
**Questions & Answers
from April 20th Budget Workshop**

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General Fund Budget

Question 1: *How much of the City's general capital contribution to the CityLYNX Gold Line Phase 2 project has been expended to date?*

In September 2014 City Council authorized the City Manager to submit a Federal Small Starts Grant Application for the CityLYNX Gold Line Phase 2 project at a total project cost of \$150.0 million, with a 50% maximum federal share of \$75.0 million and a 50% local share of \$75.0 million. City Council has authorized the spending of \$19.7 million from the City's \$75.0 million local match in order to advance the design of the project to 100% and to complete the tasks necessary to execute the final grant agreement and to keep the project on schedule for a 2016 construction start and a 2019 opening. To date, \$16.9 million of the City's local share from general capital funds has been committed to the project, including \$7.0 million in actual expenditures and \$9.9 million in encumbrances for Council-approved contracts. The \$75.0 million federal share of the project cost has been approved by Congress and is included in the FY2016 federal fiscal year budget. Staff is currently working with the Federal Transit Administration (FTA) to complete execution and award of the final Small Starts Grant Agreement. Upon execution of the grant agreement, the City can draw reimbursement for the 50% share of the City funds spent.

Question 2: *Please provide a copy of the table showing employee compensation projections for FY2017 using various merit increase scenarios.*

Table 1 below demonstrates the cost of three employee compensation scenarios as part of the FY2017 employee pay and benefit funding considerations. The base budget adjustments included in the recommended FY2017 operating budget reflect a 3% merit pool for the Broadband Pay Plan, 1.5% market/steps increases for the Public Safety Pay Plan, and a proposed Non-exempt Hourly Pay Plan. The table compares the cost of this recommended Pay Plan to those of two lower cost Pay Plan alternatives.

Table 1 – Employee Compensation Options

Projected FY2017 with Benefits	1% merit, 0.5% market, steps	2% merit, 1.0% market, steps	3% merit, 1.5% market, steps
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 Public Safety	\$ 3,523,151	\$ 4,552,911	\$ 5,582,671
Grand Total	\$ 5,565,395	\$ 7,417,572	\$ 9,269,750
Difference	\$ (3,704,355)	\$ (1,852,177)	

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Question 3: *When did the City last add additional Police officers and fire companies associated with infill fire services unrelated to annexation growth?*

- 125 additional police officers were added in FY2010.
- 18 additional firefighters were added in FY2009 to provide staffing for the new infill (non-annexation related) Arboretum Fire Station 39 on Providence Road, which opened in December 2008. An additional 21 firefighters were added in FY2011 to staff the new Airport Station 41, all fully funded by Aviation.

Question 4: *Please provide a history of increases to the County's Tipping Fee.*

In 1984, the City of Charlotte and Mecklenburg County entered into a solid waste interlocal agreement where the City became the lead agency charged with solid waste collections and Mecklenburg County assumed responsibility for disposal. This agreement included the transfer of City landfills to County ownership. Also as part of the original agreement, the County did not charge the City for tipping fees (cost per ton to dump) and instead assessed a residential disposal fee, billed at the same time as the property tax, to cover the cost of the landfills.

In 1996, the original terms of the agreement ended. At that time, the County eliminated single-family and multi-family residential disposal fees and the City began to incur tipping fees.

Table 2 below outlines the tipping fees since FY1997 for both the Landfill and Compost Central.

Table 2 – Annual Change in Tipping Fees per Ton (FY1997 – FY2017)

Fiscal Year	Landfill	% Change	Compost Central	% Change
FY1997	\$25.24		\$14.00	
FY1998	\$26.00	3.0%	\$14.00	0.0%
FY1999	\$28.00	7.7%	\$14.00	0.0%
FY2000	\$30.00	7.1%	\$15.00	7.1%
FY2001	\$31.50	5.0%	\$15.50	3.3%
FY2002 ^(a)	\$23.00	-27.0%	\$16.00	3.2%
FY2003	\$24.00	4.3%	\$16.00	0.0%
FY2004	\$25.00	4.2%	\$16.00	0.0%
FY2005	\$25.00	0.0%	\$16.00	0.0%
FY2006	\$25.00	0.0%	\$16.00	0.0%
FY2007	\$25.00	0.0%	\$16.00	0.0%
FY2008	\$26.00	4.0%	\$16.50	3.1%
FY2009	\$26.00	0.0%	\$16.50	0.0%
FY2010	\$26.50	1.9%	\$16.50	0.0%
FY2011 ^(b)	\$27.50	3.8%	\$18.00	9.1%
FY2012	\$27.50	0.0%	\$18.00	0.0%
FY2013	\$29.00	5.5%	\$19.00	5.6%
FY2014	\$29.00	0.0%	\$19.00	0.0%
FY2015	\$29.00	0.0%	\$19.00	0.0%
FY2016	\$29.00	0.0%	\$19.00	0.0%
FY2017 Proposed	\$30.50	5.2%	\$21.00	10.5%

(a) Foxhole landfill opened; County re-negotiated contract with Republic landfill

(b) Single-stream recycling program implemented

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Regulatory User Fee Policy

Question 5: *What is Mecklenburg County's policy for cost recovery of user fees, and please provide a side-by-side comparison of similar fees for the County and the City*

Mecklenburg County's land development fees seek to recover 100% of fully-allocated costs. **Table 3** below provides a side-by-side comparison of Mecklenburg County and City of Charlotte land development fee totals for subdivision and commercial properties. The fees include the review of construction plans (preliminary plats) and construction inspection for storm drainage, water quality, erosion control, street design, construction inspection of streets, and driveway permits.

Table 3 – Mecklenburg County and City of Charlotte Land Development Fee Totals

Type	Denuded Acreage	Total County Land Development Review & Inspection Cost	Total City Land Development Review & Inspection Cost
Subdivision	25.0	\$22,300	\$23,640
Subdivision	44.0	\$31,850	\$28,938
Commercial	4.5	\$10,350	\$9,856
Commercial	42.5	\$19,828	\$17,462

Additional information on Mecklenburg County's Land Use and Environmental Services Agency (LUESA) land development fees, their fee schedule can be found at: <http://charmec.org/mecklenburg/county/LUESA/CodeEnforcement/Documents/fees.pdf>.

Question 6: *What percentage of regulatory user fees are attributed to overhead versus direct costs?*

The percentage of regulatory user fees attributed to overhead, or indirect costs, varies significantly among the individual user fees, based upon the specific model of service delivery. On average, the portion of fully allocated regulatory user fees attributed to indirect cost overhead is approximately 8.3%, and for 75% of the City's fully-allocated regulatory user fees, indirect cost overhead is less than 10%.

Question 7: *Do Regulatory User Fees impact the City's competitiveness?*

City staff reviewed Regulatory User Fees in surrounding towns in Mecklenburg County and found them to be comparable with Charlotte for similar services. Further, in the process of developing the City's FY2017 User Fees, staff solicited feedback from the business community and stakeholder groups on the policy of 100 percent recovery for all User Fees. The industry feedback indicated that, for most projects, user fees are a small percentage of total cost. It could be construed from this feedback and from staff review of user fees imposed by surrounding towns that the relative cost of user fees among cities and towns may have little influence on industry decisions about where to do business.

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Question 8: *What are the legal issues associated with charging varying Regulatory User Fees for different areas of the City?*

According to the City Attorney, the City could legally set different regulatory user fees in different areas of the City if the fee differential is rationally related to a legitimate governmental purpose such as stimulating private investment in certain areas of the City. However the subsidy for reduced fees would have to come from the general fund, and not by setting non-subsidized fees in an amount that is higher than what would have been necessary to achieve 100% cost recovery if there was no subsidy.

Question 9: *Does the Post-Construction Stormwater Control Ordinance allow for varying payments in different areas of the city?*

The post-construction stormwater ordinance allows for a mitigation payment in lieu of post-construction improvements in certain circumstances, including in transit station areas and distressed business districts. When a project qualifies, the "mitigation payment" is not a "subsidy" in the sense that it is not necessarily cheaper than constructing the improvements. Instead the payment is intended to approximate the cost of what is not constructed with the City using the payments, including other payments in the area, to construct or improve more regional structures.