seeing the biggest impact. 	\$658,924
City Manager's Office Administration	Office Assistant IV position (vacant)	<ul style="list-style-type: none"> Reduces capacity for new Records Management program mandated by State. Program responsibility will be shared among existing staff 	54,415
Engineering & Property Management	Reduce contract for mowing in street rights of way	<ul style="list-style-type: none"> Eliminate contract work on some median locations Perform work in-house Reduce mowing frequency from biweekly to monthly. 	104,567
Engineering & Property Management	Administrative Officer II position (vacant)	<ul style="list-style-type: none"> Reduce staff support for Charlotte Business Inclusion Could delay completion of City Council Agenda items. 	68,739
Engineering & Property Management	Office Assistant V position (vacant)	<ul style="list-style-type: none"> Reduce staff support for payroll & accounting Reduces capacity for Records Management program mandated by State 	53,894
Engineering & Property Management	Office Assistant IV position (vacant)	<ul style="list-style-type: none"> Reduce staff support for payroll & accounting Reduces capacity for Records Management program mandated by State 	47,419
Fire	Emergency Management Battalion Chief position (filled)	<ul style="list-style-type: none"> Reduce staff support for oversight of Urban Search & Rescue program Program responsibility will be shared among existing staff 	127,126
Fire	Public Service Coordinator position (vacant)	<ul style="list-style-type: none"> Reduce staff support for public and media relations Existing staff will be cross-trained and share workload 	83,785
Innovation & Technology	Chief Operating Officer position (vacant)	<ul style="list-style-type: none"> Elimination may limit IT support capacity and future technology initiative implementations 	125,000
			28

		General Fund Service Reductions - Detail	
Department	Reduction Item	Impact Statement	Financial Impact
Innovation & Technology	Enterprise Resource Planning (ERP) position (vacant)	<ul style="list-style-type: none"> Elimination will limit ERP Team's ability to react to situations where increased support of the ERP system is needed ERP support will be shared among existing staff 	105,477
Innovation & Technology	Two Enterprise Resource Planning Support Center part-time positions (vacant)	<ul style="list-style-type: none"> Eliminates dedicated resource for ERP project and grant modules ERP support will be shared among existing staff 	98,000
Management & Financial Services	Internal Auditor (vacant)	<ul style="list-style-type: none"> Removes one of ten internal auditor positions Increased reliance on contractors 	41,941
Neighborhood & Business Services	Community and Commerce Specialist position (vacant)	<ul style="list-style-type: none"> Reduces services in community partnerships such as Arts and Science Council Neighborhood Art and Little Free Libraries City will not participate in these programs 	68,820
Neighborhood & Business Services	One Code Enforcement Inspector position (vacant)	<ul style="list-style-type: none"> Reduces Code Enforcement's ability to proactively identify violations Time responding to complaints will increase from 3 to 5 days 	63,752
Neighborhood & Business Services	Code Process Specialist in Zoning division positions (vacant)	<ul style="list-style-type: none"> Increases response time by approximately ten minutes to customer inquiries and waiting times when obtaining permits Workload will be shared among existing staff 	58,736
Police	Government Center Police Officer position (vacant)	<ul style="list-style-type: none"> Eliminates police authority at the Government Center to make immediate arrests Contracted security personnel would need to call 911 if issues occur 	59,787
Police	Elimination of three vacant non-sworn positions (vacant)	<ul style="list-style-type: none"> exact positions and impact will be determined by CMPD staff after examining staff and resource needs 	144,543
			29

 General Fund Service Reductions			
Department	Reduction Item	Impact Statement	Financial Impact
Solid Waste Services	Contract Technician position (vacant)	<ul style="list-style-type: none"> Increases response time to customer complaints about missed collections and cart repair/replacement requests by one business day (from 2 to 3 days) 	56,182
Transportation	Street Maintenance: Equipment Operator III position and Two Crew Member positions (vacant)	<ul style="list-style-type: none"> Reduces everyday street services including street and sidewalk repairs, storm drainage maintenance, repair of curbs and gutters, removal of debris/obstructions, and responding to inclement weather events 	135,895
Transportation	Office Assistant IV position (vacant)	<ul style="list-style-type: none"> Reduces customer service capacity in street maintenance division Front desk responsibilities shift to existing staff positions 	47,600
Transportation	Traffic Counter position (vacant)	<ul style="list-style-type: none"> Reduces effectiveness of transportation planning for street safety, as this is one of two Traffic Counter I positions 	44,715
Transportation	Bike Charlotte program contribution	<ul style="list-style-type: none"> City's contribution is 100% of the total Bike! Charlotte event budget Event would need to rely solely on private sector donations 	35,000
Non-Departmental	Reduction in General Fund transfer to Powell Bill Street Maintenance Fund	<ul style="list-style-type: none"> Reduces General Fund support of street resurfacing from \$4.2 million (-20%) Reduces resurfaced streets by 16.5 miles 	857,265
Total			\$ 3,141,581

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 4. Service Expansions 100% funded by off-setting revenues			
Department	Position Additions	Funding Source	Notes
Police	12 - Airport Law Enforcement Officers	Aviation	1
Transportation	1 - Engineering Project Coordinator	Development Fees	2
Transportation	1 - Senior Engineer 2 - Engineering Project Coordinators	CIP	3
Engineering & Property Management	1 - Plan Review Engineer 1 - Zoning Plans Reviewer	Development Fees	2
Engineering & Property Management	4 - Engineering Project Managers 1 - Senior Engineering Project Manager 1 - Administrative Officer	CIP	3
Management & Financial Services	2 - Procurement Officers	Aviation	4
Management & Financial Services	1 - P-Card Administrator 1 - Accounts Payable Technician	e-payable revenue	5
Management & Financial Services	1 - Administrative Officer	Motor Pool Savings	6
29 Positions			

1. Maintain preferred staffing level of 58 sworn officers at the Airport
2. Support increased demand for land development permits
3. Support increased capital program from passage of November 2014 Bond Referendum
4. Support Aviation's procurement efforts
5. Support existing P-Card Program and new e-payable Program
6. Support new Motor Pool Program, which is estimated to provide ongoing operating savings of \$80,500

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 Illustrative General Fund Alternate Service Reductions (Not recommended in Budget)			
Department	Reduction Item	Impact Statement	Financial Impact
Police	Eliminate Helicopter Unit (5 sworn positions, 1 civilian position)	<ul style="list-style-type: none"> Eliminate entire Helicopter Unit Would limit knowledge of suspects' movements and location in active crime scenes. 	\$ 1,159,313
Police	Eliminate DA Liaison (9 sworn positions, 6 civilian positions)	<ul style="list-style-type: none"> DA Liaisons ensure that felony cases are filed properly and coordinate trial court calendars and subpoenas with law enforcement agencies. Would increase time for trial preparations and result in service impacts for victims, witnesses, and subpoena service officers. 	1,144,372
Police	Reduce Motorcycle Unit (6 sworn positions, 1 civilian position)	<ul style="list-style-type: none"> Removes one of the two motorcycle squads focused on suppressing crime through traffic enforcement and enhanced visibility. Eliminates motorcycle escorts and impacts traffic safety. 	442,794
Solid Waste Services	Eliminate Multi-Family Collection Contract & Associated Disposal Costs Effective 1/1/16	<ul style="list-style-type: none"> Multi-Family complexes and HOA's become responsible for contracting and paying for waste collection service Mecklenburg County lists 10 private companies able to perform the work (private rates not available) 	565,467
Solid Waste Services	Eliminate or Charge for Small Business Garbage (Non-CBD Locations)	<ul style="list-style-type: none"> Eliminate six filled positions and three rear loader trucks (or) Shift full cost to approximately 2,600 small businesses. 	416,509
General Fund Financial Partners	Reduce General Fund Discretionary funds for the City's Financial Partners by 1%	<ul style="list-style-type: none"> General Fund Financial Partners include the Arts & Science Council, Charlotte Regional Partnership, Community Building Initiative, and Safe Alliance. These Partners are held flat in FY2016. 	34,658
Total			\$ 3,763,113

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 5. Unmet Needs in General Fund			
Department	Additional Item	Impact Statement	Financial Impact
Fire	Ladder 28 –Northlake Mall (1 ladder truck and 18 sworn positions)	<ul style="list-style-type: none"> Development in Northlake Mall area has resulted in a call load increase of 66% over the last 10 years. Engine 28, the area's sole resource, reaches only 67% of calls in six minutes or less. will help ensure fast and reliable fire response coverage in the Northlake Mall area. 	\$2,723,193
Fire	Engine 65 –Eastland Mall (1 fire engine and 18 sworn positions)	<ul style="list-style-type: none"> The Eastland Mall area responds to some of the highest call volumes in the City. The majority of calls in this area are answered by Stations 15 and 42. will ensure fast and reliable fire response coverage for the Eastland Mall area. 	2,398,728
Police	65 sworn positions	<ul style="list-style-type: none"> would help maintain Police's crime reduction strategy by providing additional resources for investigating criminal cases, addressing drug and gang activity, staffing the Real Time Crime Center on a 24 hour basis, and mitigating the safety impacts related to an increased number of special events in the City. 	5,185,868
All departments	Pay Plan at Market Rate	<ul style="list-style-type: none"> Due to budget constraints, benchmarked average pay plan recommendation of 3% Broadband, 1.5% Public Safety Pay Plan Market, and full Public Safety Pay Plan steps is not funded in the FY2016 Recommended Budget, which challenges the City's recruitment and retention strategies. In the event of new budget capacity, the City Manager recommends funding the Pay Plan at this benchmarked average market rate. 	\$2,626,349
All departments (see pages 14-18 for detailed list of reductions)	Restore FY16 Service Reductions	<ul style="list-style-type: none"> The City Manager's FY2016 Recommended Budget includes service reductions in response to reduced revenues. In the event of new budget capacity, the City Manager recommends restoring these service reductions to best meet the needs of the community. 	\$3,141,581
Total			\$ 16,075,719

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6. Employee Compensation

- Public Safety Pay Plan
 - 0.75% Public Safety Pay Plan market adjustment
 - 2.5% or 5.0% Public Safety Pay Plan step adjustment
- Broadband (all other general employees)
 - 1.5% merit pool; individual amounts based on performance
- Starting Pay Adjustment to minimum 60% of Area Median Income (AMI)
 - 60% of AMI is \$27,060
- Field Services Pay Plan Study
 - due to budget constraints, implementation of a new plan are not included in FY2016 budget; evaluation of options for FY2017 are in-progress

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7. Financial Partners

- General Fund Partners
 - \$150,000 reduction by transferring Film Commission to Tourism Fund
 - No increases for current partners
 - No new partners
- PAYGO Partners
 - \$406,157 reduction due to fewer requests and maximizing federal grants
 - No increases for current partners
 - Out of School Time Partners funded at Evaluation Committee Recommendation (\$357,458 reduction in PAYGO)
 - Addition of Economic Opportunity Task Force (not ongoing annually) at \$100,000
- Dedicated Revenues Partners & Federal Grants Partners
 - Budgeted at projected revenues (e.g. Municipal Service District Tax) and allocated federal grant amount (e.g. Housing Opportunities For Persons With AIDS)

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8. Summary General Fund Operating Expenditure Reset

Department	FY2014 Actual	FY2015 Current Year Budget	FY2016 Budget	Percent Change FY2015 FY2016
Police	\$ 214,517,582	222,236,394	226,830,124	2.1%
Fire	107,440,929	110,140,486	112,502,166	2.1
Solid Waste	46,226,801	48,709,935	52,431,090	7.6
Transportation	21,489,243	23,331,434	23,872,148	2.3
Engineering & Property Management	18,287,858	20,020,742	18,180,016	-9.2
Neighborhood & Business Services	11,165,263	12,218,420	12,212,993	0.0
Planning	5,250,621	5,643,972	5,690,734	0.8
Mayor & City Council	1,713,976	1,516,663	1,487,919	-1.9
City Attorney	2,459,896	2,458,427	2,477,484	0.8
City Clerk	513,278	550,174	559,702	1.7
City Manager's Office	13,078,499	14,582,316	13,851,563	-5.0
Innovation & Technology	21,198,392	22,711,859	24,504,208	7.9
Management & Financial Services ¹	18,595,625	19,972,232	19,592,191	-1.9
Human Resources	3,946,980	4,221,143	4,221,400	0.0
Non-Departmentals	86,963,752	77,388,917	75,164,096	-2.9
Total General Fund Expenditures	\$ 572,848,695	585,703,114	593,577,834	1.3%

¹ Management & Financial Services formed in FY2015 by the merger of Strategy & Budget, Finance, Shared Services, Charlotte Business Inclusion, & Internal Audit.

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9. Aviation

Aviation	FY2016 Proposed Budget	% Change
	\$144.7 M	11.3%

- Provide facilities and services to meet changing airline expectations and to manage the country's 6th largest airport in operations nationwide and 2nd largest hub for world's largest airline
- Invest in and maintain terminal and airfield systems and infrastructure
- New positions reflect needs of a growing, 24/7 hub airport
 - 24 positions for Asset Preservation and Risk Mitigation Programs
 - 11 positions in response to Airline Partners
 - 10 positions in Business Support and Financial Management
 - 4 positions for Community Investment Plan Program Execution




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10. Charlotte Area Transit System

Charlotte Area Transit System	FY2016 Proposed Budget	% Change
	\$119.0 M	4.2%

- Recovery of Transit Sales Tax – Increase of \$1.4 m
- Growth in ridership and expansion of transportation options
- Begin operation of the new CityLYNX Gold Line Phase I
- Add 35 positions for maintenance/operation of Light Rail - BLE



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FY2016 Budget Balancing Framework

Revenue & Finance

1. Revaluation
2. Solid Waste Fee Conversion
3. Water Fees
4. Storm Water Fees
5. Overall Impact
6. Other User Fees

Expenditures

1. General Fund Expense Transfers
2. Expense Reductions
3. Service Reductions
4. Service Expansions
5. Unmet Needs
6. Compensation
7. Financial Partners
8. Operating Summary
9. Aviation
10. CATS

Capital

1. Transfer of Debt Service Property Tax to Operating
2. Debt Adjustments
3. Pay-Go Adjustments
4. Transit Investment Fund

Future Work

1. Facility, Assets and Lease Back
2. Take Home Vehicles
3. Cost Allocation/Overhead
4. Fund Balance Reserve
5. Other as Identified

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1. Transfer from Debt Service Fund Capacity to General Fund

- New un-programmed Debt Capacity is \$78.0m
- Budget includes 0.25 cents transfer = \$2.2m to General Fund Revenue
- Reduces new un-programmed capital debt capacity from \$78.0m to \$56.0m
- Remaining capacity is available to fund priority needs
- ***No delays or discontinuation of any existing commitments to capital projects***

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General Community Investment Plan: Undesignated Resources

Funding Source	Amount	Uses/Restrictions
General Capital Debt Capacity (debt) Updated	\$56.0M \$78.0M	<ul style="list-style-type: none"> • General Obligation Bonds or Certificates of Participation (e.g., transportation, neighborhood investments, housing diversity, and facilities) • 0.25 cents transfer of property tax rate to General Fund reduces debt capacity to \$56.0M • Full use of the additional \$56.0M debt capacity would increase total obligated debt capacity for the four bond referenda (2014-2020) by 6.9%, from \$816.4M to \$872.4M
General Capital Reserves (Cash)	\$5.9M*	<ul style="list-style-type: none"> • High flexibility • One-time uses only (e.g., facilities, major facility maintenance, and special studies)
General Capital Project Balances	\$12.6M	<ul style="list-style-type: none"> • \$10.9M from prior transportation bonds; must be used on transportation projects • \$1.1M from Facilities Certificates of Participation; can be reallocated to other investments where the asset is the security (facilities or vehicles) • \$0.6M from Pay-As-You-Go cash; can be used for any one-time capital needs
Total Funding Source	\$74.5M \$96.5M	

* Includes \$3.7 million in newly identified Capital Reserves, \$0.8 million in Pay-As-You-Go fund balance, and \$1.4 million from FY2014 Capital Reserves that remain unspent, for a total available of \$5.9 million

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2. Recommended Adjustments in FY2016 to Community Investment Plan – Debt-Funded	
1. Police Central Division Station – Set Aside Debt Capacity	
<ul style="list-style-type: none"> • Current leased facility will be sold • Replacement options include leasing other facility, buying land and building new station, or pursuing public/private partnership facility • Available debt capacity is set aside for purchasing or constructing new station if that option is chosen 	\$13,500,000
2. Beatties Ford Road Widening – Use Prior Bond Project Savings	
<ul style="list-style-type: none"> • Provide additional funding for current project funded with 2010 Street Bonds • Increased utility relocation costs • Increased sewer line infrastructure costs • Increased paving quantities required by design 	\$5,000,000
3. N. Tryon Redevelopment – Use Prior Bond Project Savings	
<ul style="list-style-type: none"> • Provide additional funding for current project funded with 2010 Street Bonds • Increased utility relocation costs • Increased real estate acquisition costs 	\$3,500,000
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3. Recommended Adjustments in FY2016 to Community Investment Plan – PAYGO-Funded	
1. Short Term Road Congestion Improvements	
<ul style="list-style-type: none"> • Road improvements in critical transportation corridors to relieve traffic congestion • Funded for 3 years – FY2016-FY2018 (approximately \$2.9m per year) • Funded with PAYGO Sales Tax revenue that will be reallocated beginning in FY2019 to CityLYNX Gold Line Phase 2 operations 	\$8,892,368
2. A Way Home Rental Assistance Endowment	
<ul style="list-style-type: none"> • Continue City's funding commitment on schedule to match private contributions • Funded for four years – FY2016-FY2019 (\$900,000 in FY2016) • Brings City's total funded commitment to \$8.0m by FY2019 • Funding Source for remaining \$2.0m of City's full \$10.0m pledge to be determined 	\$4,000,000
3. PeopleSoft Upgrade	
<ul style="list-style-type: none"> • One-time funding to upgrade payroll management system • Upgrade required to continue system support • Funded with previously appropriated Technology Reserves 	\$1,700,000
4. Government Center Elevator Upgrades	
<ul style="list-style-type: none"> • Fund Phase 2 upgrades to complete project • Replace/refurbish motors, wiring, door operators on 5 passenger elevators 	\$800,000
5. Economic Opportunity Task Force	
<ul style="list-style-type: none"> • One-time funding to support Economic Opportunity Task Force 	\$100,000
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 Recommended Adjustments in FY2016 to Community Investment Plan – PAYGO-Reductions	
1. Business Corridor Revitalization - Reallocate	(\$2,000,000)
<ul style="list-style-type: none"> • Eliminate PAYGO funding and recommit to support CityLYNX Gold Line corridor • Program to continue in other corridors through bond-funded Comprehensive Neighborhood Improvement Program (CNIP) and other bond-funded infrastructure projects 	
2. Technology Investment Program – Reduce	(\$1,500,000)
<ul style="list-style-type: none"> • Continue PAYGO funding at \$500,000 per year (down from \$2.0m) • Additional funding in future years pending completion of Master Technology Plan 	
3. Road Planning/Design/ROW Program – Reduce	(\$876,019)
<ul style="list-style-type: none"> • Reduce PAYGO funding from approximately \$2.1m per year to \$1.2m per year • Shift portion of funding for planning, design, and Right-Of-Way acquisition to bond-funded transportation programs and projects 	
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 4. Transit Investment Fund in PAYGO	
<p>Establish New Transit Investment Fund in FY2016</p> <ul style="list-style-type: none"> • Separate revenues and expenses for Gold Line and other transit expenses from General PAYGO revenues and expenses • Incorporates other transit-related expenses in PAYGO • Make Reallocations within PAYGO • Eliminates no committed projects • No Property Tax • No General Fund Operating Funds • No New Revenues – Fees or Taxes – Other Than Fares 	
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FY2016 Budget Balancing Framework

Revenue & Finance <ol style="list-style-type: none">1. Revaluation2. Solid Waste Fee Conversion3. Water Fees4. Storm Water Fees5. Overall Impact6. Other User Fees	Expenditures <ol style="list-style-type: none">1. General Fund Expense Transfers2. Expense Reductions3. Service Reductions4. Service Expansions5. Unmet Needs6. Compensation7. Financial Partners8. Operating Summary9. Aviation10. CATS
Capital <ol style="list-style-type: none">1. Transfer of Debt Service Property Tax to Operating2. Debt Adjustments3. Pay-Go Adjustments4. Transit Investment Fund	Future Work <ol style="list-style-type: none">1. Facility, Assets and Lease Back2. Take Home Vehicles3. Cost Allocation/Overhead4. Fund Balance Reserve5. Other as Identified

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Future Work

- Several areas were identified requiring more study
 - Solid Waste Services' service delivery and cost recovery model
 - Take Home Vehicles
 - Data plans for mobile devices
 - Facility and Asset Sales and Lease Back Options
 - Cost Allocation and Overhead Models
 - Fund Balance Policy
- These studies will help drive efficiencies in the FY2017 budget

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The Bottom-Line...

Revenue & Finance

1. Revaluation
2. Solid Waste Fee Conversion
3. Water Fees
4. Storm Water Fees
5. Overall Impact
6. Other User Fees

Expenditures

1. General Fund Expense Transfers
2. Expense Reductions
3. Service Reductions
4. Service Expansions
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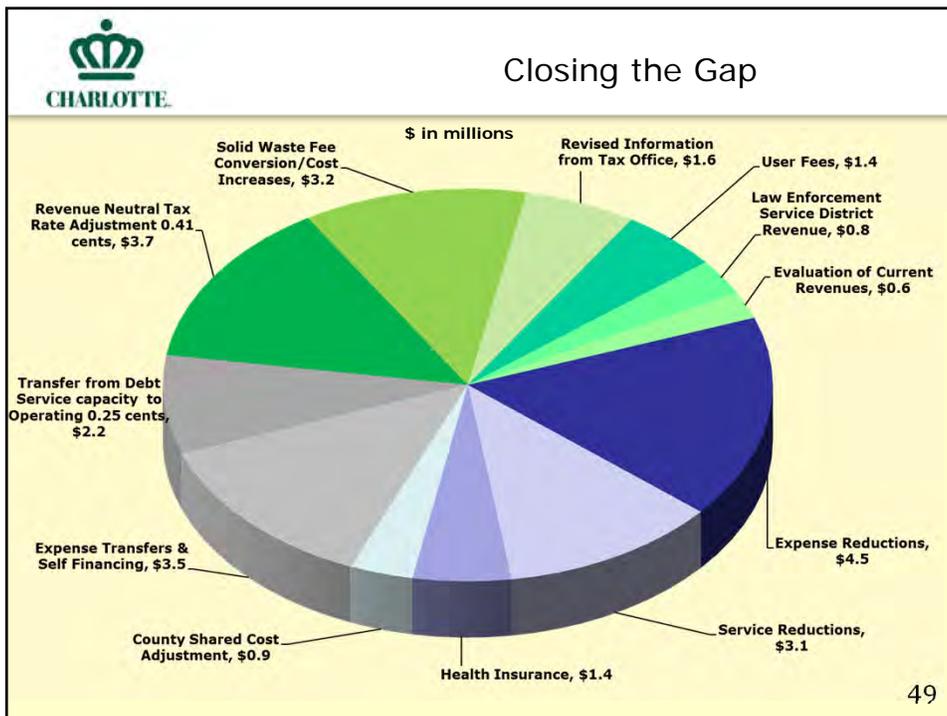
Capital

1. Transfer of Debt Service Property Tax to Operating
2. Debt Adjustments
3. Pay-Go Adjustments
4. Transit Investment Fund

Future Work

1. Facility, Assets and Lease Back
2. Take Home Vehicles
3. Cost Allocation/Overhead
4. Fund Balance Reserve
5. Other as Identified

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 Closure of \$21.7m Gap	
Expense Reductions	-\$4.5m
Service Reductions	-\$3.1m
Expense Transfers & Self Financing	-\$3.5m
User Fees	-\$1.4m
Health Insurance	-\$1.4m
Revised Information from Tax Office	-\$1.6m
County Shared Cost Adjustment	-\$0.9m
Law Enforcement Service District Revenue	-\$0.8m
Revenue Neutral Tax Rate Adjustment 0.41 cent	-\$3.7m
Evaluation of Current Revenues	-\$0.6m
Transfer from Debt Service capacity to Operating 0.25 cent	-\$2.2m
Solid Waste Fee Conversion/Cost Increases	-\$3.2m
Pay Plan	\$4.8m
Solid Waste Multi-Family Refund Reserve	\$0.3m
Starting Pay Adjustment	\$0.1m
TOTAL	-\$21.7m

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 Bottom Line	
<ul style="list-style-type: none"> • Recommendation provides a structurally balanced budget for FY2016 and beyond that reflects the policy priorities of the Council <ul style="list-style-type: none"> – Uses no short-term fixes – Uses no one-time funds for ongoing expenses – Uses no accounting tricks – Complies with Council budget principles and priorities – Is well researched, quantified, strategic and sustainable – Uses best practices and creative – Respects City employees 	

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Budget Process - Next Steps

- May 6, 2015: Budget Workshop
- May 11, 2015: Budget Public Hearing
- May 13, 2015: Budget Adjustments
(Adds & Deletes)
- May 18, 2015: Budget Workshop
- May 26, 2015: Straw Votes
- June 8, 2015: Budget Adoption

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Where can the public find additional information?

- Web sites:
 - <http://citybudget.charmeck.org>
- Office of Strategy & Budget: 704-336-2306
- Copies available in City Clerk's Office

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Thank You!

- Mayor and City Council
- City Management
- Department Directors and Staff
- Corporate Communications & Marketing
- Human Resources and Finance Office
- Strategy & Budget

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Preliminary FY2016 & FY2017 Strategic
Operating Plan and FY2016-2020 Community
Investment Plan

City Manager's Recommendation

May 4, 2015