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**Council Budget Workshop**  
**March 17, 2015**

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# FY2016 & FY2017 Budget Workshops

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## City of Charlotte

March 17, 2015  
2:00 p.m. – 5:00 p.m.  
Room 267

	Page	
I. Budget Committee Report		Council member Phipps
II. <b>Draft Finance &amp; Budget Principles</b>	1	Council member Phipps and Kim Eagle
III. Overview		Ron Carlee
IV. <b>General Fund Update</b> <ul style="list-style-type: none"><li>• Revenues</li><li>• Expenditures</li></ul>	5	Kim Eagle
V. <b>General Community Investment Plan Update</b>	17	Kim Eagle
VI. <b>Compensation and Benefits Update</b>	29	Cheryl Brown
VII. <b>Overview of Questions &amp; Answers from February 25th Budget Workshop</b>	53	Kim Eagle

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

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# **Draft Finance & Budget Principles**

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## **Draft Finance & Budget Principles**

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

1. The budget process shall begin by evaluating revenues available to fund operations and capital expenditures. The allocation of resources will be based on how effectively a program or service achieves the goals and objectives that are of greatest value to the community.
2. The prioritization of needs will be conducted in a forward looking manner, taking into account anticipated future needs, and consideration of the overall context of competing needs.
3. The City will achieve a structurally balanced budget in which one-time revenue and/or one-time expenditure savings will be used for non-reoccurring or one-time expenditures. New, significant expenses brought forward outside the budget process should be avoided, when feasible.
4. Provide adequate funding to ensure that compensation and benefits are sufficient to recruit and retain the workforce talent necessary to meet needs. Compensation plan increases, or growth, shall not exceed growth in general revenue for any given year.
5. Provide adequate operating funding to maintain previous investments in assets including technology, tools, equipment and infrastructure.
6. Engage in a continual evaluation of identifying and maintaining the most cost-effective means for providing city services.
7. A holistic evaluation of the total tax and fee burden the citizen pays in exchange for government services will be considered as part of the budget development process.
8. The budget will maintain a General Fund fund balance equal to 16% of the operating budget. Capital reserves in excess of the 16% General Fund balance will be available for transfer to the Pay-As-You-Go capital program for one-time uses unless otherwise recommended by the City Manager and approved by City Council for other purposes.

9. The budget will maintain the Municipal Debt Service Fund Balance at a ratio of debt service fund balance to actual annual debt service costs of approximately 50%.
10. The City will continue a regulatory user fee philosophy goal of 100% cost recovery.
11. Enterprise funds shall set their rates and fees in a manner to recover the full cost of their operation and necessary capital investments.
12. Restricted revenue (such as Asset Forfeiture funds) will only be used for the purpose intended and in a fiscally responsible manner and fully compliant with all applicable policies, rules, regulations, or laws.
13. Reimbursement to the General Fund will occur from enterprise and internal service funds for general and administrative services provided, such as self-insurance, accounting, and personnel based on appropriate cost allocation methodology that is fully compliant with all applicable policies, rules, regulations, or laws.
14. Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the anticipated useful life of the project.
15. The general government debt program will maintain adequate cash and fund balance reserves, as defined by rating agency criteria and as published periodically, sufficient to maintain current credit ratings.

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# **General Fund Update**

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## General Fund Update

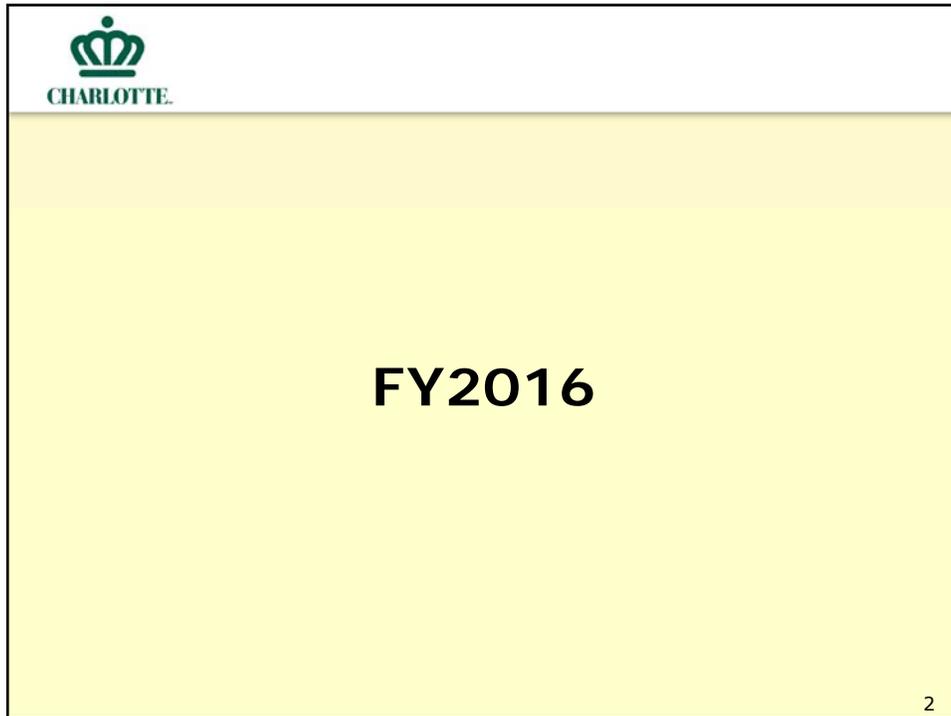
Council Budget Workshop

March 17, 2015



### Overview

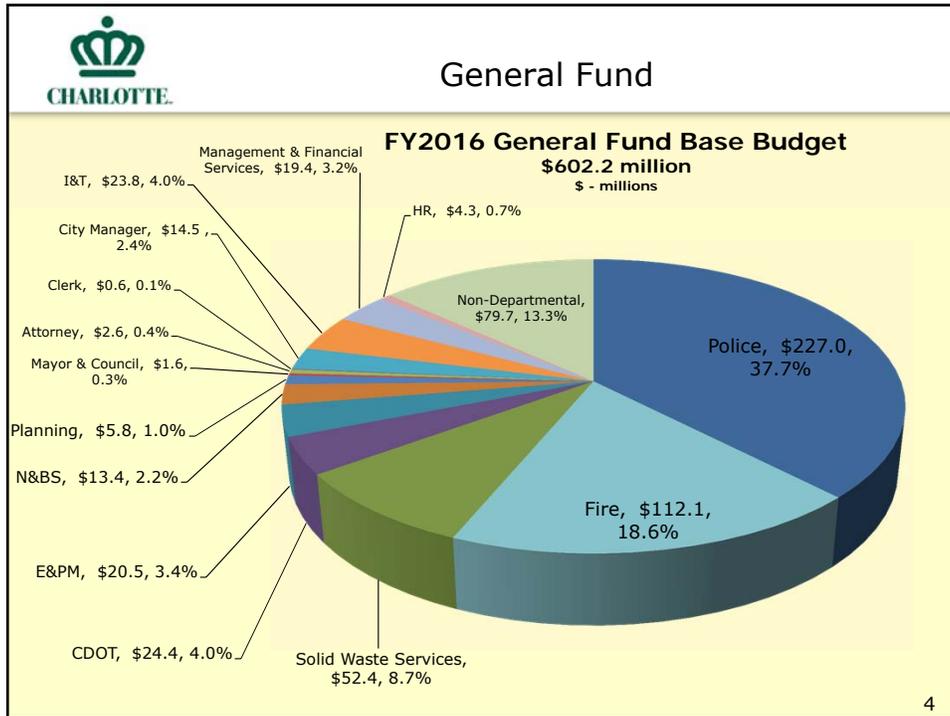
- Update – General Fund Budget
  - Revised Revenue Projections (property tax and sales tax)
    - FY2016
      - Changes since January Retreat
        - » Non-Discretionary Increases
        - » Options for Closing the Gap
    - FY2015 current year impact
      - Options to Reduce Expenditures
      - Re-evaluating all current year Revenues
    - Next Steps/Immediate Actions
    - Summary of Potential, Future Service Considerations



 A presentation slide with a yellow background. In the top left corner is the Charlotte logo (green crown icon above "CHARLOTTE."). In the top right corner, the text "FY2016 General Fund Revenue Projection" is displayed in black. The main content is a bulleted list:
 

- Property Tax:
  - January estimate projected growth in property tax revenues of 6.6\$m (from FY2015 actual of \$330.0m to \$336.6m FY2016 estimate)
  - March estimate now projects loss - revised down from Council retreat from \$336.6m to \$325.8m (reduction of \$10.8m)
    - Valuation review negatively impacting FY2015 base resulting in revenue projection of \$2.0m less in F2016 than FY2014 actual collections
- Business Privilege License Tax:
  - Elimination in FY2016
    - \$18.1m loss from repeal of tax
    - Uncertainty: Will state leaders identify a replacement revenue source?

 In the bottom right corner, the number "3" is displayed.



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- FY2016 Non-Discretionary General Fund Increases**
- Police Separation Allowance - \$2.0 million
  - Solid Waste Contracts - \$2.2 million
  - Technology - \$1.0 million
  - Health Insurance (currently 8% increase estimated)- \$2.8 million
  - *Added since retreat estimate*
    - Public Safety Retirement Payouts - \$1.0 million
    - Debt service on purchased vehicles - \$2.0 million
  - Total = \$11.0 million
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### FY2016 General Fund Changes

Description	Amount
<b>Beginning FY2016 Gap at January Council Retreat</b>	<b>(\$15.7)</b>
<b><i>Revenue Changes since January Retreat</i></b>	
Property Tax	(\$10.8)
Sales Tax	3.0
Solid Waste Fee	0.1
Utility Right-of-Way expenditure increase (Google Fiber)	1.0
Other Revenue	0.3
<b>Total Revenue Changes</b>	<b>(\$6.4)</b>
<b><i>Expenditure Changes since January Retreat</i></b>	
Removed PSPP and general employee pay plan adjustment	(\$6.9)
Across the board 1% reduction	(6.0)
Reduced increase of group insurance from 9% to 8%,	(0.4)
Increase in automotive maintenance expenses	1.0
Increase in debt service for previously purchased vehicles	2.0
Increase in employee retirement payout projections	1.0
Utility Right-of-Way expenditure increase (Google Fiber)	1.0
Various other contract escalations	1.8
<b>Total Expenditure Changes</b>	<b>(\$6.5)</b>
<b>Current FY2016 Gap as of March 17, 2015</b>	<b>(\$15.6)</b>

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### FY2016 Options for Closing the Gap

- Revenues
  - Increase existing user fees up to 100% full cost recovery
  - Evaluate new user fees
  - Evaluate tax options
- Expenditures
  - Targeted expenditure reductions
  - Eliminate or reduce targeted services or programs
  - Across the board reductions

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## FY2016 General Fund Base Projection

### General Fund projection summary

	1/30/15 FY2016	3/17/15 FY2016	Difference
<b>Revenues (All)</b>	\$586.5	\$580.1	(\$6.4)
<b>Expenditures</b>	\$602.2	\$595.7	\$6.5
<b>Savings/(Gap)</b>	(\$15.7)	(\$15.6)	\$0.1
<b>Savings/(Gap) as a % of expenditures</b>	(2.6%)	(2.6%)	

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# FY2015

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### Current Fiscal Year (FY2015) Budget Outlook

Revenues	FY2015 Revised Budget	Projected 1/30/15	Projected 3/17/15	Increase (Decrease) from Budget	% Change
Property Tax	\$325.0	\$330.0	\$318.0	(\$7.0)	-2.2%
Sales Tax	80.3	82.8	85.8	5.5	6.8%
Utility Franchise Tax	39.0	41.0	41.0	2.0	5.1%
County Payment for LESD*	14.5	14.5	14.5	0.0	0.0%
Solid Waste Fee	12.3	12.4	12.5	0.2	1.6%
Business Privilege License	18.1	17.0	17.0	(1.1)	-6.1%
All Other	96.5	97.0	97.0	0.5	0.5%
<b>Total Revenues</b>	<b>\$585.7</b>	<b>\$594.7</b>	<b>\$585.8</b>	<b>\$0.1</b>	<b>0.0%</b>

\*LESD: Law Enforcement Service District

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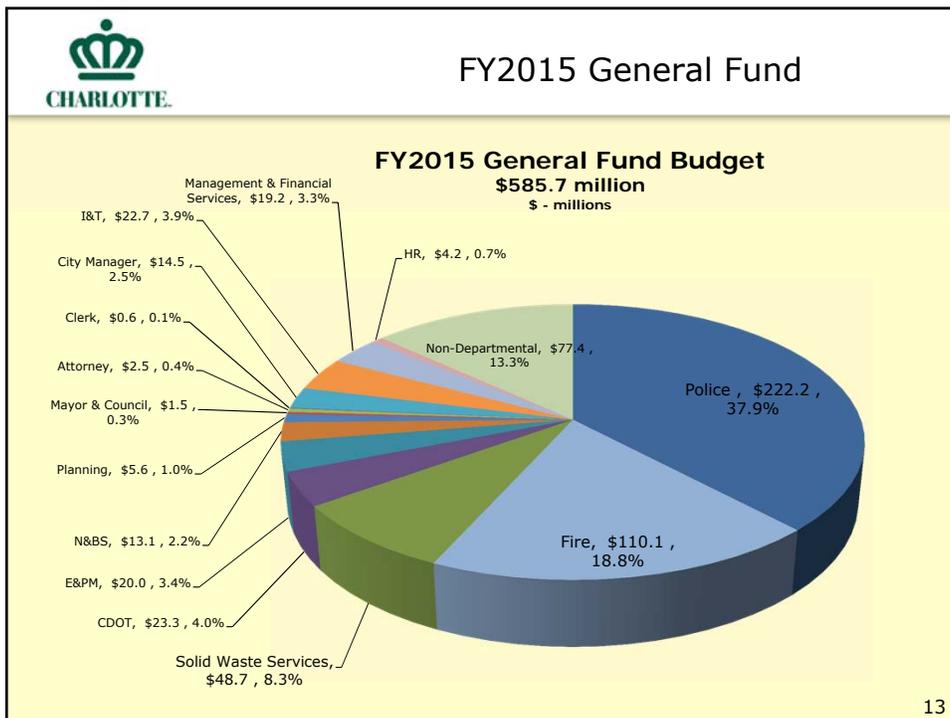
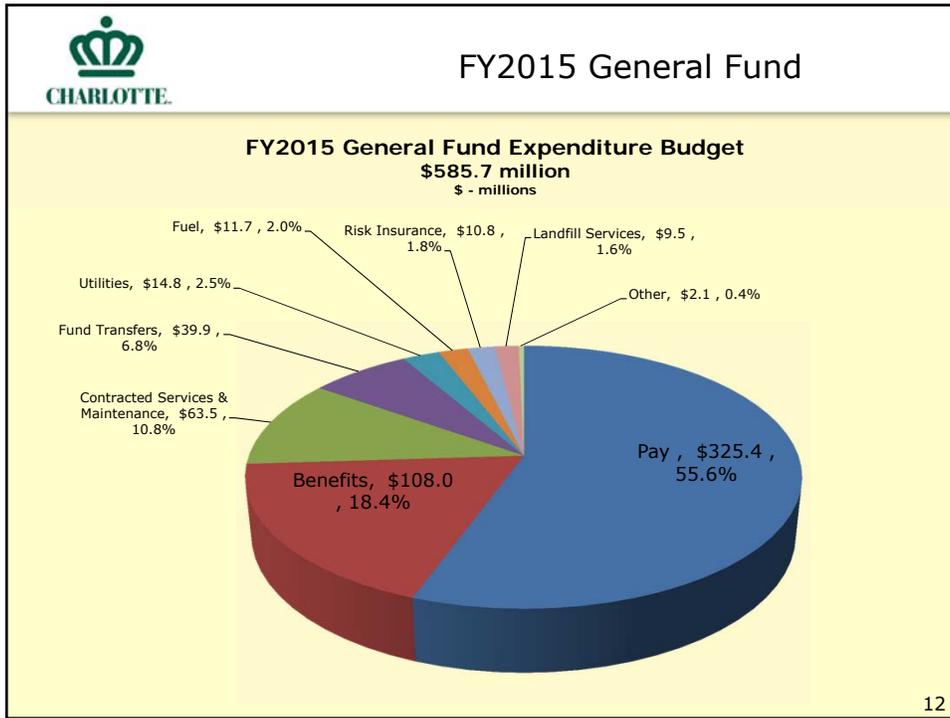
### Current Fiscal Year (FY2015) Budget Outlook

- The General Fund was projected to be balanced as of January Retreat
- Based on information from the Tax Office, Property Tax Revenue projection decreased from \$330.0m to \$318.0m million (\$12.0m decrease from retreat estimate)
- Sales Tax is projected to increase by \$3.0m from retreat estimate of \$82.8m

	Revised Budget	Retreat Projection (January)	Revised Projection (March)
Revenues (All)	\$585.7	\$594.7	\$585.8
Expenditures	\$585.7	\$585.7	\$585.7
<b>Difference</b>		\$9.0	<b>\$0.1</b>

*in millions*

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## FY2015 General Fund Expenditure Update

- **Current status:**
  - \$392.5 million of \$585.7 million (67%) of general fund budget spent as of February 28<sup>th</sup>
- **\$100,000 estimated surplus based on revised revenue projection**
- **Options to Reduce Expenditures**
  - Freeze discretionary spending (up to \$1.4 million)
  - Reserve additional estimated fuel savings (up to \$700,000)
  - Freeze hiring of vacant positions (\$230,000 per week or \$2.76M for 12 weeks for non Public Safety Positions)
    - Service levels will be reduced depending on positions frozen

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## FY2015 Next Steps

- **Next Steps**
  - Continue Evaluation of all FY2015 General Fund revenues
  - Prioritize expenditure reductions based on impact to public
  - Implement reductions

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## Potential, Future Service Impacts and Considerations

1. Service reductions will be necessary
2. City will not be able to address many departmental needs
3. Since FY2009, General Fund has experienced flat operating budgets, some targeted "base" budget adjustments
4. Departments continue to experience "pent up demand" due to seven years of little additional operating funding with increasing population and reductions made in FY2009, FY2010 and FY2011

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## General Fund Update

Council Budget Workshop

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# General Community Investment Plan Update

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## General Community Investment Plan

Council Budget Workshop

March 17, 2015



### Prior Year FY2015 – FY2019 General Community Investment Plan

#### **Last Year Capital Needs Funded in FY2015**

- \$248.7 Million in Potential New Considerations for FY2015 – FY2019 General Community Investment Plan were presented to City Council in March 2014
- \$59.7 Million approved by Council in FY2015
- 24% of all identified needs were funded in FY2015

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FY2016 – FY2020  
General Community Investment Plan

**Undesignated Resources - \$83.9 Million**

- New General Debt Capacity (Debt) - **\$65.0 Million\***
  - Interest Rates for 2014 GO Bonds lower than projected
  - FY2014 Revenue & Expense better than projected
  - Higher Sales Tax Revenue projections
  - Change in Rating Agency Methodology
- \* Debt Capacity Projection as of January 12, 2015
- General Capital Reserves (Cash) - **\$5.9 Million**
  - Fund Balance in General Fund above 16%
  - Fund Balance in Pay-As-You-Go Capital Fund
- General Capital Project Balances - **\$13.0 Million**
  - Savings from Prior Bond-Funded Transportation Projects
  - Savings from Prior COPs-Funded Facilities Projects
  - Savings from Prior Pay-As-You-Go Cash-Funded Capital Projects

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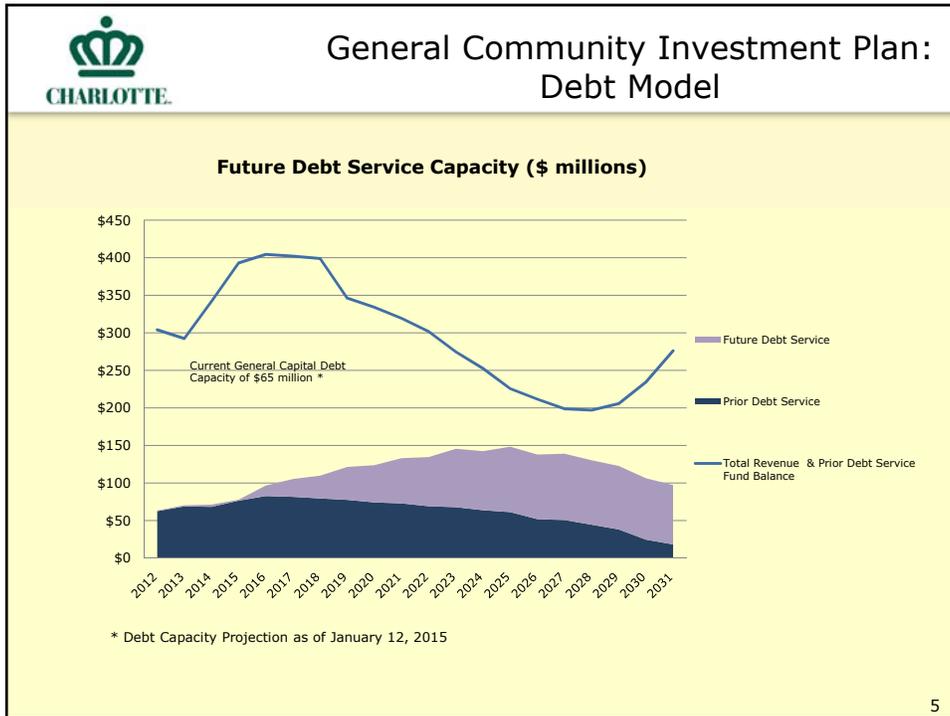


FY2016 – FY2020  
General Community Investment Plan

**FY2016 – FY2020 General Capital Needs**

- Submitted by City Departments January 23, 2015
- Currently being reviewed by Office of Strategy & Budget and the City Manager's Office
- List of general capital needs will be presented to:
  - City Council Budget Committee Meeting – March 19<sup>th</sup>
  - City Council Budget Workshop - April 8<sup>th</sup>
- General Capital Needs List is not a recommendation, but an identification of needs for consideration

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**General Community Investment Plan**

**Council Budget Workshop**

**March 17, 2015**

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## List from Last Year of Potential Capital Considerations For FY2015 - FY2019

Presented to City Council March 2014

## Updated March 2015: Last Year's Potential Capital Considerations Funded in FY2015

Project	FY2015 Estimate Capital Cost	FY2015 Funded Capital Cost	Additional Annual Operating Expense
<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	\$0
<b>Total Neighborhoods &amp; Housing Diversity</b>	<b>8,000,000</b>	<b>2,000,000</b>	<b>\$0</b>
<b>Transportation</b>			
Neighborhood Transportation Program	37,500,000	5,200,000	\$50,000
<b>Total Transportation</b>	<b>37,500,000</b>	<b>5,200,000</b>	<b>\$50,000</b>
<b>Facilities/Infrastructure/Equipment</b>			
Americans with Disabilities Act (ADA) Investments	800,000	800,000	TBD
CMPD Central Division Station	7,500,000	-	\$180,000
Asset Recovery and Disposal (ARD) and Commissioning/Decommissioning	3,000,000	-	\$0
CDOT Transportation Operations Facility Replacement	5,000,000	-	\$50,000
Charlotte Vehicle Operations Center (CVOC) Facility -- Risk Management	2,100,000	-	\$10,000
CMGC Elevator Upgrade	1,160,000	400,000	\$0
CMGC Space Reconfiguration (all floors)	20,600,000	-	\$0
CMGC South Plaza Waterproofing	350,000	350,000	\$0
CMGC HVAC Improvement Program	8,000,000	-	\$0
CMGC Plaza Renovation	1,200,000	-	\$0
CMGC - Upgrade Security and A/V Equipment	325,000	-	\$2,500
CMGC Parking Deck Office	120,000	-	\$0
Carpet, Relocations, Furniture & Fixtures	1,200,000	-	\$0
CMGC Blinds Replacement	800,000	-	\$0
CMGC Basement Parking Security Renovations	400,000	-	\$0
CMGC Re-Caulking (exterior)	1,100,000	1,100,000	\$0
CMGC Fitness Center Renovation	800,000	-	\$0
TreesCharlotte	1,000,000	100,000	\$0
Fire Station Renovations	500,000	-	\$0
Infill Fire Station - Hidden Valley	7,700,000	-	\$1,669,947
Infill Fire Station - Clanton and I-77	7,700,000	-	\$1,669,947
Zoning Ordinance Study and Revisions	1,081,540	1,081,540	\$0
Police/Fire Academy Land	230,000	230,000	\$1,000
Fire Apparatus - Station 28 ladder and Station 42 engine	1,384,027	-	\$100,500
<b>Total Facilities/Infrastructure/Equipment</b>	<b>74,050,567</b>	<b>4,061,540</b>	<b>\$3,683,894</b>
<b>Technology</b>			
Myers Street Data Center Expansion	1,637,134	-	\$23,000
311/Government Center Network Infrastructure Upgrade	1,318,953	1,223,200	\$200,000
Public Safety Radio Network (Redundancy)	1,132,044	1,028,281	\$20,000
E-Agenda	250,000	225,000	\$25,000
Resiliency, Redundancy, Security, & Ongoing Equipment	60,854,199	-	\$8,500,000
<b>Total Technology</b>	<b>\$ 65,192,330</b>	<b>\$ 2,476,481</b>	<b>\$8,768,000</b>
<b>Other Facilities</b>			
Time Warner Cable Arena Improvements	41,915,310	30,500,000	\$0
Bojangles Coliseum Renovations	12,000,000	15,453,375	\$0
<b>Total Other Facilities</b>	<b>53,915,310</b>	<b>45,953,375</b>	<b>\$0</b>
<b>Total Potential New Considerations</b>	<b>\$ 238,658,207</b>	<b>\$ 59,691,396</b>	<b>\$12,501,894</b>
<b>Percent of Potential New Considerations Funded in FY2015</b>		<b>25.0%</b>	
<b>FY2015 - FY2019 CIP - Adjustments to Approved Community Investment Plan</b>			
Cross Charlotte Multi-Use Trail	-	-	\$0
Replace Park South Division CMPD Northwest Division (New) (FY21) (No Change in Funding)	-	-	\$8,500,000
Joint Communications Data Center	10,000,000 +	-	TBD
<b>Total Adjustments to Approved CIP</b>	<b>10,000,000 +</b>	<b>-</b>	<b>\$8,500,000</b>
<b>Total All Capital Cost</b>	<b>\$ 248,658,207 +</b>	<b>\$ 59,691,396</b>	<b>\$21,001,894</b>
<b>Percent of All Capital Cost Funded in FY2015</b>		<b>24.0%</b>	

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**General Community Investment Plan  
Available, Undesignated Resources  
Updated March 17, 2015**

Funding Source	Amount	Uses/Restrictions
General Capital Debt Capacity (debt)	\$55.0M <del>\$65.0M</del>	<ul style="list-style-type: none"> <li>• <b>General Obligation Bonds or Certificates of Participation</b> (e.g., transportation, neighborhood investments, housing diversity, and facilities)</li> <li>• Full use of the additional \$55.0M debt capacity would increase total obligated debt capacity for the four bond referenda (2014-2020) by 6.7%, from \$816.4M to \$871.4M</li> </ul>
General Capital Reserves (Cash)	\$5.9M *	<ul style="list-style-type: none"> <li>• High flexibility</li> <li>• <b>One-time uses only</b> (e.g., facilities, major facility maintenance, and special studies)</li> </ul>
General Capital Project Balances	\$12.6M	<ul style="list-style-type: none"> <li>• <b>\$10.9M from prior transportation bonds</b>; must be used on transportation projects</li> <li>• <b>\$1.1M from Facilities Certificates of Participation</b>; can be reallocated to other investments where the asset is the security (facilities or vehicles)</li> <li>• <b>\$0.6M from Pay-As-You-Go cash</b>; can be used for any one-time capital needs</li> </ul>
<b>Total Funding Source</b>	<b>\$73.5M</b> <del><b>\$83.5M</b></del>	

\* 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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**City Council Approved Allocation of Bonds and Certificates of Participation  
For General Community Investment Plan**

Budget Workshop Agenda

	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2020</u>	<u>Total</u>
<b>PROJECTS FUNDED WITH GENERAL OBLIGATION BONDS (Requires Bond Referendum Vote)</b>					
<b>Airport/West Corridor</b>	\$ -	\$ 31,200,000	\$ 13,520,000	\$ -	\$ 44,720,000
Spine Dixie Berryhill Infrastructure (New Garrison Road)		31,200,000			31,200,000
Southern Dixie Berryhill Infrastructure (Widen Dixie River Road)			13,520,000		13,520,000
<b>East/Southeast Corridor</b>	\$ 12,500,000	\$ 26,580,000	\$ 22,320,000	\$ 6,160,000	\$ 67,560,000
Land Acquisition and Street Connections	12,500,000	12,500,000			25,000,000
Monroe Road Streetscape		2,080,000	8,320,000		10,400,000
Public/Private Redevelopment Opportunities		10,000,000	10,000,000		20,000,000
Idlewild Road/Monroe Road Intersection				4,160,000	4,160,000
Sidewalk and Bikeway Improvements		2,000,000	4,000,000	2,000,000	8,000,000
<b>Northeast Corridor</b>	\$ 47,200,000	\$ 43,080,000	\$ 48,540,000	\$ 27,300,000	\$ 166,120,000
Research Drive - J.W. Clay Connector over I-85 (North Bridge)	3,000,000		12,480,000		15,480,000
University Pointe Connection - IBM Dr. to Ikea Blvd (South Bridge)	15,080,000				15,080,000
Northeast Corridor Infrastructure (NECI)	16,640,000	35,360,000	27,300,000	27,300,000	106,600,000
Applied Innovation Corridor	12,480,000	7,720,000	8,760,000		28,960,000
<b>Road/Infrastructure Projects</b>	\$ 17,264,000	\$ 8,632,000	\$ -	\$ -	\$ 25,896,000
Neighborhood Transportation Programs	5,200,000				5,200,000
Eastern Circumferential	12,064,000				12,064,000
Park South Drive Extension		8,632,000			8,632,000
Cross Charlotte Multi-Use Trail	\$ 5,000,000	\$ 30,000,000			\$ 35,000,000
Sidewalks and Pedestrian Safety	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 60,000,000
<b>Traffic Control and Bridges</b>	\$ 14,000,000	\$ 10,000,000	\$ 10,000,000	\$ 14,000,000	\$ 48,000,000
Upgrade Traffic Signal System Coordination	3,000,000	3,000,000	3,000,000	6,000,000	15,000,000
Upgrade Traffic Control devices	7,000,000	4,000,000	4,000,000	4,000,000	19,000,000
Repair and Replace Bridges	4,000,000	3,000,000	3,000,000	4,000,000	14,000,000
Housing Diversity	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 60,000,000
Comprehensive Neighborhood Improvement Program (CNIP)	\$ 20,000,000	\$ 40,000,000	\$ 40,000,000	\$ 20,000,000	\$ 120,000,000
<b>Total General Obligation Bonds</b>	\$ 145,964,000	\$ 219,492,000	\$ 164,380,000	\$ 97,460,000	\$ 627,296,000
<b>PROJECTS FUNDED WITH CERTIFICATES OF PARTICIPATION (Does Not Require Voter Approval)</b>					
<b>East/Southeast Corridor</b>	\$ 25,000,000	\$ -	\$ -	\$ -	\$ 25,000,000
Bojangles/Ovens Area Redevelopment	25,000,000				25,000,000
<b>Public Safety Facilities</b>	\$ 78,500,000	\$ 22,750,000	\$ 21,900,000	\$ 9,750,000	\$ 132,900,000
Joint Communications Center	68,000,000				68,000,000
6 Police Division Stations	10,500,000	18,750,000	21,900,000	9,750,000	60,900,000
Land Purchase for Future Fire Stations		4,000,000			4,000,000
<b>Maintenance Facilities/Customer Service</b>	\$ -	\$ 2,080,000	\$ 9,620,000	\$ 19,500,000	\$ 31,200,000
Sweden Road Maintenance Yard Replacement			3,120,000	19,500,000	22,620,000
Northeast Equipment Maintenance Facility		2,080,000	6,500,000		8,580,000
<b>Total Certificates of Participation</b>	\$ 103,500,000	\$ 24,830,000	\$ 31,520,000	\$ 29,250,000	\$ 189,100,000
<b>Total All Projects</b>	\$ 249,464,000	\$ 244,322,000	\$ 195,900,000	\$ 126,710,000	\$ 816,396,000

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# Compensation & Benefits

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## Employee Pay and Benefits

Cheryl Brown, Director of Human Resources

March 17, 2015

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### Objectives

- Provide background information regarding benefits and pay practices
- Provide status report on FY16 pay and benefits

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### Human Resources Philosophy Adopted by the City Council

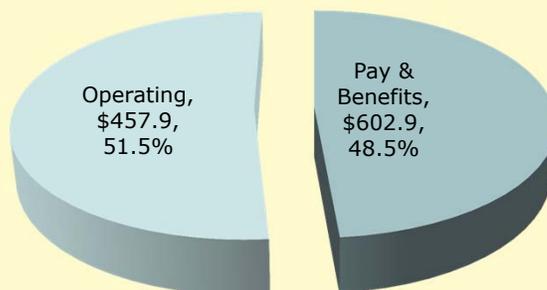
- Aggressive cost management for benefits
- Employees expected to fairly share in the cost of benefits
- Moderate level of benefits and pay
- Actively support wellness programs to reduce future costs

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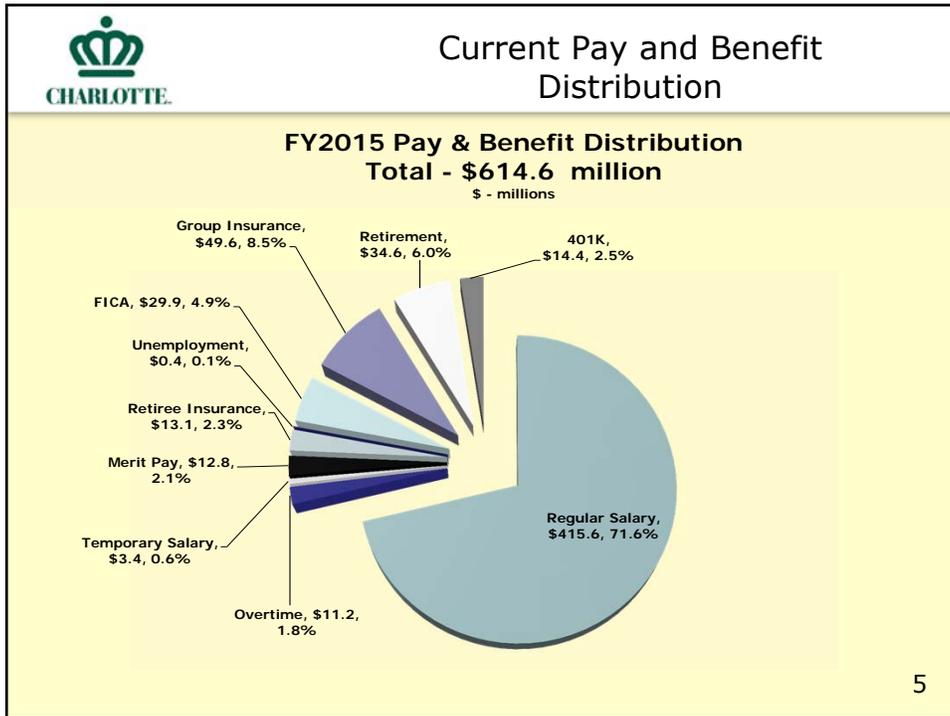


### Pay and Benefits and Other Operating Expenses

**FY2015 City-wide Operating Expenses**  
Total \$1.24 billion  
\$ - millions



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**CHARLOTTE**  
HUMAN RESOURCES

**PAY**

6



## Broadbanding Pay Plan

- Market rates are established based on extensive data gathered directly from other employers and survey sources
  - Based on median of actual wages paid in recruitment area for comparable work
  - Comparable to mid-point in a traditional range pay plan
- Emphasis on pay based on two factors: performance and position relative to market
- Employees receive merit increase, if funded, on their annual merit date

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## Public Safety Pay Plan (PSP)

- Includes the positions of Police Officer, Police Sergeant, Firefighter I, II, and Engineer, and Fire Captain
- Step plan structure; increase on merit date
- Market adjustment to the steps each year as funding allows
- Additional incentives for 2 or 4 year degree; foreign language; and Fire HazMat, Dive or Search and Rescue

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### Average Market Movement

Source	FY2012 Actual Market Movement	FY2013 Actual Market Movement	FY2014 Actual Market Movement	FY2015 Actual Market Movement	FY2016 Projected Market Movement (to date)	5 Year Average Market Movement
National Statistics Provided by World at Work, Hewitt, Mercer	2.9	3.0	2.9	3.0	3.0	3.0
National Municipalities	1.5	1.7	2.4	3.1	TBD	TBD
Charlotte Area Municipalities	2.3	2.8	2.6	2.6	2.9	2.6
Large Charlotte Employers (private sector)	2.4	2.5	2.5	2.6	2.8	2.6
The Employers Association	2.7	2.6	3.1	3.1	3.1	2.9
City of Charlotte	0.0 *	3.0	2.0	3.0	TBD	TBD

*Note: Figures by percentage change*

\* In the FY12 Budget, City Council authorized the City Manager to grant to employees a one-time lump sum payment, up to 1%, based on meeting organizational savings targets for FY2011, which is not included in average

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### General Fund Compensation Scenarios

Projected FY2016 General Fund Compensation Scenarios				
Projected FY2016	1% merit, 0.5% market, 2.5%-5% steps	2% merit, 1.0% market, 2.5%-5% steps	3% merit, 1.5% market, 2.5%-5% steps	4% merit, 2.0% market, 2.5%-5% steps
<b>Broadband Pay Plan</b>				
Merit	\$919,305	\$1,838,611	\$2,757,916	\$3,677,221
<b>Public Safety Pay Plan</b>				
Market	\$831,594	\$1,663,187	\$2,494,781	\$3,326,375
Steps	\$1,633,090	\$1,633,090	\$1,633,090	\$1,633,090
<b>Total</b>	<b>\$2,464,684</b>	<b>\$3,296,277</b>	<b>\$4,127,871</b>	<b>\$4,959,465</b>
<b>Grand Total</b>	<b>\$3,383,989</b>	<b>\$5,134,888</b>	<b>\$6,885,787</b>	<b>\$8,636,686</b>

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## Pay Actions Under Consideration

- Growth in total compensation for employees (pay, benefits, etc.) cannot exceed revenue growth
- Broadbanding
  - Under review
- Public Safety Pay Plan
  - Under review
- Field Services Pay Plan – anticipate proposing new pay plan for Field Services jobs in FY2015 for potential implementation in FY2016
- Fair Labor Standards Act potential impacts (including costs)

NOTE: From Mercer Consulting Group: Salary increases for 2015 are expected to rise slightly to 3.0% (including 0s), with 99% of organizations planning to provide increases

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## Fair Labor Standards Act (FLSA)

- President Obama's directive to modernize and streamline FLSA regulations
- Goal is to increase the number of employees who qualify for overtime by raising the minimum salary for overtime exemptions
- Currently \$455/week (\$23,660) to be considered exempt
- Potential to be raised to \$40,000 - \$60,000
- Additionally, executive, administrative and professional duties tests are likely to be revised
- Unlikely before summer 2015; expected to bring legal challenges and further delays
- Working with the Strategy and Budget Office to project cost impact, if implemented

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## BENEFITS

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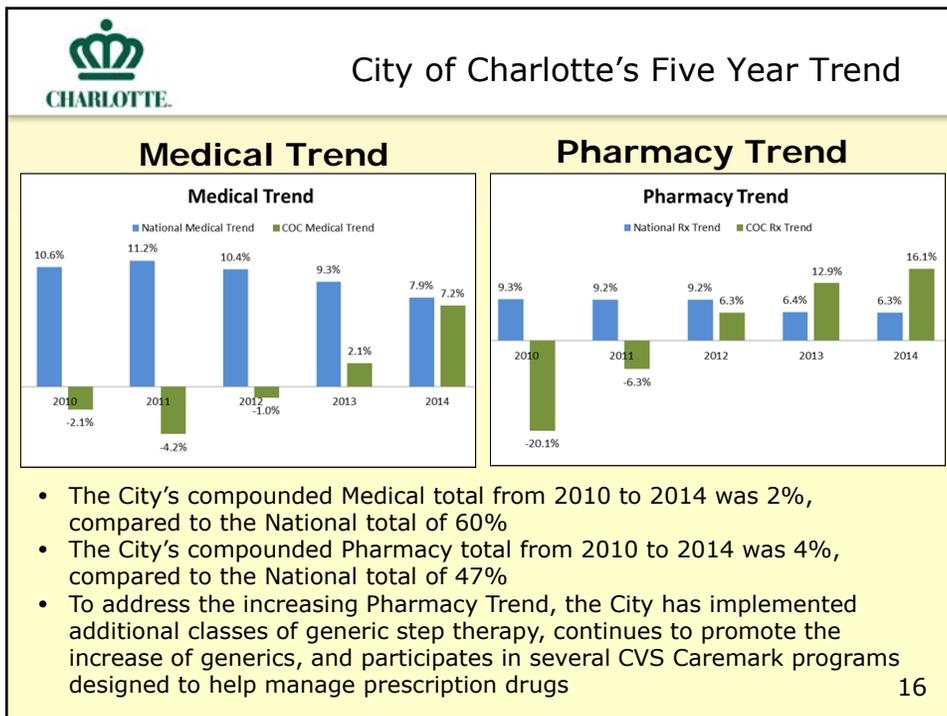


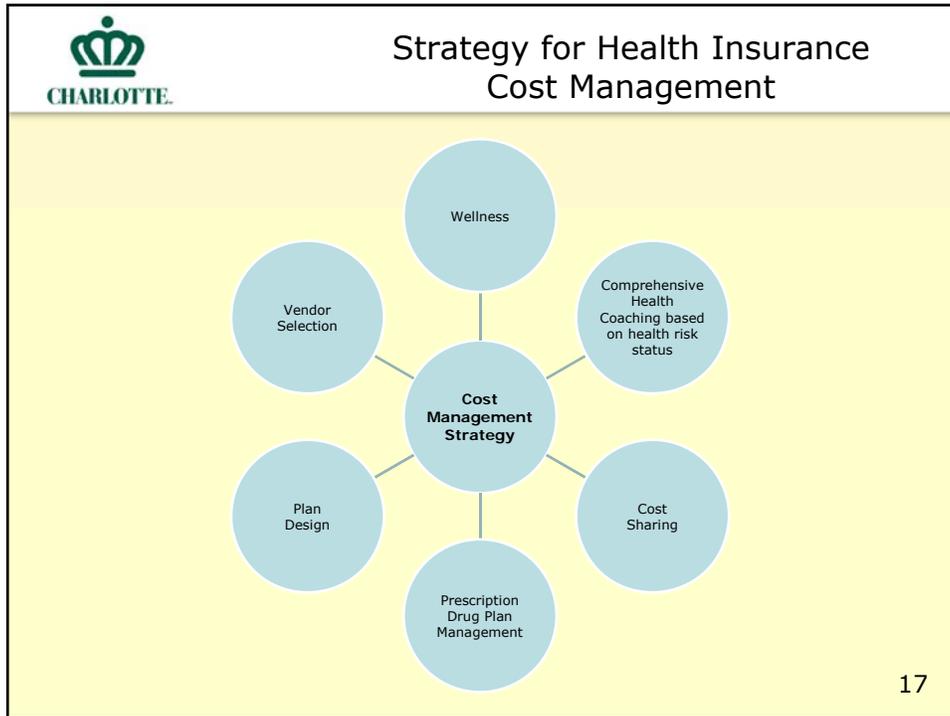
## Benefits Overview

- Health
  - Medical
  - Flexible Spending Accounts
  - Prescription Drugs
  - Dental
  - Voluntary Vision
- Financial Security
  - Retirement
  - 401(k)
  - Basic and Supplemental Life Insurance
  - Accidental Death and Dismemberment
  - Short-term Disability
  - Voluntary Accident, Critical Illness, Whole Life and Long-term Disability Plans

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<h2>Overall Health Plan Budget For 2015</h2>	
<p>Based on historical data, industry trends, rate structure and plan changes</p>	
<p><u>Expenditures</u></p>	
<p><b>Total Medical Gross Spend:</b> (i.e., medical and pharmacy claims, admin expenses, premiums, health care reform fees)</p>	<p><b>\$77,654,543</b></p>
<p><b>Total Non-Medical Expenses:</b> (i.e., retiree medical premiums, dental premiums, short-term disability admin and claims, flexible spending admin)</p>	<p><b>\$11,747,149</b></p>
<p><b>Total Gross Spend:</b></p>	<p><b>\$89,401,692</b></p>
<p><u>Funding Sources</u></p>	
<p>City's Budget Allocation:</p>	<p>\$58,990,050</p>
<p>Employee &amp; Pre-65 Contributions:</p>	<p><u>\$30,411,642</u></p>
<p><b>Total Funding:</b></p>	<p><b>\$89,401,692</b></p>
<p>15</p>	





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- 
- The slide, titled "Long Term Strategy", features the Charlotte logo in the top left. It contains a bulleted list of four strategic points. The background is a light yellow gradient.
- Evaluate differentials between Wellness and Non-Wellness deductions.
  - Move toward a defined contribution cost sharing strategy by tier based on City’s targeted contribution to the Basic Plan; Plus Plan becomes a true buy-up plan.
  - Evaluate employee health clinic to encompass chronic condition management; health coaching; convenient care for common illness; minor injury care; onsite generic prescriptions; onsite lab work; and physical fitness instruction and education. Services available for employees, dependents and pre-65 retirees. Pre-employment physicals for new hires.
  - Continue to evaluate health care marketplace exchanges as a viable option for retiree medical.

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## FY2016 Health Insurance

- Benefits
  - Approximate annual national trend increases for medical and pharmacy:
    - » 7% and 10% respectively
  - Health insurance cost increase projection for FY16, made in July 2014:
    - » 9%
  - FY16 preliminary increase revised slightly to:
    - » 8% total
    - » To be shared between City and employees
  - We are continuing to work to lower the amount of this increase

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## Benefits Actions Under Consideration

- Continue to aggressively manage health care costs through wellness programs.
- Continue evaluation process to implement employee health clinics.
- Continue to plan for the financial impact of health care reform requirements for the next several years.
- No additional plan design changes for FY2016.
- Expect minor increases in premium costs for employees along with potential adjustments to cost sharing to fairly align the tiers of coverage.
- Evaluate options for match feature to 401(k) plan

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## Total Compensation Example

	EMPLOYEE ONLY - PLUS PLAN		EMPLOYEE/FAMILY - PLUS PLAN	
	Current		Current	
Annual Salary	\$50,000		\$50,000	
Weekly Salary	\$961.54		\$961.54	
	Employee Cost	City	Employee Cost	City
Medical-Plus PPO Wellness	\$26.85	\$98.14	\$117.20	\$282.77
Dental Plus	\$3.59	\$6.00	\$22.56	\$6.00
Basic Life		\$0.80		\$0.80
Accidental Death		\$0.23		\$0.23
Short Term Disability		\$0.18		\$0.18
Employee Assistance		\$0.37		\$0.37
NC Local Gov't Employee Retirement System	\$57.69	\$67.98	\$57.69	\$67.98
401(k)	\$19.23	\$28.85	\$19.23	\$28.85
FICA	\$73.56	\$73.56	\$73.56	\$73.56
<b>Total Weekly Benefits</b>	<b>\$180.92</b>	<b>\$276.10</b>	<b>\$290.24</b>	<b>\$460.73</b>
<b>Total Annual Benefits</b>	<b>\$9,407.88</b>	<b>\$14,357.28</b>	<b>\$15,092.52</b>	<b>\$23,958.04</b>
<b>Total Compensation</b>	<b>\$64,357.28</b>		<b>\$73,958.04</b>	

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## APPENDICES

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## Appendices

- Human Resources Philosophy
- Workforce Composition
- Public Safety Pay Plan
- Internal Data Sources
- External Data Sources
- Approved Pay Recommendations
- Health Insurance Cost Containment Strategy
- Summary of Premium Costs
- Summary of Additional Insurance Coverages
- Retirement Benefits Comparison
- Wellness
- Employee Turnover Trend Data
- Employee Turnover by Job Category
- Employee Turnover by Department

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## City of Charlotte Human Resources Philosophy

The City of Charlotte will attract and retain qualified, productive and motivated employees who will provide efficient and effective services to the citizens. Human resource programs will provide constructive support for the City's customer service, business and financial strategies. These programs will be reviewed on a regular basis and changed as circumstances warrant. They will be directed toward attaining measurable goals and organizational success.

### **Recruitment**

The City will recruit and hire employees who are technically competent and customer focused.

### **Employee Responsibility**

Employees will be held accountable for producing quality work and for exhibiting the highest commitment to honesty, integrity and customer service.

### **Commitment to Competition**

The City of Charlotte is committed to providing quality services at a **market competitive cost** through service delivery by City employees or, when costs would be lower, through privatization. The City is committed to the skills development of its employees to enhance services to citizens and to make the City more competitive. When necessary due to organizational changes or privatization, the City is further committed to skills development to prepare employees for other opportunities within or outside of the City organization.

### **Employee Pay and Benefits**

All types of employee pay, whether base pay, incentives or benefits, will be used to encourage employees to attain measurable performance goals/targets that support the City's mission. Pay will be based on performance while **considering market conditions**.

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## City of Charlotte Human Resources Philosophy - continued

Base pay is the primary type of pay used to maintain market competitiveness; incentive pay will be the primary pay method used to communicate the changing goals of the City and to encourage teamwork. Employees will also be rewarded for attaining skills which make them more flexible and useful in helping Business Units meet their goals.

The City's Benefits Plan will provide a **moderate level of income protection to employees** against unexpected health, life and disability risks. Employees will be **expected to share** fairly in the cost of their benefits. The City will **aggressively manage health care costs** and actively support employee safety and **wellness programs** to reduce future health care costs.

**Health and Safety**  
Employees will be reasonably protected against safety and environmental risks in the workplace.

**Training and Development**  
Employees will receive sufficient training and counseling to successfully perform their jobs.

**Employee Communications**  
Employees will receive clear and timely communications on issues which affect their work life and will have a reasonable opportunity for input into decisions on these issues.

**Employee Relations**  
Employees will be treated with respect and without regard to race, sex, age, creed, handicap or for any other reason not related to their organizational contributions. Diversity will be respected and viewed as an asset to our workforce.

Approved by City Council 1993, revised 1995

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## Workforce Composition Calendar Year 2014

Job Category	Total Active Employees	% of Total Active Employees
<b>Broadband Employees (non-sworn/uniformed)</b>		
Service Maintenance	223	3.3%
Skilled Craft	1106	16.5%
Clerical/Admin. Support	682	10.1%
Protective Services	113	1.7%
Technicians	583	8.7%
Professional/Mid Management	1147	17.1%
Executive/Official	70	1.0%
<b>Broadbanding Total Employees</b>	<b>3924</b>	
<b>Public Safety Employees (sworn/uniformed)</b>		
Police Sworn Rank	1749	26.0%
Police Sworn Management	20	0.3%
Fire Uniformed Rank	989	14.7%
Fire Uniformed Management	39	0.6%
<b>Public Safety Total Employees</b>	<b>2797</b>	
<b>Total Employees</b>	<b>6721</b>	

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### FY2015 Public Safety Pay Plan

#### POLICE DEPARTMENT

Initial increase at the end of recruit school & completion of field training (approx. 8 mos), then annually

	New Hire												
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13
POLICE OFFICER 3102	801.86 \$41,697	841.95 \$43,781	884.04 \$45,970	928.25 \$48,269	974.66 \$50,682	1023.39 \$53,216	1048.98 \$54,547	1075.21 \$55,911	1102.09 \$57,309	1129.63 \$58,741	1157.88 \$60,210	1186.83 \$61,715	1216.50 \$63,258
POLICE SERGEANT 3110	1438.37 \$74,795	1474.32 \$76,665	1511.18 \$78,581	1586.74 \$82,510									
COMMANDER 3115	1697.81 \$88,286												

#### FIRE DEPARTMENT

	New Hire												
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13
FIREFIGHTER I 3006	763.68 \$39,711	801.86 \$41,697	841.95 \$43,781	884.04 \$45,970	928.25 \$48,269								
FIREFIGHTER II 3008				884.04 \$45,970	928.25 \$48,269	974.66 \$50,682	999.03 \$51,950	1024.00 \$53,248	1049.60 \$54,579	1075.85 \$55,944	1102.75 \$57,343	1130.31 \$58,776	
FF ENGINEER 3011							999.03 \$51,950	1024.00 \$53,248	1049.60 \$54,579	1075.85 \$55,944	1102.75 \$57,343	1130.31 \$58,776	1158.57 \$60,246
FIRE CAPTAIN 3016	1304.63 \$67,841	1337.25 \$69,537	1370.68 \$71,275	1439.22 \$74,839	1511.17 \$78,581								

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### Internal Data Sources

Survey Source	Scope
National Municipalities (Police & Fire)	400,000 - 1.6 million
Regional Municipalities (Police & Fire)	400,000 +
National Municipalities (Broadbanding Classes)	400,000 - 1.6 million
Regional Municipalities (Broadbanding Classes)	400,000 +
Charlotte Area Companies	Charlotte
Large National/Regional Airports	U.S.
National Crime Laboratories	U.S.
National Water-Sewer Utilities	400,000 - 1.6 million
Regional Water-Sewer Utilities	400,000 +
National/Regional Transit Organizations	U.S.
National/Regional Light Rail Transit Organizations	U.S.

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		External Data Sources
Towers Watson Office Professional Administrative Professional Technical & Operations Technical Support & Production Supervisory & Middle Management Top Management Engineering, Design, and Drafting Accounting and Finance Call Center and Customer Service Information Technology and eCommerce Logistics and Materials Management Human Resources Marketing and Communications  The Employers Association (Charlotte Area) The Employers Association National Executive  PAS Construction/Management PAS Journeyman/Foreman	Mercer Human Resource Consulting Finance, Accounting, and Legal Human Resources/Training Information Technology Contact Center Executive Logistics & Supply Chain Sales, Marketing, & Communications  Dietrich Draft & Design Dietrich Engineering  Airports Council International - North America  American Public Transportation Association  American Waterworks Association  Urban and Regional I.S. Systems Assc./GIS  American Society of Animal Welfare Admin	
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		Approved Pay Recommendations 10 Year History			
Fiscal Year	Public Safety Pay Plan Step	PSPP Mkt Adjustment to Steps	PSPP Total Increase if Below Top Step	PSPP Average Increase	Broadbanding Merit
FY 2015	2.5%-5.0%	1.5%	4.0%-6.5%	3.0%	3.0%
FY 2014	2.5%-5.0%	1.0%	3.5%-6.0%	3.5%	2.0%
FY 2013*	2.5%-5.0%	1.5%	4.0%-6.5%	5.1%	3.0%
FY 2012**	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2011	2.5%	2.0%	4.5%	3.2%	2.0%
FY 2010	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2009	5.0%	3.5%	8.5%	5.7%	3.5%
FY 2008	5.0%	3.7%	8.7%	6.0%	3.7%
FY 2007	5.0%	3.0%	8.0%	5.1%	3.0%
FY 2006	5.0%	2.5%	7.5%	4.8%	3.0%
* Converted to combination of 2.5% and 5% steps ** All eligible employees received a 1% lump sum					
					30



## Health Insurance Cost Containment Strategy

YEAR	COST SHARING	VENDOR MANAGEMENT	PLAN DESIGN	HEALTH MANAGEMENT	PRESCRIPTION DRUG MANAGEMENT	WELLNESS
FY04	Implemented opt out feature for retirees to take other coverage  Increased retiree/dependent cost share from 35% to 37% of total	Benchmarked competitive practices through Towers Perrin Bental database for plan competitiveness  Offered High and Low plan options for choice based on coverage and plan price	Increased office visit copay for specialists from \$20 to \$30  Added a \$200 in-network deductible to the PPO high plan and increased deductible from \$300 to \$400 in the low PPO plan	Expanded disease management program from 4 to 44 conditions	Increased drug out-of-pocket maximum from \$1,500 to \$2,000	Finalized and adopted strategy for enhanced wellness program to reduce health care costs and promote healthy lifestyles
FY05	Increased retiree only cost share from 10% to 15%  Increased retiree/dependent cost share from 37% to 40% of total	Benchmark competitive practices through survey and Towers Perrin database for plan competitiveness  Enhance communication of health care choices to promote consumerism	Increased deductible in PPO high plan from \$200 to \$250 and \$400 to \$500 in low PPO plan  Increased ER room copay from \$50 to \$100  Reduced outpatient lab and x-ray benefit from 100% to 85% or 80%	Continued to monitor DM program for return on investment	Implemented mandatory mail order for prescription drugs	Administered screenings and health risk appraisals to employees.  Increased consumer education, offered on-site weight loss/smoking cessation
FY06	Continue to monitor competitive practices for cost sharing by employees and retirees	Continue to benchmark competitive practices	Considered plan design changes for medical and pharmacy (Rx) based on competitive practices  Developed and implemented strategy for compliance with Medicare Part D  Evaluated impact of GASB on retiree liability	Evaluated DM program for ROI; evaluated other DM vendors	Renegotiated current pharmacy contract  Evaluated potential plan design change for Rx  Evaluated effectiveness of mandatory mail program	Evaluated effectiveness of Lifestyle Management Programs with Gordian  Explored additional wellness onsite options

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## Health Insurance Cost Containment Strategy, cont.

YEAR	COST SHARING	VENDOR MANAGEMENT	PLAN DESIGN	HEALTH MANAGEMENT	PRESCRIPTION DRUG MANAGEMENT	WELLNESS
FY07	Continued to monitor competitive practices for cost sharing by employees and retirees  Increased employee share from 10% to 12% for single coverage  Increased employee/dependent share from 31% to 33% of total premium  Increased retiree only cost share from 15% to 20%  Increased retiree/dependent cost share from 40% to 44% of total	Conducted rebidding process for medical and pharmacy vendors	Developed and implemented GASB compliance strategy	Evaluated feasibility of merging DM and wellness vendors  Rebid Disease Management contract  Changed disease management vendors	Evaluated carve-out program and other pharmacy plan designs  Continued to evaluate cost saving strategies for Rx plan  Rebid Pharmacy Plan	Continued promoting onsite wellness through various worksite challenges and programs. Provided onsite blood pressure screenings and flu shots  Began exploring wellness incentives to further control health care costs
FY08	Increased employee share from 12% to 15% for single coverage  Increased employee/dependent share from 33% to 34% of total premium  Increased retiree only cost share from 20% to 25%  Increased retiree/dependent cost share from 43% to 44% of total	Rebid the medical plan during FY08	Increased Emergency Room copay for all plans from \$100 to \$150  Explored feasibility of implementing a consumer-driven health care plan	Continued to monitor effectiveness of disease management program	Implemented improved pharmacy contract as a result of rebidding process  Implemented custom care retail program which provides a retrospective review of pharmacy claims	Continued promoting onsite wellness through various worksite challenges and programs. Provided onsite blood pressure screenings and flu shots

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### Health Insurance Cost Containment Strategy cont.

YEAR	COST SHARING	VENDOR MANAGEMENT	PLAN DESIGN	HEALTH MANAGEMENT	PRESCRIPTION DRUG MANAGEMENT	WELLNESS
FY09	<p>Increased employee share from 15% to 17.5% for single coverage</p> <p>Increased employee/dependent share from 24% to 25% of total premium</p> <p>Increased retiree only cost share from 25% to 30%</p> <p>Increased retiree/dependent cost share from 44% to 45%</p>	<p>Implemented vendor change as a result of rebidding. Added BCBSNC effective 1/1/09 as a vendor and terminated WellPath</p> <p>In an effort to reduce FY10 budget and GASB liability, conducted RFP process to change retiree insurance for Medicare-eligible retirees from a self-insured arrangement to a fully-insured arrangement</p>		<p>Terminated telephonic disease management program through Active Health</p> <p>Conducted RFP process to select a vendor to manage onsite health management program with the first phase being diabetes management</p>	<p>Implemented maintenance choice provision in prescription drug plan offering member the option to pick up 90-day prescriptions at a local CVS</p>	<p>Continued promoting onsite wellness through various worksite challenges and programs. Provided onsite blood pressure screening and onsite flu shots. Implemented enhanced wellness incentives. Employees had 2 opportunities to receive a \$50 cash incentive for taking health risk assessment and participating in health coaching</p> <p>Offered enhanced coaching and lifestyle management programs through Gordian. Expanded health coaching and health risk assessments to include covered dependents and non-Medicare retirees</p>
FY10	<p>Increased employee share from 17.5% to 20% for single coverage</p> <p>Increased retiree only cost share from 30% to 32.5%</p>	<p>Implemented vendor change for retiree medical insurance for Medicare-eligible retirees</p>	<p>Increased plan deductibles and out-of-pocket maximum</p> <p>Increased copays for PCP and specialists</p> <p>Eliminated retiree insurance for employees hired on or after 7/1/2009</p>	<p>Implemented onsite diabetes management program through American Health Care. Participants receive reduced copays on diabetes medications and supplies</p>	<p>In effort to promote increased generic utilization, implemented free generic program for 3 months and reduced generics thereafter.</p> <p>Increased copays for preferred and non-preferred drugs.</p> <p>Implemented specialty drug management program for high-cost specialty medications</p>	<p>Covered smoking cessation drugs under the prescription drug plan if member participates in health coaching</p> <p>Continued promoting worksite wellness initiatives such as flu shots and various onsite programs. Continued promoting health coaching and individual health assessments.</p>
FY11	<p>Continue to monitor competitive practices for cost sharing by employees and retirees</p>	<p>Implemented BCBSNC as the single medical vendor effective 1/1/11</p> <p>Conducted rebidding process for medical, pharmacy and wellness vendors</p>	<p>Revised PPO B plan to a higher deductible plan</p> <p>Implemented a higher deductible for tobacco users</p>	<p>Continued to aggressively manage onsite diabetes management program and began program expansion to include asthma</p> <p>Implemented BCBSNC disease management program</p>	<p>Implemented high performance formulary to encourage generic use for certain drug classes</p> <p>Implemented \$100 front-end deductible for brand drugs</p>	<p>Implemented premium differential for employees participating in specified wellness activities (biometric screening, health assessment and ongoing health coaching)</p> <p>Continued promoting worksite wellness programs (i.e. flu shots, weight management, blood pressure screenings)</p>

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### Health Insurance Cost Containment Strategy, cont.

YEAR	COST SHARING	VENDOR MANAGEMENT	PLAN DESIGN	HEALTH MANAGEMENT	PRESCRIPTION DRUG MANAGEMENT	WELLNESS
FY12	<p>Continued to monitor competitive practices for cost sharing.</p> <p>Increased retiree only cost share from 32.5% to 37.5%</p> <p>Increased retiree/dependent cost share from 45% to 47.5%</p>	<p>Conducted rebidding process for Medicare-eligible retiree insurance plan</p> <p>Conducted a dependent eligibility audit to ensure only eligible dependents are covered</p> <p>Conducted rebidding process for dental, flex spending and Cobra administration</p> <p>Conducted vendor summit with all vendors to ensure successful vendor integration</p> <p>Contracted with Willis for benefits consulting services</p>	<p>Increased deductibles and out-of-pocket maximum in PPO A plan</p>	<p>Evaluated administration of diabetes management program to consolidate with overall wellness program</p>	<p>Continued contracting with CVS Caremark effective 7/1/2011 after completion of rebidding process. Implemented a generous generic program for 3 months to encourage generic utilization</p>	<p>Contracted with Provant Health for wellness program and incentive administration</p> <p>Continued promoting worksite wellness programs</p>
FY13	<p>Continued to monitor cost sharing practices</p> <p>Increased retiree only cost share from 37.5% to 42.5%</p> <p>Increased retiree/dependent cost share from 47.5% to 50% of total</p>	<p>Implemented change in vendors for Medicare-eligible retirees</p> <p>Conducted medical claims audit</p> <p>Implemented new dental vendor, flex spending and Cobra administrator</p>	<p>Modified plan design to make the basic PPO plan a higher deductible plan</p> <p>Implemented a network based dental design with high and low plan options</p> <p>Implemented coverage for same sex domestic partners</p>	<p>Moved administration of onsite diabetes management to wellness administrator (Provant) to increase efficiencies and improved outcomes</p>	<p>Implemented pilot program for reduced copays for specified conditions to encourage medication therapy compliance</p>	<p>Continued contract with Provant including overall wellness incentive administration</p> <p>Revaluated onsite mobile mammography options</p> <p>Continued promoting a number of worksite wellness programs</p>

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### Health Insurance Cost Containment Strategy, cont.

YEAR	COST SHARING	VENDOR MANAGEMENT	PLAN DESIGN	HEALTH MANAGEMENT	PRESCRIPTION DRUG MANAGEMENT	WELLNESS
FY14	Continued to monitor cost sharing practices  Increased retiree only cost share from 42.5% to 45%	Implemented telemedicine program through TeleDoc  Conducted rebidding process for pharmacy benefit administration  Conducted annual vendor summit to promote effective vendor integration	Modified medical plan design by increasing deductibles, out-of-pocket maximum and implementing increased ER copays for frequent ER users	Expanded onsite health coaching due to increased number of members with diabetes/metabolic syndrome	Implemented additional step therapy requirements for specified drug classes  Continued to focus on aggressive strategies to manage high cost specialty drugs	Continued to promote wellness participation by increasing premium incentive  Expanded wellness incentive strategy to include spouses  Integrated tobacco user deductible into overall wellness strategy
FY15	Increased total medical premiums by 5.2% for both plans. Adjusted cost sharing among the tiers of coverage	Conducted health network assessment to determine necessity of rebidding the medical plan.  Implemented new and improved pharmacy contract with CVS Caremark as a result of rebidding.  Implemented new and improved contract with BHS for employee assistance program.	Modified medical and Rx plan design to adjust out-of-pocket maximums to comply with the Patient Protection and Affordable Care Act.  Increased out-of-network dental plan deductibles.	Worked with Provant to refine all aspects of onsite health coaching.	Implemented pharmacy advisor program with Caremark to continue to manage pharmacy costs.  Continued to work with Caremark to manage high cost specialty drugs.	Monitored all aspects of the Wellness program  Continued evaluation of employee health clinics.

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### FY2015 Summary of Premium Costs

#### Wellness Incentive Monthly Rates

	Total	Employee	City
<b>– Basic PPO</b>			
Employee	\$356.29	\$71.26	\$285.03
Employee/Child	\$623.51	\$338.48	\$285.03
Employee/Spouse/DP	\$748.22	\$374.11	\$374.11
Employee/Family	\$1,140.14	\$421.85	\$718.29
<b>– Plus PPO</b>			
Employee	\$569.76	\$128.20	\$441.56
Employee/Child	\$997.09	\$443.71	\$553.38
Employee/Spouse/DP	\$1,196.51	\$520.48	\$676.03
Employee/Family	\$1,823.26	\$546.98	\$1,276.28

\* Non wellness premiums are an additional \$40 per month for employee only and employee child coverage and an additional \$60 per month for employee/spouse/dp and employee/family coverage.

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		FY2015 Summary of Premium Costs, cont.		
<b>Retiree Medical Coverage</b>				
<ul style="list-style-type: none"> <li>- <b>20 + years</b> - Retirees pay 45% of premium for individual coverage</li> <li>- <b>15 - &lt; 20 years</b> - Retirees pay 45% of premium for individual coverage and 100% of premium for covered dependents</li> <li>- <b>10 &lt; 15 years of service</b> - Retiree pays full cost</li> </ul>				
20 Year Retiree Monthly Rates-				
<b>Basic Plan</b>				
	<b>Total</b>	<b>Retiree Pays</b>	<b>City Pays</b>	
Retiree	\$464.95	\$209.23	\$255.72	
Retiree/Child	\$1,142.69	\$571.35	\$571.34	
Retiree/Spouse/DP	\$1,195.24	\$597.62	\$597.62	
Retiree/Family	\$1,267.26	\$633.63	\$633.63	
<b>Plus Plan</b>				
Retiree	\$585.22	\$263.35	\$321.87	
Retiree/Child	\$1,390.56	\$695.28	\$695.28	
Retiree/Spouse/DP	\$1,478.66	\$739.33	\$739.33	
Retiree/Family	\$1,580.05	\$790.03	\$790.02	
37				

		FY2015 Summary of Premium Costs, cont.		
<b>Dental (Employees Only/Retirees Not Eligible)</b>				
<ul style="list-style-type: none"> <li>• <b>Two plan options - Dental Basic and Dental Plus. City contributes \$28.00 to both plans.</b></li> </ul>				
• <b>Dental Basic Monthly Rates</b>				
	<b>Total</b>	<b>Employee</b>	<b>City</b>	
Employee	\$28.72	\$ .72	\$28.00	
Employee+Child	\$51.00	\$23.00	\$28.00	
Employee+Sp/DP	\$57.48	\$29.48	\$28.00	
Employee+Family	\$79.76	\$51.76	\$28.00	
• <b>Dental Plus Monthly Rates</b>				
Employee	\$43.96	\$15.96	\$28.00	
Employee+Child	\$86.96	\$58.96	\$28.00	
Employee+Sp/DP	\$87.96	\$59.96	\$28.00	
Employee+Family	\$130.96	\$102.96	\$28.00	
38				



## FY2015 Summary of Additional Insurance Coverages

- Short Term Disability
  - City pays 100% of costs
- Basic Life
  - City pays 100% of costs
- Additional voluntary benefits
  - Employee pays 100% of costs
    - Supplemental Term Life Insurance
    - Voluntary Vision
    - Voluntary Accident and Critical Illness
    - Whole Life Insurance
    - Long Term Disability

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## Retirement Benefits Comparison

	N.C. Local Governmental Employees' Retirement System (General Employees)	N.C. Local Government Employees' Retirement System (Law Enforcement Officers)	Charlotte Firefighters' Retirement System
Eligibility Criteria for "Full Retirement"	<ul style="list-style-type: none"> <li>• 30 years of service, or</li> <li>• 25 years (age 60), or</li> <li>• 5 years (age 65)</li> </ul>	<ul style="list-style-type: none"> <li>• 30 years of service, or</li> <li>• 5 years (age 55)</li> </ul>	<ul style="list-style-type: none"> <li>• 30 years of service, or</li> <li>• 25 years (age 50), or</li> <li>• 5 years (age 60)</li> </ul>
Eligibility Criteria for "Early Retirement"	<ul style="list-style-type: none"> <li>• 20 years (age 50), or</li> <li>• 5 years (age 60)</li> </ul>	<ul style="list-style-type: none"> <li>• 15 years (age 50)</li> </ul>	<ul style="list-style-type: none"> <li>• 25 years (before age 50)</li> </ul>
Benefits Formula for Basic Retirement System	1.75% of "average final compensation" (highest 48 consecutive months ) TIMES years and months of service	1.85% of "average final compensation" (highest 48 consecutive months) TIMES years and months of service	2.6% of "final average salary" (highest 24 consecutive months) TIMES years and months of service
Average Benefit Amount for "Full Retirement" (Assuming 30 Yrs of Service)	Approximately 55% of final gross income with 30 years of service	Approximately 90% of final gross income (including 401k and Special Separation Allowances mandated by State) with 30 years of service	Approximately 78% of final gross income
Contribution Rate (As a Percentage of Pay) to Basic Retirement System	City – 7.07% (+7.65% for Social Security) Employee – 6% (+7.65% for Social Security)	City – 7.41% (+7.65% for Social Security) Employee – 6% (+7.65% for Social Security)	City – 12.65% plus 1.45% for Medicare Employee – 12.65% Note: Firefighters are not in Social Security System
Contribution Rate (As a Percentage of Pay) to 401(k) Plan	City – 3% Employee – Voluntary	City – 5% (mandated by State) Employee – Voluntary	City – 3% Employee – Voluntary
Other City-Funded Sources of Retirement Income	None	Special Separation Allowance mandated by State-City must pay eligible law enforcement officers monthly benefit to age 62*	None
Benefits Adjustments to Retirees	Possible adjustment to monthly allowance, based on actuarial gains from investments	Possible adjustment to monthly allowance, based on actuarial gains from investments	Possible adjustment (lump sum, once per year), based on actuarial gains from investments
*Special Separation Monthly Amount – 0.85% of base monthly compensation times years of creditable service			Updated 03/2015

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## Wellness

- Increased focus on Wellness since 2004
- Require wellness targets on Balanced Scorecard
- Wellness Works
  - Wellness challenges
  - Flu shots/blood pressure screenings
  - Onsite education programs
  - Tobacco cessation
  - Onsite fitness center
  - Employee Assistance Program
  - Premium based incentive for health screening and coaching
  - Comprehensive onsite coaching program to include diabetes, metabolic syndrome, and increased waist circumference
  - Inclusion of spouses in the incentive program in 2014

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## Turnover Trend Data

<b>2014</b>				
<b>Category</b>	<b>Total</b>	<b>Retirement</b>	<b>Voluntary</b>	<b>Involuntary</b>
Broadbanding Total	9.3%	1.9%	5.6%	1.8%
Public Safety Total	5.1%	2.7%	2.3%	0.1%
<b>Total</b>	<b>7.5%</b>	<b>2.2%</b>	<b>4.2%</b>	<b>1.1%</b>
<b>2013</b>				
<b>Category</b>	<b>Total</b>	<b>Retirement</b>	<b>Voluntary</b>	<b>Involuntary</b>
Broadbanding Total	10.5%	2.5%	6.0%	2.0%
Public Safety Total	3.9%	2.4%	1.3%	0.1%
<b>Total</b>	<b>7.6%</b>	<b>2.5%</b>	<b>4.0%</b>	<b>1.2%</b>
<b>2012</b>				
<b>Category</b>	<b>Total</b>	<b>Retirement</b>	<b>Voluntary</b>	<b>Involuntary</b>
Broadbanding Total	9.1%	2.0%	5.2%	1.9%
Public Safety Total	3.7%	2.2%	1.3%	0.2%
<b>Total</b>	<b>6.7%</b>	<b>2.1%</b>	<b>3.5%</b>	<b>1.2%</b>
<b>2011</b>				
<b>Category</b>	<b>Total</b>	<b>Retirement</b>	<b>Voluntary</b>	<b>Involuntary</b>
Broadbanding Total	8.3%	2.2%	4.2%	1.9%
Public Safety Total	3.7%	1.7%	1.7%	0.2%
<b>Total</b>	<b>6.3%</b>	<b>2.0%</b>	<b>3.1%</b>	<b>1.2%</b>

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### Turnover by Job Category Calendar Year 2014

Category	Total # of		Retirement		Voluntary		Involuntary	
	Terminations	Turnover	Retirements	Turnover Rate	Terminations	Turnover Rate	Terminations	Turnover Rate
Service Maintenance	49	22.0%	4	1.8%	22	9.9%	23	10.3%
Skilled Craft	100	9.0%	24	2.2%	51	4.6%	25	2.3%
Clerical/Admin. Support	70	10.3%	14	2.1%	47	6.9%	9	1.3%
Protective Services	18	15.9%	7	6.2%	10	8.8%	1	0.9%
Technicians	42	7.2%	6	1.0%	29	5.0%	7	1.2%
Professional/Mid Management	78	6.8%	16	1.4%	56	4.9%	6	0.5%
Executive/Official	7	10.0%	3	4.3%	4	5.7%		
<b>Broadbanding Total</b>	<b>364</b>	<b>9.3%</b>	<b>74</b>	<b>1.9%</b>	<b>219</b>	<b>5.6%</b>	<b>71</b>	<b>1.8%</b>
Police Sworn Rank	82	4.7%	26	1.5%	54	3.1%	2	0.1%
Police Sworn Management	1	5.0%	1	5.0%		0.0%		
Fire Uniformed Rank	58	5.9%	46	4.7%	11	1.1%	1	0.1%
Fire Uniformed Management	2	5.1%	2	5.1%				
<b>Public Safety Total</b>	<b>143</b>	<b>5.1%</b>	<b>75</b>	<b>2.7%</b>	<b>65</b>	<b>2.3%</b>	<b>3</b>	<b>0.1%</b>
<b>Total</b>	<b>507</b>	<b>7.5%</b>	<b>149</b>	<b>2.2%</b>	<b>284</b>	<b>4.2%</b>	<b>74</b>	<b>1.1%</b>

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### Turnover by Department Calendar Year 2014

Department	# of Terminates*	# of Actives	% Turnover
Attorney	0	26	0.0%
Aviation	25	395	6.3%
Budget & Evaluation	0	13	0.0%
CATS	42	355	11.8%
CDOT	34	374	9.1%
CharMeck 311**	20	110	18.2%
Community Relations**	1	11	9.1%
Corporate Communications**	4	17	23.5%
City Clerk	0	6	0.0%
City Manager	1	11	9.1%
Engineering & Property Management	17	387	4.4%
Finance	9	97	9.3%
Fire	71	1,149	6.2%
Human Resources	2	34	5.9%
Innovation & Technology	8	107	7.5%
Internal Audit**	1	9	11.1%
Mayor & City Council	0	21	0.0%
Neighborhood & Business Services	12	140	8.6%
Planning	4	50	8.0%
Police	130	2,241	5.8%
Shared Services	20	148	13.5%
Solid Waste Services	43	280	15.4%
Charlotte Water	63	740	8.5%
<b>Total</b>	<b>507</b>	<b>6,721</b>	<b>7.5%</b>

\*Terminations include: Retirements, Involuntary, and Voluntary Terminations  
 \*\*Separate operational units within the City Manager's Office

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# **Questions & Answers From February 25<sup>th</sup> Budget Workshop**

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## Questions and Answers February 25<sup>th</sup> Budget Workshop

### Budget Update

**Question 1:** *What are the basic expenditure assumptions for the "General Fund Projection Summary" (slide 2 from the February 25<sup>th</sup> Budget Workshop)?*

The General Fund projected expenditures presented at Council's February 25<sup>th</sup> Budget Workshop and the January Council Retreat contain several assumption components. The average annual increase in projected expenditures is 2.63%, outpacing the average annual increase in projected revenues of 1.49%. This is due primarily to the anticipated elimination of the Business Privilege License Tax effective in FY2016. The net impact results in a cumulative four year projected deficit of \$86.7 million as shown in the table below.

	<b>FY2015 Revised</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>Average Annual Increase</b>
Revenues	\$585.7	\$586.5	\$598.2	\$609.7	\$621.4	<b>1.49%</b>
Expenditures	\$585.7	\$602.2	\$617.3	\$633.1	\$649.9	<b>2.63%</b>
<b>Savings/(Gap)</b>	<b>\$0.0</b>	<b>(\$15.7)</b>	<b>(\$19.1)</b>	<b>(\$23.4)</b>	<b>(\$28.5)</b>	
<b>Savings/(Gap) as % of expenditures</b>	<b>0%</b>	<b>(2.6%)</b>	<b>(3.1%)</b>	<b>(3.7%)</b>	<b>(4.4%)</b>	

The following table outlines the assumptions used to populate the expenditure projections:

<b>Description</b>	<b>FY2016 Increase/Decrease</b>	<b>FY2017 Increase/Decrease</b>	<b>FY2018 Increase/Decrease</b>	<b>FY2019 Increase/Decrease</b>
Public Safety Pay Plan Steps	2.5%-5.0%	2.5%-5.0%	2.5%-5.0%	2.5%-5.0%
Public Safety Pay Plan Market Adjustment	1.5%	1.5%	1.5%	1.5%
Employee Merit	3.0%	3.0%	3.0%	3.0%
Employee Health Insurance	9.0%	9.0%	9.0%	9.0%
Law Enforcement Employee Retirement	(4.9%)	3.0%	3.0%	3.0%
Firefighter Retirement	0.0%	3.0%	3.0%	3.0%
Employee Retirement Contribution	(7.0%)	3.0%	3.0%	3.0%
Risk Management	0.0%	1.0%	3.0%	3.0%
Operating Expenses	1.5%	1.5%	1.5%	1.5%
Solid Waste Contracts	\$2,200,000			
Law Enforcement Separation Allowance	\$2,000,000	\$450,000	\$500,000	\$500,000

**Question 2:** *How are the City's Plans Review fees structured, both for the General Fund and Charlotte Water?*

The City charges regulatory user fees to recover the costs associated with providing special regulatory services, such as Plans Review. As part of the FY2006 budget process, City Council adopted a policy to recover 100% of fully allocated costs associated with regulatory services.

However, from July 2008 until June 2012, the Council adopted Plans Review fees were held flat to mitigate impacts from the recession. Effective July 1, 2012, City Council approved a multi-year approach to gradually return to 100% cost recovery. Staff is currently working to calculate a 100% recovery rate for existing plans review fees as part of the City Manager's Recommended Budget for FY2016.

For Charlotte Water, the development of plans review fees is under review as part of the budget process and will also be addressed as a part of the City Manager's Recommended Budget for FY2016. At this time, there is no cost recovery formula built into the Charlotte Water Plans Review fees. The Plans Review fees for Charlotte Water are anticipated, if approved, to include a phased three-year implementation progression to reach 100% cost recovery. This would be needed to provide adequate time and opportunity to work with the development community and other key stakeholders impacted by the new fees.

The table below lists the FY2014 and FY2015 recovery rate for General Fund Plans Review fees in each applicable department:

<b>Department: Regulatory Service</b>	<b>FY2014 Recovery Rate</b>	<b>FY2015 Recovery Rate</b>	<b>Percentage Point Change</b>
Engineering & Property Management: Land Development	75%	79%	4%
Charlotte Department of Transportation: Land Development and Right-of-Way	100%	100%	0%
Charlotte-Mecklenburg Planning Department: Rezoning, Subdivision, Urban Plan and Zoning Administration	65%	76%	11%
Charlotte Fire Department: Fire Code and Plans Review	100%	100%	0%
Charlotte-Mecklenburg Police Department: Adult Businesses, Carnivals, Dance Halls, and Passenger Vehicle for Hire	82%	87%	5%
Neighborhood and Business Services: Zoning Administration	62%	76%	15%
City Clerk's Office: Legal Advertisements for Rezoning Petitions	30%	40%	10%

If the cost recovery formula for all General Fund regulatory user fees was increased to 100% – to include both the land development fees referenced above, as well as other regulatory user fees such as Fire permitting and Passenger Vehicle For Hire fees – this would result in an additional \$2.1 million in revenue to the General Fund for FY2016.

## Charlotte Water

**Question 3:** For Charlotte Water's Service Level Change requests listed on Slide #7 of the February 25<sup>th</sup> Budget Workshop presentation, please provide additional information on what is driving these requests.

The preliminary Service Level Change requests shared at the February 25th Budget Workshop are driven by changes in regulations governing Charlotte Water and by increases in workload related to improvements in the region's economy.

### Regulatory Drivers

Of the \$2.7 million in preliminary service level change requests, \$2.1 million are associated with the changing regulatory environment. The State of North Carolina has increased requirements for performing underground utility locations. In order to comply with these new requirements, an additional \$1.3 million is needed. Additionally, Federal Clean Water Act requirements and state laws concerning public records and procurement are also cost drivers. Environmental Permit and other violations are a potential outcome of not meeting regulatory requirements. Penalties for these types of violations range from civil penalties to moratoriums on new water/sewer service connections to potential criminal charges.

### Economic Drivers

Economic growth and customer service needs constitute the remaining \$600,000 in requests. Increased construction of new subdivisions and commercial development has driven the need for more plans review staff. As part of this budget cycle, Charlotte Water is planning to propose new user fees to cover those expenses.

### Budget Process

These Service Level Change requests remain under review by the City Manager, who will present his FY2016 & FY2017 budget recommendations on May 4<sup>th</sup>.

**Question 4:** Related to the pie chart on Slide #5 titled "FY2016 Budget By Program," of the \$225,930,768 capital allocation, how much is comprised of new construction and how much is maintenance?

The \$225.9 million is divided into two categories. The first category represents the FY2016 appropriations necessary to cover Charlotte Water's yearly principal and interest payments on outstanding debt. The second category provides the Pay-As-You Go (PAYGO) dollars necessary to support current and future capital programs. The PAYGO category includes both new construction and maintenance related projects. Both categories are consistent with the long-term financial planning model. The table below provides an additional detail on the components within the \$225.9 million.

Category	Request	Percent
Principle and Interest Payments	\$151,354,379	67%
PAYGO (New Construction)	\$19,369,400	9%
PAYGO (Maintenance)	\$55,206,989	24%
<b>Total</b>	<b>\$225,930,768</b>	<b>100%</b>

Proceeds from new debt programmed in Charlotte Water's FY2016 Community Investment Plan are not included in the \$225.9 million.

**Question 5:** For rate increase Scenario 4 on Slide #15, what would be the impact to revenue if Tier 2 was frozen?

Charlotte Water developed Scenario 5 based on the following three assumptions:

1. Elimination of Tier 1 Subsidy
2. Increase Debt Service Recovery to 25%
3. No Change to Tier 2, 3 and 4 Water Rates

Freezing Tier, 2 under Scenario 5, results in an estimated \$3,653,044 in additional revenue, compared to not freezing Tier 2 rates. Using this methodology, a 7 Ccf customer would see a 7.1% rate increase over FY2015. The table below demonstrates the difference between Scenario 4, which only freezes Tiers 3 and 4, and Scenario 5, which freezes Tiers 2, 3, and 4. Assumptions 1 and 2 are the same for both Scenario 4 and Scenario 5.

Tiers	Consumption	Scenario # 4		Scenario # 5	
		Rate	Revenues	Rate	Revenues
1	16,241,349	1.62	\$26,280,766	1.62	\$26,280,766
2	6,374,175	2.09	13,302,261	2.66	16,955,304
3	4,024,873	4.71	18,957,152	4.71	18,957,154
4	2,407,283	8.91	21,448,892	8.91	21,448,891
<b>Total</b>	<b>29,047,680</b>		<b>\$79,989,071</b>		<b>\$83,642,114</b>
<b>Difference between Scenario 4 and Scenario 5</b>					<b>\$3,653,044</b>

In Scenario 4, Tier 2 rates are lower because the increased revenue from freezing Tier 3 and Tier 4 is spread evenly over Tier 1 and Tier 2.

**Question 6:** What is the rationale of each of the rate scenarios?

Following feedback from Council's Budget Committee, Charlotte Water has explored several options for changing the water and sewer rate methodology for FY2016. These options are designed to align the cost of service with each rate tier and to also decrease reliability on volumetric revenue by increasing the fixed portion of customer bills. Increasing the fixed component of the revenue stream will decrease revenue disruption caused by weather, changing economic conditions, or other uncontrollable factors.

The following table addresses the rationale for each potential rate methodology scenario, according to three key factors:

- Aligning rate charges with actual cost of service
- Improving revenue predictability and stability
- Linking customer growth and revenue growth

Scenario	Align rate charged with cost of service	Improve Revenue Predictability & Stability	Linking Customer and Revenue Growth	FY2016 Bill Impact for 7 Ccf Customer**
Current Methodology				\$2.18
Scenario 1: Eliminate Tier 1 Subsidy	√	√	√	\$2.25
Scenario 2: Increase Availability Fee		√	√	\$2.58
Scenario 3: Eliminate Tier 1 Subsidy & Increase Availability Fee	√	√	√	\$2.64
Scenario 4: Eliminate Tier 1 Subsidy, Increase Availability Fee, Freeze Tier 3, &4 Rates	√	√	√	\$2.32
Scenario 5: Eliminate Tier 1 Subsidy, Increase Availability Fee, Freeze Tier 2, 3, &4 Rates		√	√	\$4.04

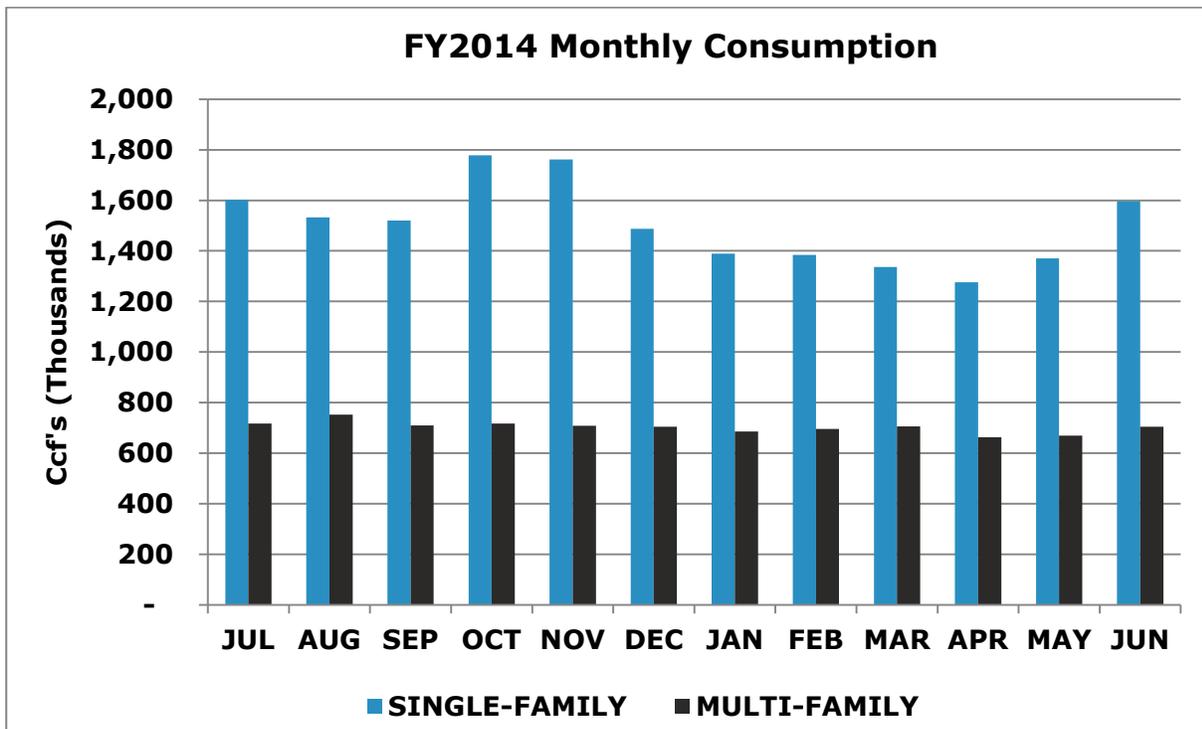
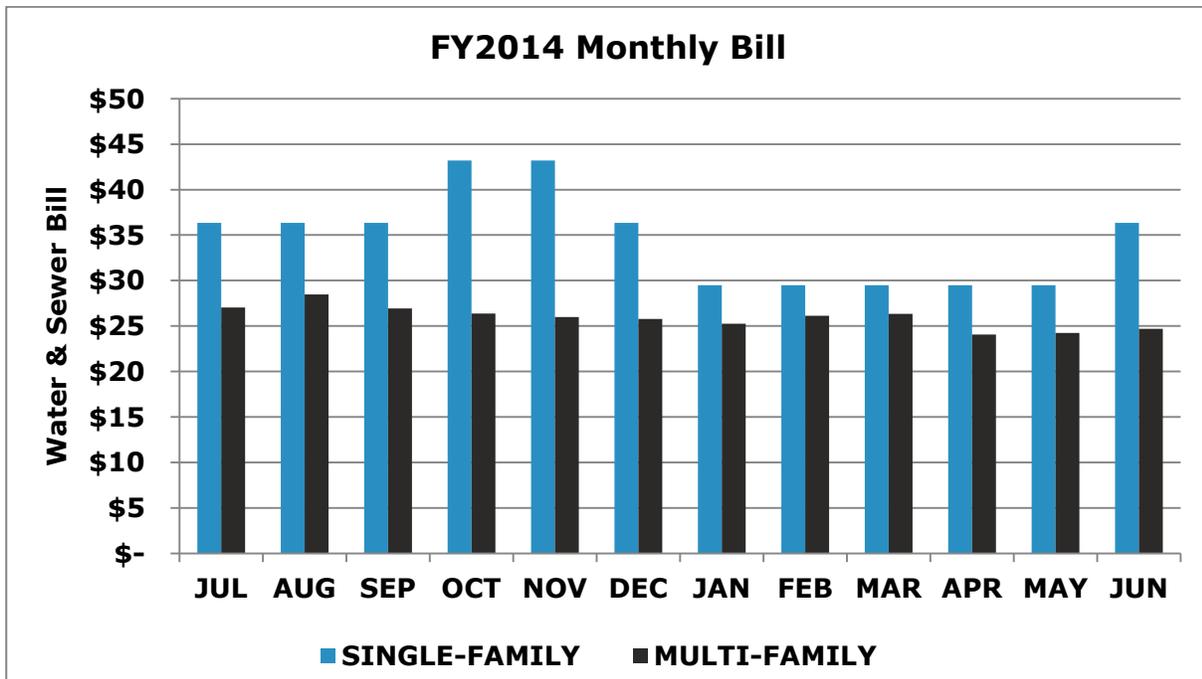
\*\* These potential rate impacts are based upon preliminary estimates and are for illustrative purposes.

Please note that Scenario's 1 through 4 each generate the same amount of revenue for FY2016.

**Question 7:** *How does single-family water and sewer usage differ from that of multi-family usage?*

The monthly per unit bill for a single-family residence averages \$8.71 more than the monthly bill for an individual multi-family unit. Monthly consumption for a single-family residence is 1.9 Ccf (1,421 gallons) more than the consumption for an individual multi-family unit.

The FY2014 monthly bill and consumption rates are provided in the following charts:



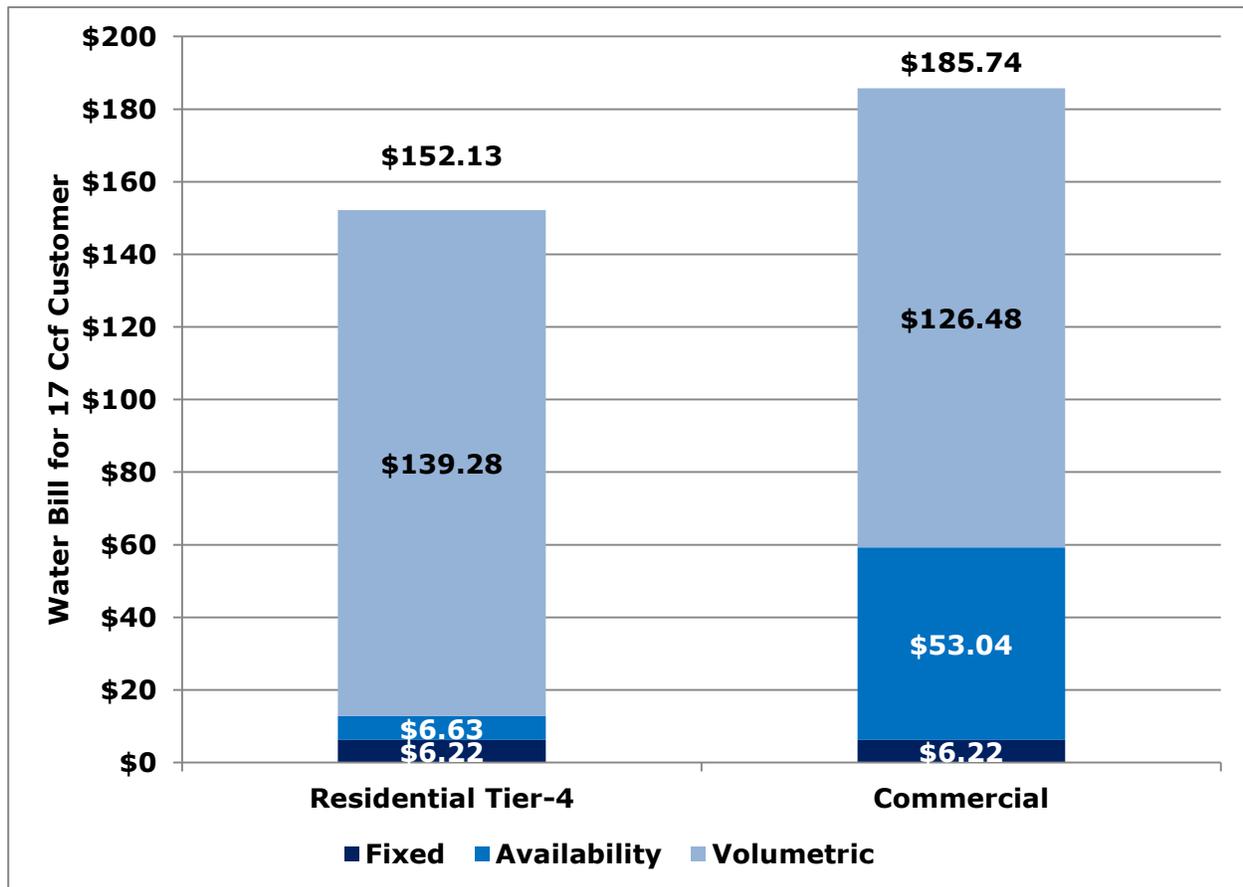
**Question 8:** *What is the commercial rate? How does it compare to the Tier 4 residential rate?*

Charlotte Water develops monthly charges through a cost of service model, which distributes operating and capital costs to customer classes based on demand and usage characteristics. In addition to volumetric charges, commercial and residential

customers pay monthly availability fees based on meter size. Residential customers typically pay \$6.63 per month in availability fees. Commercial (Non-Residential) customers pay monthly availability fees ranging from \$16.58 for a 1" service to \$1,127.04 for a 12" service.

Charlotte Water's preliminary FY2016 Tier 4 combined water and sewer rate is \$10.20 per Ccf. The preliminary FY2016 Commercial combined water and sewer rate is \$7.44 per Ccf. Taking the availability fee into account, a commercial customer with a 2-inch meter would pay \$185.74 per month for 17 Ccfs while a residential customer with a ¾ inch meter would pay \$152.13. Only about 4% of the total number of water/sewer bills issued in a year has any Tier 4 consumption.

The chart below provides a comparison of the Commercial and Tier 4 residential rates based on 17 Ccfs of consumption.



**Question 9:** Please list examples of capital projects currently funded, with anticipated future funding, and without current funding?

Charlotte Water anticipates budgeting approximately \$14 million as part of the FY2016 Community Investment Plan to continue work on the following six currently funded projects.

1. Clems Branch Pump Station Improvements (\$3M)
2. Coffey and Taggart Creek Outfall (\$1M)
3. McDowell Basin Trunk Sewers (\$3M)

4. Steele Creek LS Replacement (\$4M)
5. Vest FM & Pump Station to Franklin (\$2.03M)
6. WM – Tyvola Road West (\$1M)

These six projects represent \$72 million in prior year appropriations. Within the total five-year Community Investment Plan, Charlotte Water anticipates the need for approximately \$233 million in new debt service proceeds over 51 currently funded projects.

Attachment 1 is a table that provides a detailed list of the 51 Community Investment Plan Projects mentioned above.

## Storm Water Services

**Question 10:** *Is there an opportunity to use a “sinking fund” approach for Storm Water capital projects?*

A sinking fund is established by setting aside revenue over a period of time to fund a future capital expense. The funds can be used to replace capital equipment as it becomes obsolete or to fund a major fixed asset expenditure. The payments are amortized to that future expenditure.

Storm Water Services has both a backlog of previously identified projects as well as the addition of new projects being added to the work list each year. Neither the backlog nor the new projects added annually are fully funded within the current fee structure.

To establish and use a “sinking fund” approach to fund Storm Water capital needs, staff projects the following two-part funding scenario would be necessary:

1. Set the fee structure so all new projects added annually are fully funded by the revenue and debt capacity generated by those fees, which can be accomplished by:
  - o Initiating a four tier rate structure for single family detached parcels
  - o Increasing Storm Water fees by 5.9% annually starting in FY2017
2. Then, using the sinking fund concept, add a onetime fee increase in addition to the 5.9% above to be dedicated to eliminating the current backlog of projects.

The following table provides examples of the potential revenue and debt capacity that could be generated by a onetime fee increase to support a sinking fund. All capacity numbers shown are for the FY2016-FY2028 timeframe.

One Time Fee Increase FY2017 Only on 4 rates	Revenue Generated	Debt Generated	Total Sinking Fund Capacity Generated
1.0%	\$7.47	\$10M	\$17.31M
3.5%	\$26.13	\$20M	\$38.22M
7.0%	\$52.26	\$40M	\$73.61M

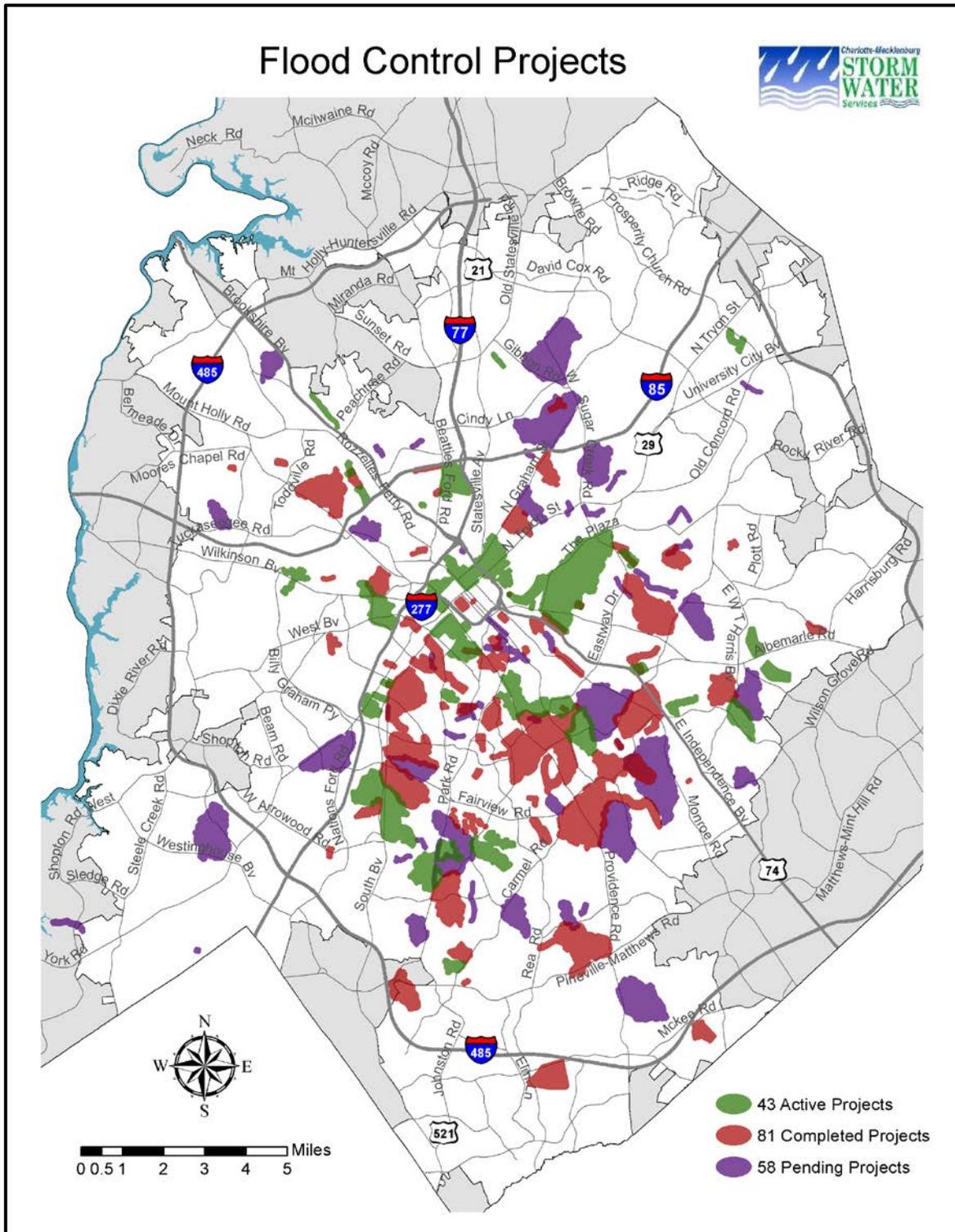
Note: Total capacity will be less than total revenue plus debt because of debt payments.

**Question 11:** *Please provide examples of where major Flood Control projects are currently located.*

The following table lists the 43 active flood control projects throughout the City.

<b>Location of Active Flood Control Projects</b>	
6th and Graham	Louise
Alanhurst/Cherrycrest	Lyon Phase 1
Beckwith/Meadow	Lyon Phase 2
Blenhein	Margaret Turner
Brentwood Phase 1	Mary Alexander
Brentwood Phase 2	McAlway/Churchill
Cedars East	Meadowridge
Celia	Myrtle Ave/Morehead Phase 1
Chandworth	Myrtle Ave/Morehead Phase 2
Chatham	Parkwood Phase 1
Cherokee/Scotland	Parkwood Phase 2
Cutchin	Peterson
Edgewater/Rosecrest Phase 1	Princeton/Somerset
Edgewater/Rosecrest Phase 2	Robinhood/Dooley
Gaynor	Shamrock Gardens
Greenhaven/Pierson	Tattersall
Hampton	Wanamassa
Hill	Water Oak
Hinsdale/Tinkerbell	Wilkinson Blvd
Kenilworth/Romany	Wiseman
Lilly Mill	Yancey
Lincoln Heights	

The following map provides the geographic location of these active projects, as well as completed and pending flood control projects.



**Question 12:** Please provide scenarios where there are varying Storm Water fee changes in alternating years (as have been presented to Council in prior years).

The scenarios below were provided to City Council on May 28, 2014 as part of the FY2015 Straw Votes discussion. These scenarios were produced with the assumption that all of the increased revenue and additional staff would support the completion of the Maintenance & Repair Project Backlog.

**Scenario A – Continue historical Fee Model - 1/2% Step down each year to a floor of 2.5% annually**

If the Fee Model employed prior to FY2015 were continued through FY2020 when the annual fee increase was projected to stabilize at 2.5% annually, the wait time by FY2020 would be reduced to 2 - 3 years

Impact	FY15	FY16	FY17	FY18	FY19	FY20
<b>Fee Increase</b>	<b>5.0%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>3.5%</b>	<b>3.0%</b>	<b>2.5%</b>
Monthly Cost of Increase	\$0.40	\$0.37	\$0.35	\$0.31	\$0.28	\$0.24
Maintenance & Repair Backlog	948	857	746	641	550	459
Additional Staff	6	13	0	0	0	0

**Scenario B – No fee increase in FY2015**

Under Scenario B, the wait time by FY2020 would increase to 6 - 7 years

Impact	FY15	FY16	FY17	FY18	FY19	FY20
<b>Fee Increase</b>	<b>0.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
Monthly Cost of Increase	\$0.00	\$0.24	\$0.25	\$0.25	\$0.26	\$0.26
Maintenance & Repair Backlog	958	985	1,014	1,043	1,072	1,101
Additional Staff	0	0	0	0	0	0

**Scenario C – Annual 3% Fee Increase**

Under Scenario C, the wait time by FY2020 would be reduced to 3.5 - 4.5 years

Impact	FY15	FY16	FY17	FY18	FY19	FY20
<b>Fee Increase</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
Monthly Cost of Increase	\$0.24	\$0.25	\$0.25	\$0.26	\$0.26	\$0.28
Maintenance & Repair Backlog	948	934	912	889	867	844
Additional Staff	5	2	0	0	0	0

**Scenario D – One-time fee increase to reduce the backlog to 1 year – Cash Only**

Under Scenario D, the wait time by FY2020 would be reduced to approximately 1 year.

Work on the backlog will be paid with **Pay-As-You-Go cash only.**

Next fee increase would be needed in FY2021.

Impact	FY15	FY16	FY17	FY18	FY19	FY20
<b>Fee Increase</b>	<b>37.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Monthly Cost of Increase	\$2.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance & Repair Backlog	852	724	567	411	262	194
Additional Staff	23	0	0	0	0	0

**Scenario E – One-time fee increase to reduce the backlog to 1 year – Cash and Debt**

Under Scenario E, the wait time by FY2020 would be reduced to approximately 1 year.

Work on the backlog will be paid with **Pay-As-You-Go cash and Revenue Bonds.**

Next fee increase would be needed in FY2021.

Impact	FY15	FY16	FY17	FY18	FY19	FY20
<b>Fee Increase</b>	<b>19.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Monthly Cost of Increase	\$1.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance & Repair Backlog	852	724	567	411	262	194
Additional Staff	23	0	0	0	0	0

**Question 13:** *Has the City considered purchasing property in high flood prone areas, rather than paying the higher cost of remediating private property?*

Yes, the City has previously purchased property in high flood prone areas. As part of capital investment planning, multiple alternatives are identified to solve problems and to ensure cost beneficial improvements. The feasibility of purchasing properties in flood prone areas is evaluated on a case by case basis and may be pursued if the benefits outweigh the improvement costs. In considering whether to purchase properties in flood prone areas, staff also evaluates various intangible impacts, including:

- Loss of affordable housing
- Reduction of the tax base
- Creation of vacant property in neighborhoods
- Future maintenance costs.

Some examples where the City has purchased property in high flood prone areas include:

- **Celia Avenue Storm Drainage Improvement Project** - to reduce flooding of streets and structures. Celia Avenue connects to Beatties Ford Road just north of the Brookshire Freeway. Celia Avenue frequently floods and provides the only vehicular access (dead end road) for 12 properties. Several alternatives were considered. The selected alternative included purchase of two parcels, home demolition, culvert replacement, and realigning and raising of the roadway. At a cost of \$725,000, this selected alternative resulted in a \$460,000 cost savings compared to the next lowest cost alternative. The properties were closed on May 31, 2013 and November 11, 2013.
- **Brentwood Storm Drainage Improvement Project** - to reduce flooding of streets and structures, and repair stream bank erosion. The project is bordered by Remount Road to the south and west and Barringer Drive to the east. Several planning phase alternatives were evaluated. One portion of the project experienced frequent flooding of Barringer Drive and a house, 2438 Barringer Drive. The selected alternative for this area included purchase and demolition of 2438 Barringer Drive and culvert replacement to eliminate the house flooding and meet design standards for Barringer Drive. At a cost of \$1,830,000, this selected alternative resulted in \$259,000 cost savings compared to the next lowest cost alternative. The property was closed on November 1, 2012.

#### Enabling legislation to allow purchase of flood prone property

In 2014, the General Assembly enacted legislation authorizing counties with populations of at least 910,000 to engage in a greater range of flood control solutions on private property that would lead to more cost effective solutions. SL 2014-14 authorizes certain types of flood control solutions as permissible measures for public enterprises operated by counties using storm water fees. The legislation expressly authorizes those counties to purchase property for the purpose of demolishing flood-prone buildings and to implement

flood damage reduction techniques that result in improvements to private property including elevating structures, demolishing flood-prone structures, and retrofitting flood-prone structures. The legislation states that these private property improvements are only performed as long as certain conditions are met, such as obtaining consent of the property owners and conducting feasibility studies before proceeding.

The Storm Water Services program has operated as a public enterprise using storm water fees under the authority of the North Carolina General Statutes (NCGS) 160A-311 since 1993. While NCGS 160A-311 does not expressly authorize the same types of flood control solutions that were authorized by SL 2014-14, the City interpreted the language very broadly and engaged in these flood control solutions. Since the City of Charlotte operates its storm water management program in coordination with a county that meets the population threshold of SL 2014-14, the City is seeking similar enabling legislation in order to be specifically authorized to continue implementation of flood damage reduction techniques on private property using storm water fees.

**Question 14:** *What would be the impacts of not increasing the Storm Water fee, or increasing it at a small amount (such as 2%)?*

The table below shows the impact on Storm Water revenues, capital expenditures, and the ability to pursue capital projects if Storm Water fees were not increased, or increased 2%, under both the current two rate structure and a potential four rate structure.

<b>FY2016-FY2028</b>	<b>2 rates</b>	<b>2 rates</b>	<b>4 rates</b>
<b>Rate Increase</b>	<b>0%</b>	<b>2% in FY16 only</b>	<b>0%</b>
Revenue	746,226,175	761,150,699	846,932,850
Bond Proceeds	180,000,000	180,000,000	240,000,000
Capital Expenditures	623,580,573	634,029,604	770,351,569
Additional Capacity	(79,521,044)	(69,072,013)	67,249,952
Flood Control	Average starting 2 projects/year	Average starting 2.2 projects/year	Average starting 3 projects/year
Maintenance and Repair	9 year wait & growing	9 year wait & growing	7-8 year wait
C Low Priority Projects	No projects started	No projects started	No projects started

**Question 15:** Please explain contributions from the General Fund for Storm Water Services.

The City has provided General Fund contributions to Storm Water Services associated with the impact on storm water systems from impervious surfaces of City-maintained streets and City-owned general government facilities since 1993. Beginning in 1995, the City also began making Storm Water contributions from the Powell Bill Fund.

While the City does make a contribution to Storm Water Services for City-maintained streets through the Powell Bill Fund, the State does not make a similar contribution for State-maintained roads. Charlotte City Code Sec. 18-40 – Exemptions and Credits Applicable to Service Charges states:

*The following exemptions from storm water service charges shall be allowed: Public road rights-of-way which have been conveyed to and accepted for maintenance by the State and are available for use in common by the general public for motor vehicle transportation.*

Below is a summary of the changes to the City contributions that have occurred since 1994.

- In FY1994, Council approved a \$2.5 million annual contribution to Storm Water Services for City maintained streets and general government facilities and also dedicated one cent of the property tax rate to Storm Water Services.
- In FY1995, the \$2.5 million annual contribution was split between General Fund and Powell Bill (\$2.0 million and \$500,000 respectively).
- Beginning in FY1997, the contributions were increased each year based on the annual percentage increase of the Storm Water Fee.
- In FY1998, the City began phasing out dedicated property tax revenues at a rate of 25% annually through FY2001.
- In FY2006, City Council approved a cap on the General Fund and Powell Bill Fund contributions at \$5.68 million (\$4.54 million General Fund, \$1.14 Powell Bill Fund).
- In FY2011 City Council approved a 10% reduction of the total contribution, to be reinstated at the rate of 33% annually beginning in FY2012 through FY2014.
- The current FY2015 contribution is \$4.54 million from the General Fund and \$1.14 million from the Powell Bill Fund, for a total City contribution of \$5.68 million.

The following table shows the annual and total contributions from the City's General Fund and Power Bill Fund to Storm Water Services between 1993 and 2015.

<b>General Fund and Powell Bill Contributions to City Storm Water Services</b>					
<b>Fiscal Year</b>	<b>Fee Increases</b>	<b>General Fund Contribution</b>	<b>Powell Bill Fund Contribution</b>	<b>Dedicated Property Tax</b>	<b>Total Payment</b>
1993	0%	1,250,000	0	0	1,250,000
1994	0%	2,500,000	0	2,626,313	5,126,313
1995	0%	2,000,000	500,000	2,815,352	5,315,352
1996	0%	2,000,000	500,000	2,901,430	5,401,430
1997	10.0%	2,200,000	550,000	3,053,738	5,803,738
1998	10.0%	2,420,000	605,000	2,608,377	5,633,377
1999	10.0%	2,662,500	665,000	1,895,595	5,223,095
2000	10.0%	2,928,250	732,200	1,003,089	4,663,539
2001	10.0%	3,221,275	805,000	0	4,026,275
2002	7.5%	3,466,092	867,172	0	4,333,264
2003	5.5%	3,653,949	915,460	0	4,569,409
2004	7.5%	3,927,699	984,120	0	4,911,819
2005	7.5%	4,222,276	1,057,929	0	5,280,205
2006	7.5%	4,539,290	1,137,273	0	5,676,563
2007	7.0%	4,539,290	1,137,273	0	5,676,563
2008	7.0%	4,539,290	1,137,273	0	5,676,563
2009	7.0%	4,539,290	1,137,273	0	5,676,563
2010	5.0%	4,539,290	1,137,273	0	5,676,563
2011	7.0%	4,085,361	1,137,273	0	5,222,634
2012	6.5%	4,236,671	1,137,273	0	5,373,944
2013	6.0%	4,387,981	1,137,273	0	5,525,254
2014	5.5%	4,539,291	1,137,273	0	5,676,564
<b>TOTAL</b>		<b>\$76,397,795</b>	<b>\$18,417,338</b>	<b>\$16,903,894</b>	<b>\$111,719,028</b>

**Question 16:** Please list capital projects currently funded, with anticipated future funding, and without current funding?

The following table lists the funded and non-funded portions of current Flood Control projects. Flood Control Projects on the backlog are without funding until FY2021.

<b>Flood Control Project</b>	<b>FY2015 CIP Funding</b>	<b>FY2016 – FY2020 Anticipated CIP Funding</b>
Bleinhein	Construction	
Brentwood Phase 1	Construction	
Brentwood Phase 2	Construction	
Celia	Construction	
Cherokee/Scotland	Construction	
Gaynor	Construction	
Myrtle/Morehead Phase 1	Construction	
Parkwood Phase 1	Construction	
Robinhood/Dooley	Construction	
Wiseman	Construction	
Lilly Mill	Design & Construction	
Meadowridge	Design	Construction FY2016
Louise	Planning & Design	Construction FY2016
Lyon Phase 1	Planning & Design	Construction FY2016
McAlway/Churchill	Planning & Design	Construction FY2016
Peterson	Planning & Design	Construction FY2016
Princeton/Somerset	Planning & Design	Construction FY2016
Alanhurst/Cherrycrest	Planning & Design	Construction FY2017
Cedars East	Planning & Design	Construction FY2017
Greenhaven/Pierson	Design	Construction FY2017
Hampton	Planning & Design	Construction FY2017
Hinsdale/Tinkerbell	Planning & Design	Construction FY2017
Kenilworth/Romany	Planning & Design	Construction FY2017
Lincoln Heights	Planning & Design	Construction FY2017
Mary Alexander	Planning & Design	Construction FY2017
Myrtle/Morehead Phase 2	Planning & Design	Construction FY2017
Water Oak	Planning & Design	Construction FY2017
Wanamassa	Planning	Design FY2016/Construction FY2017
6 <sup>th</sup> & Graham	Planning & Design	Construction FY2018
Edgewater/Rosecrest Phase 1	Planning & Design	Construction FY2018
Lyon Phase 2	Planning & Design	Construction FY2018
Hill	Planning & Design	Construction FY2018
Shamrock Gardens	Planning & Design	Construction FY2018
Yancey	Planning & Design	Construction FY2018
Margaret Turner	Planning	Design FY2016/Construction FY2018
Chandworth	Planning & Design	Construction FY2019
Chatham	Planning & Design	Construction FY2019
Parkwood Phase 2	Planning & Design	Construction FY2019
Tattersall	Planning & Design	Construction FY2019
Wilkinson	Planning & Design	Construction FY2019
Beckwith/Meadow	Planning & Design	Construction FY2020
Cutchin	Planning & Design	Construction FY2020
Edgewater/Rosecrest Phase 2	Planning & Design	Construction FY2020

## Financial Partners

**Question 17:** *If the CRVA's funding request of \$150,000 for the Film Commission is not funded, could the CRVA prioritize their dedicated revenue source funding to use towards the Film Commission?*

### Potential Funding of Film Commission Using Dedicated Revenues

In their FY2015 budget, the CRVA also allocated \$150,000 of their dedicated Occupancy Tax and Food & Beverage Tax proceeds to the Film Commission as CRVA's part of the City, County, and CRVA three-way agreement to provide an adequate level of funding to stabilize the Film Commission as the lead organization that supports that industry.

Per CRVA, if the City discontinues the \$150,000 funding for the Film Commission from General Fund discretionary funds, the CRVA would not be able to absorb that portion and will not be able to sustain its current level of engagement in promoting the Charlotte region as a location for film and commercial/television productions. The impact would be less solicitation, marketing, and service support available to the Film Industry, which has two major hubs in North Carolina: Wilmington and Charlotte. CRVA responded that reduced funding towards an aggressive and competent effort to maintain and grow the film industry may result in jobs supporting film to be lost to Wilmington or other locations.

### City Funding to CRVA

The City of Charlotte provides funding to the CRVA for two different programs through two separate revenue sources:

- Visit Charlotte – Dedicated Occupancy Tax and Food & Beverage Tax Proceeds
- Charlotte Regional Film Commission – Discretionary General Fund Revenues

### CRVA's FY2016 Film Commission Request – Discretionary General Fund Revenue

CRVA's FY2016 Charlotte Regional Film Commission request of \$150,000 is for General Fund discretionary funds. Through the Charlotte Regional Film Commission, CRVA promotes the Charlotte region as a location for film and commercial/television productions. CRVA's Charlotte Regional Film Commission provides site location, crew, equipment, stage, and support service information for commercials, independent films, television series, and still photography shoots.

### CRVA's FY2016 Visit Charlotte Funding Request – Dedicated Revenues

CRVA's FY2016 funding request of \$13,597,941 is for their Visit Charlotte division. The Visit Charlotte division promotes the region with sales and marketing activities that bring conventioners, meeting and special event attendees, and tourists to Charlotte every year.

Funding for CRVA's Visit Charlotte program are based on actual funding distributions from the occupancy tax and prepared food and beverage tax proceeds in compliance with Chapter 908 of the 1983 Session Laws, as amended by Chapters 821 and 922 of the 1989 Session Laws and Chapter 402 of the 2001 Session Laws (collectively "Tax Legislation"), as follows:

For general tourism marketing:

- First 3% Occupancy Tax,
- 50% of the first \$1 million collected,
- 35% of the 2nd \$1 million collected, and
- 25% of all revenue above \$2 million

For Convention Center marketing:

- 15% of collected 2nd 3% Occupancy Tax and 1% Food and Beverage Tax

For Business Development:

- \$1.9 million in FY2015 growing at 3% a year

**Question 18:** *What have been the Film Commission's activities and achievements in the past year?*

The following response was provided directly by CRVA:

"The first and most prominent goal of the Charlotte Regional Film Commission (CRFC) is to promote on location filmmaking within the region. The CRFC has a strong commitment to film and video production, and services all projects: still photography, commercials, television, feature, and independent films. The CRFC's primary services include: information of local filming procedures; site location photography and location library; scouting services within the region; information on crew, equipment, stages and support services; and liaison with city, county, state, and federal governments. The CRFC's goal is to promote the Charlotte Region as a superior film location, and to sustain and build awareness of the Charlotte Region in the film and video industries both domestically and internationally.

Currently, the CRFC is in the process of launching a new brand for its office, which includes a new logo, website, collateral, and promotional items. The CRFC is also working with a new database provider that manages locations, contacts, and project information allowing the Charlotte Region to be more competitive in the marketplace.

The CRFC hired two new employees for its Film Office: Film Coordinator and Location Manager. The addition of this staff has allowed more time for the Director to proactively promote the city and better respond to inquiries and service projects that choose Charlotte as their location. The CRFC is also building a more robust location database, which includes photos of locations from across the region that will assist the CRFC in selling the Charlotte Region as a diverse film location (city, rural, mountains, small town, etc.). These improvements will allow the CRFC to realign their time and energy in the marketplace.

Reductions to the NC Film Incentives have produced ripple effects, locally, with a steady decline in pipeline leads and productions for film and television. However, the CRFC has realigned its focus on recruiting commercial projects, reality-TV shows, sports marketing, and photography – all projects that do not depend on the state's incentive and have been successful in the region in the past. The CRFC's pipeline of projects will continue to grow and demonstrates a continued need for the City and County's investment in the CRFC.

CRVA-Charlotte Regional Film Commission's activities and achievements in the past year are as follows:"

Film Commission Performance Metrics:

<b>Measure</b>	<b>FY2015 Mid-Year Actual</b>	<b>FY2016 Target</b>
Number of qualified film/TV prospects/leads generated	64	125
Increase the number of feature film/TV prospects/leads generated for the Charlotte Region	10	8
Total budget for films/TV projects produced	\$38 million*	\$9 million
Number of film crew positions filled locally	680*	400

\*Estimates as final numbers unavailable until released by the North Carolina Department of Revenue

Tradeshows, conferences, and sales missions:

- Cineposium- Association of Film Commissioners International Conference – NYC
- NYC Sales Mission - called on production companies
- Sundance Film Festival – sponsored event at festival with the NC Film Office and Wilmington Film Commission
- Locations Trade Show in LA – sponsored booth with NC Film Office, Wilmington Film Commission and Piedmont Triad Film Commission
- International Film Festival Summit

Membership of Associations:

- Association of Film Commissioners International
- Associate member of Association of International Commercial Producers

Recent Projects:

- BANSHEE (HBO) 3rd season
- VACATION (Warner Brothers)
- PAPER TOWNS (FOX)
- 4 BLOOD MOONS (Independent film)
- MAX (MGM)
- ASHBY (Independent film)
- OUTCAST (HBO and International FOX); Pilot recently shot in York and Chester counties utilizing crew and vendors from the Charlotte region; Project has been picked up and is planning on returning to the Charlotte region.

Reality Shows:

- HOUSE HUNTERS
- LAST COMIC STANDING
- A SALE OF TWO CITIES
- WHO DO YOU THINK YOU ARE?
- MTV CATFISH
- UNNAMED NEW REALITY SHOW
- DOLLARS AND SENSE (Catwalk Productions)

Commercials:

- PRUDENTIAL – national commercial filmed at the NASCAR Hall of Fame
- BANK OF AMERICA
- DUKE ENERGY
- US ARMY
- NATIONWIDE

- BOJANGLES
- MOUNTAIN DEW
- NCEL
- NAPA
- BURGER KING
- USPS
- EVERHART HEALTH
- LOWES
- GRASTEK
- VALVOLINE
- GOOD YEAR
- SUBWAY
- KIOTI TRACTOR

Print:

- MACY'S
- ZURICH INSURANCE
- MACK TRUCK
- KIOTI TRACTOR

**Question 19:** Please provide additional information on the new request from the Foundation For The Carolinas' Third Grade Reading Initiative?

Overview

The Third Grade Reading Initiative ("Read Charlotte") is a new collaborative effort to double the percentage of third grade students reading at grade level. Currently, more than half of all Charlotte-Mecklenburg Schools' third graders are not reading at grade level. If a child is not reading at or above grade level by the end of the third grade, he or she is four times more likely to drop out of school than a child who is reading proficiently.

Committee Discussion

On October 17, 2014, the Third Grade Reading Initiative was discussed at Council's Economic & Global Competitiveness (ED&GC) Committee, following requests for staff to explore opportunities for collaboration with private and foundation efforts, including related to the Third Grade Literacy initiative. As a result of those discussions, staff suggested that the Third Grade Reading Initiative submit a request through the Financial Partner Process.

Current Status of Third Grading Reading Initiative

As of January 28, 2015, the Foundation For The Carolinas has raised \$4.6 million from private foundations and corporations. The funds raised are three and five year commitments, at a minimum, of \$100,000 annually. The following table lists the nine lead funders for "Read Charlotte" and the term of their funding commitment:

<b>Organization</b>	<b>Amount/Year</b>	<b># Years</b>	<b>Total Pledged</b>
Bank of America	\$100,000	3 years	\$300,000
CD Spangler Foundation	\$100,000	5 years	\$500,000
Duke Energy Foundation	\$100,000	5 years	\$500,000
Foundation For The Carolinas	\$100,000	5 years	\$500,000
PNC	\$100,000	5 years	\$500,000
PricewaterhouseCoopers LLP	\$100,000	3 years	\$300,000
The Belk Foundation	\$150,000	5 years	\$750,000
The Duke Endowment	\$150,000	5 years	\$750,000
Wells Fargo	\$100,000	5 years	\$500,000
<b>Total To-Date</b>			<b>\$4,600,000</b>

#### Financial Partner Budget Process

The Financial Partner information provided to Council at the February 25, 2015 Budget Workshop included all requests received from organizations that submitted applications to the City. The City Manager will present his Financial Partner funding recommendations to Council at their April 8, 2015 Budget Workshop.

**Question 20:** What are the funding sources for the current year (FY2015) allocation to the Charlotte Mecklenburg Housing Partnership?

The Charlotte Mecklenburg Housing Partnership (CMHP) is funded with local Innovative Housing Pay-As-You-Go (PAYGO) funds and federal grant funding from the U.S. Department of Housing and Urban Development (HUD). The CMHP Affordable Housing Contract is funded with PAYGO and a portion of the City's Community Development Block Grant (CDBG) allocation. The CMHP HouseCharlotte program is funded with PAYGO and the HUD HOME Investment Partnerships Program grant (HOME).

The table below provided the current funding sources and amounts for CMHP's FY2015 Affordable Housing Contract and HouseCharlotte programs:

<b>Charlotte Mecklenburg Housing Partnership Program</b>	<b>City PAYGO Funds</b>	<b>Federal HUD Grant Funds</b>	<b>Type of HUD Grant</b>	<b>Total FY2015 Funding</b>
Affordable Housing Contract	\$490,000	\$1,470,000	CDBG	\$1,960,000
HouseCharlotte	\$57,750	\$173,250	HOME	\$231,000

## **Financial Partner Question asked at March 2<sup>nd</sup> Council Workshop**

The following information was requested during the Arts & Science Council's "Cultural Life Task Force" presentation at Council's Monday, March 2<sup>nd</sup> Workshop.

**Question 21:** *Please provide a comparison of City and County arts and cultural spending.*

Attachment 2 provides the tables listing the different arts and cultural funding components for both the City of Charlotte and Mecklenburg County.

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**Attachment 1: Charlotte Water Community Investment Plan Projects**

Project Title	Project Type	FY16	FY17	FY18	FY19	FY20	Total 5-YR CIP	Category
Steele Creek LS Replacement	Sewer	\$4,000,000	\$0	\$0	\$0	\$0	\$4,000,000	Capacity for Growth
McDowell Basin Trunk Sewers	Sewer	\$3,000,000	\$0	\$17,000,000	\$0	\$0	\$20,000,000	Capacity for Growth
Clems Branch Pump Station Improvements	Sewer	\$3,000,000	\$0	\$0	\$0	\$0	\$3,000,000	Capacity for Growth
Vest FM & Pump Station to Franklin	Water	\$2,030,000	\$0	\$0	\$0	\$0	\$2,030,000	Regulatory Requirements
Coffey and Taggart Creek Outfall	Sewer	\$1,000,000	\$0	\$0	\$0	\$0	\$1,000,000	Capacity for Growth
Wm-Tyvola Road West	Water	\$1,000,000	\$0	\$0	\$0	\$0	\$1,000,000	Capacity for Growth
Sugar Creek WWTP - Phase II	Sewer	\$0	\$17,000,000	\$0	\$0	\$0	\$17,000,000	Rehabilitation and Replacement
Dixie Berryhill Sewer Projects	Sewer	\$0	\$5,540,000	\$0	\$0	\$0	\$5,540,000	Commitment to Public Projects & Utility Operations
McAlpine Creek WWMF Final Clarifier	Sewer	\$0	\$5,100,000	\$0	\$0	\$0	\$5,100,000	Capacity for Growth
Gum Branch Outfall Replacement	Sewer	\$0	\$3,000,000	\$0	\$0	\$0	\$3,000,000	Capacity for Growth
Upper McAlpine Creek Relief Sewer	Sewer	\$0	\$1,000,000	\$0	\$3,500,000	\$0	\$4,500,000	Capacity for Growth
Dixie Berryhill Water Projects	Water	\$0	\$5,400,000	\$0	\$0	\$0	\$5,400,000	Commitment to Public Projects & Utility Operations
Dewatering Complex Upgrade at McAlpine	Sewer	\$0	\$440,000	\$2,970,000	\$0	\$0	\$3,410,000	Regulatory Requirements
Mallard Creek WRF Generator Project	Sewer	\$0	\$0	\$8,500,000	\$0	\$0	\$8,500,000	Commitment to Public Projects & Utility Operations
Thermal Hydrolysis System at McAlpine	Sewer	\$0	\$0	\$7,710,000	\$49,400,000	\$0	\$57,110,000	Regulatory Requirements
McMullen Creek Parallel Sewer and Flow EQ	Sewer	\$0	\$0	\$7,000,000	\$0	\$0	\$7,000,000	Capacity for Growth
PS & WAS Pipelines from Irwin to McAlpine	Sewer	\$0	\$0	\$0	\$1,800,000	\$0	\$1,800,000	Regulatory Requirements
Independence Blvd. Widening - Water and Sewer	Water	\$0	\$0	\$10,000,000	\$0	\$0	\$10,000,000	Commitment to Public Projects & Utility Operations
Goose Creek PS and Outfall	Sewer	\$0	\$0	\$0	\$0	\$3,000,000	\$3,000,000	Capacity for Growth
978' North-South Transmission Main (formerly Hwy. 21 WM)	Water	\$0	\$0	\$8,000,000	\$0	\$0	\$8,000,000	Capacity for Growth
North Fork of Crooked Creek Trunk Sewer	Sewer	\$0	\$0	\$0	\$0	\$2,700,000	\$2,700,000	Capacity for Growth
WM - Freedom / Tuckaseegee Rd. Replacement	Water	\$0	\$0	\$7,200,000	\$0	\$0	\$7,200,000	Capacity for Growth
McKee Creek Tributary - Larkhaven GC Trunk Sewer	Sewer	\$0	\$0	\$0	\$0	\$2,500,000	\$2,500,000	Capacity for Growth
978 Booster Pump Station	Water	\$0	\$0	\$5,000,000	\$0	\$0	\$5,000,000	Capacity for Growth
Campus Ridge Rd. Lift Station, Force Main, & Gravity Sewer	Sewer	\$0	\$0	\$0	\$0	\$2,500,000	\$2,500,000	Capacity for Growth
North Tryon Transmission Main	Water	\$0	\$0	\$2,000,000	\$0	\$0	\$2,000,000	Capacity for Growth
Dixon Branch Trunk Sewer Extension	Sewer	\$0	\$0	\$0	\$0	\$1,600,000	\$1,600,000	Capacity for Growth
Plaza BPS Intake Transmission Main -NEWT Extension	Water	\$0	\$0	\$1,250,000	\$0	\$0	\$1,250,000	Capacity for Growth
Fuda Creek Trunk Sewer	Sewer	\$0	\$0	\$0	\$0	\$1,550,000	\$1,550,000	Capacity for Growth
Franklin Dewatered Residuals Storage Facility	Water	\$0	\$0	\$660,000	\$4,470,000	\$0	\$5,130,000	Regulatory Requirements
McCullough Branch LS Improvements	Sewer	\$0	\$0	\$0	\$0	\$1,500,000	\$1,500,000	Capacity for Growth
Plaza Rd. BPS to W.T. Harris TM	Water	\$0	\$0	\$500,000	\$0	\$0	\$500,000	Capacity for Growth
Beaver Dam Creek West Branch Outfall	Sewer	\$0	\$0	\$0	\$0	\$1,300,000	\$1,300,000	Capacity for Growth
Catawba Raw Water Pump Station Cell 1 Rehabilitation	Water	\$0	\$0	\$200,000	\$1,000,000	\$8,500,000	\$9,700,000	Rehabilitation and Replacement
Upper Clear Creek Tributary Sewer	Sewer	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000	Capacity for Growth
Lee S. Dukes WTP/Stumptown Rd. Transmission Main	Water	\$0	\$0	\$0	\$3,650,000	\$0	\$3,650,000	Capacity for Growth
Cane Creek Southeast Tributary Trunk Sewer	Sewer	\$0	\$0	\$0	\$0	\$700,000	\$700,000	Capacity for Growth
Gibbon / Nevin to Mallard Tank Transmission Main	Water	\$0	\$0	\$0	\$3,000,000	\$0	\$3,000,000	Capacity for Growth
Lake Road Trunk Sewer	Sewer	\$0	\$0	\$0	\$0	\$625,000	\$625,000	Capacity for Growth
Camp Stewart and Rocky River Church Rd 12" Water Main	Water	\$0	\$0	\$0	\$1,500,000	\$0	\$1,500,000	Capacity for Growth
Mountain Island Tributary Extension	Sewer	\$0	\$0	\$0	\$0	\$510,000	\$510,000	Capacity for Growth
Catawba River Water Pump Station Cell 4 - Pump Addition	Water	\$0	\$0	\$0	\$200,000	\$1,200,000	\$1,400,000	Capacity for Growth
Cane Creek Trunk Sewer	Sewer	\$0	\$0	\$0	\$0	\$450,000	\$450,000	Capacity for Growth
Verhoeff Drive Water Main	Water	\$0	\$0	\$0	\$0	\$1,300,000	\$1,300,000	Capacity for Growth
Hambright Road Water Main	Water	\$0	\$0	\$0	\$0	\$1,000,000	\$1,000,000	Capacity for Growth
Diesel Generators for BPS	Water	\$0	\$0	\$0	\$0	\$500,000	\$500,000	Rehabilitation and Replacement
Duke Dewatering Building and Residuals Storage Facility	Water	\$0	\$0	\$0	\$0	\$470,000	\$470,000	Regulatory Requirements
Catawba River Water Pump Station New Generator	Water	\$0	\$0	\$0	\$0	\$450,000	\$450,000	Commitment to Public Projects & Utility Operations
Dukes Water Treatment Plant - Backwash Recycle Pump Station	Water	\$0	\$0	\$0	\$0	\$250,000	\$250,000	Commitment to Public Projects & Utility Operations
Clarkes Creek to Ramah Church Road Trunk Sewer	Sewer	\$500,000	\$0	\$0	\$0	\$0	\$500,000	Capacity for Growth
Torrence Creek Tributary Sewer to Hambright Rd.	Sewer	\$975,000	\$0	\$0	\$0	\$0	\$975,000	Capacity for Growth
<b>Total Year</b>		<b>\$15,505,000</b>	<b>\$37,480,000</b>	<b>\$77,990,000</b>	<b>\$68,520,000</b>	<b>\$33,605,000</b>	<b>\$233,100,000</b>	

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Attachment 2

City of Charlotte - Arts & Cultural Funding

Total City of Charlotte Funding

Fiscal Year	Financial Partner Contributions to ASC	Operating Maintenance to City Owned Facilities*	Capital Maintenance to City Owned Facilities*	Bond Payments for City Owned Facilities*	Public Art Allocations (General and Enterprise Funds)**	Total	Annual ASC Employee Campaign Contributions	Total Cultural Sector Spending + Employee Campaign	City Population***	City Per Capita Cultural Spending (Does Not Include Employee Campaign Contributions)
2005	\$2,942,000	\$2,222,918	\$1,450,000	\$2,379,424	\$963,161	\$9,957,503	\$123,055	\$10,080,558	631,160	\$16
2006	\$2,942,000	\$2,118,621	\$456,794	\$1,984,956	\$860,600	\$8,362,971	\$131,456	\$8,494,427	652,202	\$13
2007	\$2,942,000	\$2,131,670	\$456,794	\$1,924,118	\$1,193,950	\$8,648,532	\$140,820	\$8,789,352	669,690	\$13
2008	\$2,942,000	\$2,287,568	\$456,794 (a)	\$1,867,455	\$499,443	\$8,053,260	\$136,187	\$8,189,447	687,971	\$12
2009	\$2,942,000	\$2,296,229	\$456,794	\$1,806,455	\$139,420	\$7,640,898	\$140,083	\$7,780,981	704,422	\$11
2010	\$2,883,160	\$2,641,751	\$456,794	\$2,664,933	\$608,515	\$9,255,153	\$140,820	\$9,395,973	738,710	\$13
2011	\$2,883,160	\$2,457,721	\$605,091	\$4,058,571	\$534,040	\$10,538,583	\$152,740	\$10,691,323	755,928	\$14
2012	\$2,883,160	\$2,194,641	\$605,091 (b)	\$6,619,218	\$547,461	\$12,849,571	\$153,914	\$13,003,485	774,422	\$17
2013	\$2,940,823	\$1,860,078	\$605,091	\$6,270,563	\$1,346,036	\$13,022,591	\$131,782	\$13,154,373	792,862	\$16
2014	\$2,940,823	\$1,883,928	\$800,000	\$6,270,563	\$2,097,667	\$13,992,981	\$138,806	\$14,131,787	792,862	\$18
<b>Total Contribution</b>	<b>\$29,241,126</b>	<b>\$22,095,125</b>	<b>\$6,349,241</b>	<b>\$35,846,256</b>	<b>\$8,790,293</b>	<b>\$88,329,060</b>	<b>\$1,250,857</b>	<b>\$89,579,917</b>		

(a) \$2,283,968 in Capital Maintenance to City Owned Facilities was expended between July 1, 2005 (FY2006) and June 30, 2010 (FY2010) Amounts shown above for FY06 - FY10 reflect the 5-year average annual spread of this \$2,283,968

(b) \$1,815,274 in Capital Maintenance to City Owned Facilities was expended between July 1, 2010 (FY2011) and June 10, 2013 (FY2013) Amounts shown above for FY2011 - FY2013 reflect the 3-year average annual spread of this \$1,815,274

\*Facilities Include: Discovery Place, Mint Museum - Uptown, Mint Museum - Randolph, Blumenthal Performing Arts Center, Knight Theater Gantt Center, Bechtler Museum of Modern Art, Spirit Square (transferred to County in FY2009)

Facilities Operating Maintenance Examples: HVAC Repair, Plumbing, Interior/Exterior Finishes, Life-Safety Equipment

Facilities Capital Maintenance Examples: Roof, Chillers, Parking Deck, Electrical Systems

\*\*City Public Art allocations include available numbers for General Fund, Aviation, CATS Art-in-Transit, and Charlotte Water

\*\*\*2014 Census Data is not currently available from the US Census Bureau

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# **Reference Guide of Prior Questions & Answers**

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## Reference Sheet of Prior Q&As

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## **General Community Investment Plan**

### **1. What would be the impact on future debt service capacity for the General Community Investment Plan if the State Legislature changed the sales tax distribution methodology to a per-capita only distribution? (January 30<sup>th</sup> Council Retreat)**

- The potential change in distribution methodology would impact the local option sales tax (Articles 39 and 42) currently distributed based on point of collection, and the City Hold Harmless sales tax, currently distributed using a mix between point of collection and per-capita.
- The City allocates Articles 39, 42, and Hold Harmless local option sales tax revenues to the General Fund, with a portion then transferred to the General Capital Pay-As-You-Go Fund. The potential change in distribution methodology would result in an estimated loss to the City of \$29.1 million in sales tax revenues, all of which would impact the General Fund, with no impact to the Debt Service Fund.
- Article 40 Sales tax revenues dedicated to the General Debt Service Fund to support future debt service capacity are already collected on a per-capita only basis. As a result, there would be no impact on future debt service capacity for the General Community Investment Plan if the State Legislature changed the sales tax distribution methodology to a per-capita only distribution.

The table below shows the allocation of the sales tax revenue by type, the current distribution methodology for each, and the impact of the potential loss of \$29.1 million.

<b>State Statute</b>	<b>Current Distribution Method</b>	<b>Estimated Potential Loss (\$ millions)</b>
<b>General Fund</b>		
Article 39	Point of collection	(\$16.8)
Article 42 <sup>(a)</sup>	Point of collection	(\$8.0)
City Hold Harmless <sup>(b)</sup>	Point of collection/Per-Capita	(\$4.3)
<b>Total General Fund</b>		<b>(\$29.1)</b>
<b>Municipal Debt Service Fund</b>		
Article 40 (Debt Service)	Per capita Only	\$0.0
<b>Total All Funds</b>		<b>(\$29.1)</b>

(a) A portion of the Article 42 sales tax in the General Fund is transferred to the Pay-As-You-Go Fund for capital support, in an amount equal to the Article 40 (per capita) collection. As a result, the estimated potential loss of sales tax revenue if the State Legislature changed the sales tax distribution methodology to a per-capita only distribution should have no impact on the Pay-As-You-Go Fund.

(b) Counties are required to hold municipalities harmless due to the repeal of Article 44 Sales Tax

### **2. What are Two-Thirds Bonds, and does the City use this financing approach for General Obligation debt? (January 30<sup>th</sup> Council Retreat)**

Generally, when a local government issues general obligation (G.O.) debt—pledging its taxing power as security for the borrowing—it must first obtain voter approval. Two-

thirds Bonds are an exception to the requirement to obtain voter approval for issuance of G.O. debt. Through Two-thirds Bonds, local governments may issue G.O. debt without voter approval in an amount up to two-thirds of the amount by which it reduced its outstanding G.O. debt in the preceding year.

The amount of two-thirds capacity that could be issued is calculated by determining the net reduction in principal payments on outstanding G.O. debt in the previous fiscal year. Principal payments on new G.O. debt issued during that same fiscal year must be subtracted from principal payments retired on existing outstanding debt before calculating the two-thirds capacity. For example, if a City retired \$6,000,000 in principal payments on outstanding G.O. debt in the preceding year, but added \$3,000,000 in principal payments for newly-issued G.O. debt, it could only issue non-voted G.O. debt (Two-thirds Bonds) in an amount up to two-thirds of the net \$3,000,000 ( $\$6,000,000 - \$3,000,000$ )  $\times$  (0.667) = \$2,000,000 in Two-thirds Bond capacity.

#### Additional requirements and restrictions

- Two-thirds bonds must be issued in the year immediately following the year in which the debt was reduced. Two-thirds capacity may not be accumulated from year to year
- Two-thirds bonds can be used for any of the same authorized purposes as voter-approved G.O. bonds, with a few exceptions:  
The following purposes for which G.O. debt may be used are always subject to voter approval, and therefore cannot be funded with non-voted two-thirds bonds:
  - Auditoriums, coliseums, arenas, stadiums, civic centers, convention centers, and facilities for exhibitions
  - Athletic and cultural events, shows, and public gatherings
  - Art galleries, museums, art centers, and historic properties
  - Urban redevelopment
  - Public transportation (Transit)
  - Cable television systems

In FY2014, the City of Charlotte retired \$111,643 in principal on outstanding G.O. debt, but added \$239,543 in principal for new G.O. debt issued in FY2014. As a result, the City has no two-thirds bond capacity for FY2015. With the approval of the \$816.4 million Community Investment Plan covering four G.O. Bond Referenda between 2014 and 2020, it is unlikely the City will have any Two-thirds Bond capacity at least until after 2020. Additionally, any two-thirds capacity that may be created after 2020 will be a relatively small amount and would be insufficient to fund any significant capital infrastructure needs.

## **City Expenditures**

### **3. *How does the City budget for fuel costs, and how is fuel purchased for service vehicles? (January 30<sup>th</sup> Council Retreat)***

The City budgets for fuel costs each fiscal year based on actual expenditures in the current and preceding fiscal years, current market conditions, and fuel price projections provided by fuel contractors.

The City currently uses various contractors for the provision of fuel supplies including gasoline, diesel, auxiliary fuels and motor oils. The largest and most commonly used contractor is FuelMan. This City-wide contract is solicited through the Charlotte Cooperative Purchasing Alliance on behalf of the City, County, and other local and

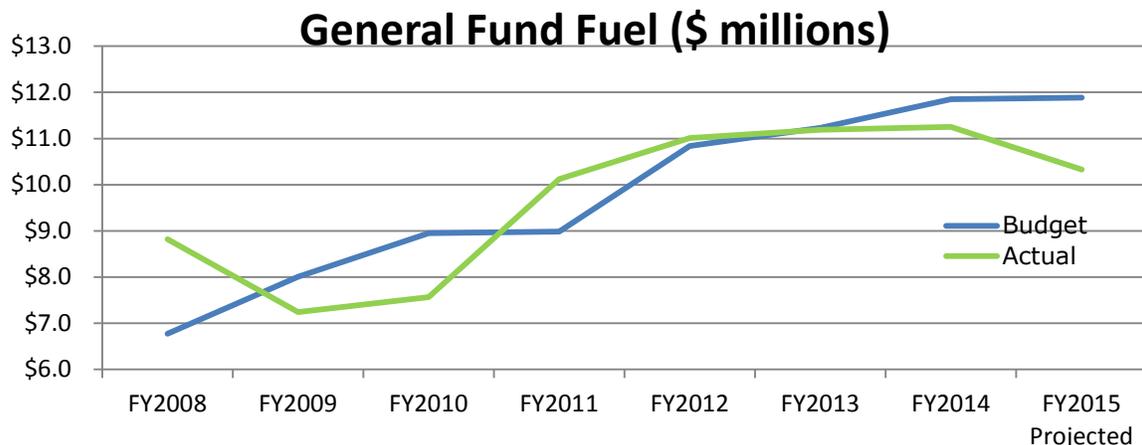
national participating agencies. The FuelMan contract allows City workers to use a Fuel Card to purchase fuel at contract prices from retail gas stations throughout the City. FuelMan also provides delivery of bulk fuel supplies for storage at onsite City-owned fuel tanks and generators at various City facilities. The majority of savings in fuel costs in the current fiscal year has occurred through FuelMan contract pricing, which reflects current market conditions.

Below is a summary of the various means for purchasing fuel used by City departments with the largest fleets:

- **Charlotte Mecklenburg Police Department** - uses FuelMan for all vehicles.
- **Charlotte Water** - uses FuelMan for all crew vehicles. FuelMan subcontracts with Mansfield to provide bulk fuel purchases for generators at the various plants, lift and booster stations.
- **Charlotte Department of Transportation** - uses FuelMan for all vehicles.
- **Solid Waste Services** - FuelMan subcontracts with Quick Fuel to provide mobile after-hours fueling for (SWS) vehicles.
- **Charlotte Fire Department** - a separate fuel contract was approved by the Charlotte City Council on November 10, 2014 and is used for all of the Fire Department's emergency and transportation vehicles. The contract provides priority purchasing in high demand situations.
- **Charlotte Area Transit System (CATS)** - fixed price forward purchase contracts are used by CATS to procure Diesel fuel. The program began with a fuel bid designed to purchase both fixed-price and index-price fuel in spring 2009. The first fixed-price fuel agreement was approved April 15, 2009. Over the course of the program's history CATS has had 19 overlapping agreements for fixed-price fuel.

#### 4. *How have lower gas prices impacted the City's current year operating budget? (January 30<sup>th</sup> Council Retreat)*

Overall, the City is experiencing operational savings in FY2015 due to falling oil prices. The chart below illustrates actual fuel expenditures incurred by City service departments compared to budgeted amounts over the past several years. FY2015 fuel expenditures for General Fund service departments are projected to be approximately \$1.6 million under budget. The majority of the fuel savings will occur in the Police Department (\$1.3 million), and Fire Department (\$0.1 million), with the remaining savings occurring in various other City departments. These savings in fuel costs will help to offset other unanticipated operating costs in FY2015 such as Fire Department retirement payouts and Police separation allowances.



## **Public Safety**

### **5. *What is the current budget gap associated with Police Separation Allowance Payments? Is staff developing options to close the budget gap and cover projected future year costs associated with those payments? (January 30<sup>th</sup> Council Retreat):***

Charlotte Mecklenburg Police Department (CMPD) sworn officers are entitled to a "separation allowance" benefit, as defined in GS 143-166.41-50. The special separation allowance is available to local and state law enforcement officers if they retire on a service retirement allowance (thirty years of service, or age 55 with 5 years of service). The separation benefit is a predetermined monthly allowance (based on years of service and last annual salary) that is payable from the time the officer retires until the officer reaches age 62 (the point at which the officer reaches social security eligibility).

For FY2015, CMPD has a budget of \$2,250,000 for all Sworn Officer Separation Allowance Payments, whereas actual expenditures are estimated to be approximately \$4,000,000. Prior to FY2014, CMPD had been able to absorb the unbudgeted costs for separation allowance through various personal services savings. In prior years, the Police budget produced enough salary savings to cover specific line-item overages in sworn officer Separation Allowance Payments.

CMPD's current staffing model calls for the department to be at full staffing levels at all times. Due to the Sworn Officer Separation Allowance Payments, full staffing has been unattainable. The budget adjustments required to cover the Separation Allowance Payments have made it difficult for CMPD to complete the necessary number of recruit classes to constitute full staffing levels. CMPD currently schedules three recruit classes per year, but would like to hold four classes per year to keep up with the current retirement and turnover rate.

In accordance with retirement payouts, the City Manager has asked a full review be conducted to determine the City's future expenses related to these items. During the FY2016 budget planning process, the Department of Management & Financial Services/Office of Strategy & Budget and CMPD will work together to identify options for closing the separation allowance funding gap.

An actuarial study, commissioned by the City, clearly shows that separation allowance will continue to be a challenge for future CMPD budgets as the payments continue to climb approximately \$500,000 annually from FY2016-FY2020. The table below shows the projected annual Separation Allowance Payments through 2063.

<b>Actuarial Study</b>					
	<b>Number of Participants</b>			<b>Projected Benefit Payments</b>	
<b>December 31,</b>	<b>Actives</b>	<b>Retirees</b>	<b>Total</b>		
2013	1,829	207	2,036	\$	3,749,198
2014	1,849	207	2,056	\$	3,831,546
2015	1,869	214	2,083	\$	3,967,493
2016	1,890	240	2,130	\$	4,476,779
2017	1,911	266	2,177	\$	4,916,410
2018	1,932	282	2,214	\$	5,335,206
2019	1,953	311	2,264	\$	5,870,246
2020	1,975	330	2,305	\$	6,334,278
2021	1,996	339	2,335	\$	6,658,340
2022	2,018	348	2,366	\$	7,019,600
2023	2,040	363	2,403	\$	7,521,326
2024	2,063	379	2,442	\$	8,126,225
2025	2,086	372	2,458	\$	8,286,959
2026	2,109	363	2,472	\$	8,472,843
2027	2,132	353	2,485	\$	8,640,801
2028	2,155	340	2,495	\$	8,663,509
2029	2,179	325	2,504	\$	8,556,220
2030	2,203	301	2,504	\$	8,133,009
2031	2,227	268	2,495	\$	7,471,025
2032	2,252	241	2,493	\$	6,859,044
2033	2,276	208	2,484	\$	6,123,979
2034	2,301	195	2,496	\$	5,900,965
2035	2,327	182	2,509	\$	5,659,528
2036	2,352	178	2,530	\$	5,662,350
2037	2,378	181	2,559	\$	5,886,199
2038	2,404	186	2,590	\$	6,242,677
2039	2,431	191	2,622	\$	6,628,908
2040	2,458	198	2,656	\$	7,137,479
2041	2,485	206	2,691	\$	7,639,193
2042	2,512	208	2,720	\$	7,974,032
2043	2,540	215	2,755	\$	8,482,714
2044	2,567	215	2,782	\$	8,637,304
2045	2,596	218	2,814	\$	8,951,728
2046	2,624	218	2,842	\$	9,186,734
2047	2,653	221	2,874	\$	9,513,427
2048	2,682	234	2,916	\$	10,290,345
2049	2,712	247	2,959	\$	11,116,952
2050	2,742	252	2,994	\$	11,669,381
2051	2,772	258	3,030	\$	12,305,531
2052	2,802	266	3,068	\$	13,108,407
2053	2,833	270	3,103	\$	13,740,387
2054	2,864	273	3,137	\$	14,367,262
2055	2,896	275	3,171	\$	14,944,171
2056	2,928	277	3,205	\$	15,554,905
2057	2,960	279	3,239	\$	16,179,107
2058	2,992	280	3,272	\$	16,780,499
2059	3,025	280	3,305	\$	17,377,966
2060	3,059	281	3,340	\$	17,994,976
2061	3,092	281	3,373	\$	18,637,815
2062	3,126	282	3,408	\$	19,342,346
2063	3,161	282	3,443	\$	20,083,623

**6. What types of emergency calls comprise the 4,390 calls experienced by Fire Station 42 in 2014? (January 30<sup>th</sup> Council Retreat)**

The Eastland Mall area has some of the highest emergency call volumes in the City. The majority of the calls in this area are answered by Station 42, which currently houses a single engine company. The Charlotte Fire Department has requested an additional engine company at Station 42 in their FY2016-2017 annual operating budget, this request was discussed as part of the Budget Outlook Report presentation at the January 30 Council Retreat. During the Retreat discussion, the City Council requested a list of the number and types of calls received at Station 42 in FY2014. The table below shows the distribution of calls by type.

<b>Call Type (Engine 42)</b>	<b>Type Count</b>	<b>% of Total Calls</b>
Fire	179	4.08%
False Alarm	228	5.19%
Motor Vehicle Accidents	277	6.30%
Rescue	747	17.02%
Other (Chemical Leaks, Fuel Spills, Weather Events)	852	19.41%
Emergency Medical Services	2,107	48.00%
<b>TOTAL</b>	<b>4,390</b>	<b>100.00%</b>

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