



Office of Strategy & Budget MEMORANDUM

May 8, 2015

TO: Mayor and City Council

FROM: Kim S. Eagle, Interim Director

SUBJECT: Questions and Answers from May 6th Budget Workshop

Following the May 4th City Manager's Recommended Budget Presentation and May 6th Budget Workshop, the Questions and Answers on the proposed FY2016 & FY2017 Operating Budget and FY2016-FY2020 Community Investment Plan are provided as an attachment to this packet. This represents about half of the questions asked on May 6th. The remaining Q&A's will be e-mailed to Council on Tuesday May 12th.

Next step in the budget process include:

- May 11, 5:30 p.m., Budget Public Hearing
- May 13, 2:00 p.m., Budget Adjustments (Adds & Deletes)
- May 18, 3:00 p.m., Budget Workshop
- May 26, 3:00 p.m., Budget Straw Votes
- June 8, 7:00 p.m., Budget Adoption

Attachment

C: Ron Carlee, City Manager
Executive Team
Department Directors
Office of Strategy & Budget Staff

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Council Budget Retreat – Budget Adjustments May 13, 2015

The May 13th Budget Adjustments meeting provides the opportunity for Council to request information and discuss preliminary decisions regarding changes to the Manager's Recommended Budget for FY2016 & FY2017 Operating Budget and FY2016-2020 Community Investment Plan. By Council practice, Council members identify items for addition or deletion to the recommended budget. Those items receiving five or more votes from Council members will be analyzed by staff and brought back for a vote at the straw votes meeting scheduled for May 26th. Prior to the May 26th Straw Votes meeting, Council has an additional Budget Workshop scheduled on May 18th.

Each of the May 26th items receiving six or more votes will be included in the budget adoption ordinance on June 8th.

This packet includes:

- May 13th Budget Adjustments Agenda
- Questions & Answers from the May 6th Budget Workshop. This represents about half of the questions asked on May 6th. The remaining Q&A's will be e-mailed to Council on Tuesday May 12th.

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FY2016 & FY2017 Budget Workshop Budget Adjustments

City of Charlotte

**May 13, 2015
2:00 p.m. – 5:00 p.m.
Room 267**

- I. Introduction Ron Carlee
- II. Consideration of budget amendments Mayor and City Council
- III. Next Steps
- May 18th – Budget Workshop at 3:00 p.m.
 - May 26th – Straw Votes at 3:00 p.m.
 - June 8th – Budget Adoption at 7:00 p.m.

Additional Information

- Questions & Answers from May 6th Budget Workshop
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**Distribution: Mayor and City Council
Ron Carlee, City Manager
Executive Team
Department Directors
Office of Strategy & Budget Staff**

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**Questions and Answers
From the May 6th Budget
Workshop**

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Questions and Answers

From the May 6th Budget Workshop

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

Question 1: *What is the impact of the proposed property tax rate adjustment proposal by district? What percentage of properties in each district will see a reduction and an increase?*

The following table represents the distribution by Council District of the conversion of the \$47 annual Single-Family Residential Solid Waste Fee to a Property Tax Rate of 1.35¢ to raise an equivalent amount of funds (0.99¢) and to cover higher costs for solid waste operations, recycling, and multi-family service contracts (0.36¢), in addition to the Adjustment of 0.41¢ in the Property Tax Rate to achieve the "Revenue Neutral Tax Rate" that would have been considered if the initial 2011 Property Assessment Revaluation had been accurate.

Council District	Total Value	Total Count	25th	50th	75th	% Decrease at 80th	# Decrease at 80th
1	\$6,038,519,860	24,092	\$86,600	\$147,100	\$287,700	72%	17,413
2	\$3,544,611,943	31,564	\$71,100	\$100,600	\$131,600	97%	30,669
3	\$3,412,352,200	29,047	\$79,200	\$108,600	\$144,150	99%	28,728
4	\$4,249,560,600	28,899	\$106,100	\$137,200	\$177,000	95%	27,510
5	\$3,136,960,100	26,767	\$91,600	\$110,700	\$131,300	98%	26,203
6	\$10,278,132,300	27,429	\$189,500	\$270,400	\$422,200	49%	13,462
7	\$10,278,767,700	34,493	\$182,500	\$249,200	\$360,500	56%	19,388
Total	\$40,938,904,703	202,291	\$97,600	\$141,100	\$232,500	80%	163,373

The 25th percentile represents the lowest 25% of Single-Family Residential properties, the 50th percentile represents the lowest 50% of Single-Family Residential properties, and the 75th percentile represents the lowest 75% of Single-Family Residential properties.

The Proposed tax adjustment in the Manager's recommended budget would result in a reduction of property taxes and solid waste fees for 80% of Single-Family Residential properties.

Question 2: *Please provide a chart explaining the impact of user fees.*

The following table depicts seven examples of typical land development fees. The complete list of User Fees by department is included in the User Fee section (pages 123-145) of the FY2016 and FY2017 Preliminary Strategic Operating Plan.

Subdivision, Land Development, and Rezoning Examples	Cost of Service	Current Fee	Recommended FY2016 Fee	% Increase FY2016 Fee	% Subsidy FY2016
Single-Family Subdivision* 10 Acre; 40 Lot	\$23,276	\$18,890	\$22,955	21.5%	1.4%
Commercial Subdivision* 23 acres, 80 Trees	\$31,185	\$23,820	\$27,620	16.0%	11.4%
Commercial Building** 8 acres denuded, 25 trees	\$13,660	\$13,590	\$13,660	0.5%	0.0%
Rezoning Petition*** Major, 10 acres or 2,500 more trips/day	\$13,574	\$5,090	\$9,260	81.9%	31.8%
Sketch Plan Review****	\$670	New fee	\$580	New fee	13.4%
Grading/Erosion Control 8 acres (Engineering only)	\$5,160	\$5,285	\$5,160	-2.4%	0.0%
Detention 8 acres (Engineering only)	\$2,840	\$3,200	\$2,840	-12.7%	0.0%

* Includes Planning, Engineering & Transportation Departments

** Includes Engineering & Transportation Departments

*** Includes Planning, Engineering, Transportation, Clerk & Fire Departments

**** Includes Planning and Engineering Departments

The following table depicts three examples of regulatory user fees, unrelated to development.

Other Regulatory Fees	Cost	Current Fee	Recommended FY2016 Fee	% Increase FY2016 Fee	% Subsidy FY2016
Adult Business-Application Fee	\$3,635	\$2,545	\$2,725	7.1%	25.0%
State Mandated Inspection Fee 10,000 square foot building	\$70	New fee	\$70	New fee	0.0%
Sidewalk Dining Permit	\$225	\$150	\$225	50.0%	0.0%

Question 3: *When was the tipping fee first adopted and what was the rationale for the fee at the time?*

In 1984, the City and Mecklenburg County entered into a solid waste interlocal agreement where the City became the lead agency charged with solid waste collections and Mecklenburg County took over disposal. This agreement included the transfer of City landfills to County ownership. Also as part of the original agreement, the County did not charge the City for tipping fees and instead charged a residential disposal fee, billed at the same time as the property tax, to cover the cost of the landfills. In 1996, the original terms of the agreement ended. At that time, the County eliminated single-family and multi-family residential disposal fees and the City began to incur tipping fees. The City adopted the same fee used by the County - \$38 per year for single family and \$23 per year for multi-family. The County retained a \$10 per year administrative fee for residential customers. The County fee is currently \$15 per year. City code does not prescribe that the residential solid waste disposal fee be directly tied to the actual disposal costs. The \$47 fee covers disposal costs as well as transportation costs to the landfill.

Changes to Solid Waste Disposal Fee

Fiscal Year	Single Family	Multi Family
FY1997	\$38 per year	\$23 per year
FY2001	\$44 per year	\$27 per year
FY2013	\$47 per year	\$24 per year*

*decrease due to elimination of multi-family supplemental service

Question 4: *What revenue does the City collect from the County and the School System in Storm Water fees?*

City Storm Water Services collects minor storm water system fee revenue from Mecklenburg County and Charlotte-Mecklenburg Schools based on the square feet of impervious surface on County and School land. Using the FY2016 proposed rates, the County will be charged \$927,323 after qualified credits are applied, and Charlotte-Mecklenburg Schools will be charged \$1,485,603 after qualified credits are applied.

Question 5: *Have we charged every fee possible to the enterprise funds? Is the General Fund subsidizing the enterprise funds in any way?*

The General Fund is not subsidizing the Enterprise Funds. Enterprise Funds are currently being charged all allowable indirect costs in accordance with the requirements of Federal OMB Circular A-87. All direct costs are explicitly charged to the Enterprise Funds.

Question 6: *Why is there an increase in the Government Center rent expense? Is there a plan to fill the building to reduce this expense?*

In FY2015, the Community Relations division of the City Manager's Office moved from Old City Hall into the Belmont Community Center. Community Relations conducts mediations that require the use of meeting rooms on a regular basis. Old City Hall does not have sufficient available meeting room space to meet the needs of Community Relations. Community Relations moved from Old City Hall when space became available in the City-owned Belmont Community Center with sufficient facilities for staff and meeting rooms. The rent budget for the Old City Hall space vacated by Community Relations is \$80,236. With no new tenant selected to move into the vacated space in Old City Hall, the budget for that rent was transferred to the General Fund Non-departmental budget for unallocated space. Building Management staff is currently working on identifying potential new tenants for the vacated space, and the \$80,236 rent costs will be reallocated to the operating budgets of the department assigned to the space.

Question 7: *How much of PAYGO goes to out of school time financial partners?*

The Preliminary FY2016 Operating Budget includes \$164,927 in PAYGO funds for Out of School Time agencies; this is a decrease of \$357,458 below the FY2015 PAYGO allocation of \$522,385. There is an additional \$815,007 in FY2016 federal grant funds (the maximum allowable amount) appropriated to these agencies. The following table details the recommended funding and the number of children to be served.

Out of School Time Agency	FY16-FY17 Score	FY16-FY17 \$ Request	Federal/PAYGO share	FY16-FY17 Agency Allocation	# of Children To Be Served
Citizen Schools	287	\$200,000	83% CDBG (\$815,007) 17% PAYGO (\$164,927)	\$200,000	166
Police Activities League	281	\$200,000		\$200,000	195
Greater Enrichment Program	280	\$200,000		\$200,000	170
Behailu Academy	262	\$66,000		\$66,000	55
YWCA	236	\$200,000		\$200,000	225
Bethlehem Center	221	\$113,934		\$113,934	90
Total		\$979,934	\$979,934	\$979,934	901

Question 8: *What would be the financial impact of a 10-20% reduction to financial partners, holding each Council Member to \$10,000 in travel and reducing council discretionary to \$50,000?*

There are three financial partners that receive General Fund discretionary allocations. Those three partners and the impact of 10% and 20% reductions are provided in the following tables.

10% Reduction to Financial Partners			
Financial Partner	FY16 Recommended Operating Budget	10% reduction	Total Allocation
Arts & Science Council	\$2,940,823	\$294,082	\$2,646,741
Safe Alliance (formerly United Family Services)	333,977	33,398	300,579
Community Building Initiative	50,000	5,000	45,000
Total	\$3,324,800	\$332,480	\$2,992,320

20% Reduction to Financial Partners			
Financial Partner	FY16 Recommended Operating Budget	20% reduction	Total Allocation
Arts & Science Council	\$2,940,823	\$588,165	\$2,352,658
Safe Alliance (formerly United Family Services)	333,977	66,795	267,182
Community Building Initiative	50,000	10,000	40,000
Total	\$3,324,800	\$664,960	\$2,659,840

Currently the City budgets approximately \$119,348 per year for Council travel, \$72,500 for discretionary travel and \$46,848 for National League of Cities functions. The Mayor and Council spend approximately \$100,000 per year on travel. The proposal to provide each City Council Member with a \$10,000 travel budget would result in no change to the operating budget, however could impact Council members representing the City on national boards or committees.

In the FY2014 and FY2015 budget, \$200,000 was allocated to the City Council Discretionary Account for unanticipated projects that may occur during the year that City Council may wish to fund. No expense requests were made in FY2014. As of May 4, 2015, the full balance of \$200,000 remains in the account as City Council has not made any expense requests in FY2015.

In the Manager's Recommended Budget, the City Council Discretionary Account was reduced to \$100,000 for FY2016 and FY2017. Reducing the account to \$50,000 would further reduce the amount of funding City Council could use towards unanticipated projects they wish to fund in FY2016.

Question 9: *What methodology is used to determine how the business incentive grant line-item is budgeted?*

The City's Business Investment Grant (BIG) Program was created in 1998, in partnership with the County, to encourage the attraction, retention, and/or expansion of businesses and jobs. BIG provides grants to companies based upon the amount of new property tax generated by the private business investment made. BIG requires companies to meet thresholds for capital investment, new jobs, and wages. BIGs are often used as a required match to State incentives. The BIG program aligns itself with local Smart Growth, Transit, and Business Corridor Revitalization Strategic Plans.

Grant recipients are encouraged to hire residents of Mecklenburg County and to use local small, minority, and women owned businesses when such goods or services can be obtained at competitive prices.

The methodology used to calculate how much to budget for each BIG is based on the projected amount of investment that the company has certified it will make each term of the grant. After the BIG is approved by City Council, the initial payment is based on comparing property taxes paid with the baseline property taxes prior to the company's additional investment. This incremental property tax increase is then multiplied by either 50% or 90% based on the terms of the company's grant. This increase is used as a basis for the first year's payment with the City returning its prorate share based on the city tax rate and the County returning its prorate share based on the county tax rate. In future years, City staff contacts the grantee to determine if subsequent payments will increase or decrease as property taxes may fluctuate. Hence, the sum of these calculated payments determine the budget for each BIG. All of these amounts will be offset by increased taxes paid by the businesses.

Question 10: *Why does the retirement contingency grow by \$0.5 million each year for the next two years?*

With the exception of the Charlotte-Mecklenburg Police Department and the Charlotte Fire Department, General Fund departments do not typically budget for retirement payouts. While the Charlotte-Mecklenburg Police Department and Charlotte Fire Department budget for retirement payouts, neither department is funded at a level to fully absorb the projected number of retirements. The retirement contingency was established as a non-departmental account to assist departments that did not have adequate funding to cover retirement expenses.

The rate at which the Public Safety Pay Plan employees are retiring has increased steadily over the past few fiscal years and is projected to continue to increase significantly in FY2016 and FY2017. The Charlotte-Mecklenburg Police Department has budgeted

\$1,075,000 for retirement payouts and the Charlotte Fire Department has budgeted \$650,000 for retirement payouts. While the amount each department has budgeted is significant, these amounts do not cover either department's projected retirement payout expenditures for FY2016. The requested \$0.5 million increase in the retirement contingency will be used to help pay the actual increased amounts that are in the departmental budgets (Fire, Police, and other General Fund departments), due to the impact of rising retirement rates. The table below outlines the number of Public Safety Pay Plan employees that will be retirement eligible in FY2016.

Department	FY2016 Retirement Eligible Employees	FY2016 Estimated Number of Retirements*	FY2016 Projected Retirement Expenses	FY2016 Retirement Budget
Fire	127	50	\$1,404,178	\$650,000
Police	289	69	\$1,450,000	\$1,075,000
Retirement Contingency				\$1,000,000
Total	416	119	\$2,854,178	\$2,725,000

*Estimated retirement numbers are based on the average of historical retirement rates

Question 11: Please provide benchmarking of employee pay increases using cities of comparable size.

The City of Charlotte benchmarks compensation with several categories of employers, including national municipalities of comparable size. The following chart provides all benchmarks including "National Municipalities," which is comprised of approximately 30 jurisdictions, including: Atlanta, GA; Austin, TX; Boston, MA; Columbus, OH; Kansas City, MO; Louisville, KY; Nashville/Davidson County, TN; Oklahoma City, OK; Raleigh, NC; Virginia Beach, VA.

Market Movement Summary
(Average Change)

Source	2012 Actual Market Movement	2013 Actual Market Movement	2014 Actual Market Movement	2015 Actual Market Movement	2016 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	2.7	1.6	2.0
Charlotte Area Municipalities	2.3	2.8	2.6	2.6	2.8	2.6
Large Charlotte Employers (private sector)	2.4	2.5	2.5	2.7	2.9	2.6
The Employers Association	2.7	2.6	3.1	3.1	3.1	2.9
City of Charlotte	3.0	2.0	2.0	3.0	1.5	2.3

* 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.

Question 12: *Has the City had any termination based on performance?*

During calendar year 2014, there were 74 terminations.

Question 13: *Please provide the mean and median salaries for full-time City employees.*

Pay Plan Type	Average Salary	Median Salary
City of Charlotte Full-time Employees	\$57,001	\$54,755
City of Charlotte Full-time Employees exclusive of Public Safety Pay Plan Employees	\$54,096	\$46,940

Question 14: *What is the operating budget impact of completing the full 10 planned miles of the Gold Line?*

The CityLYNX Gold Line has been part of the Metropolitan Transit Commission (MTC) Corridor System Plan since 2002 and was reaffirmed in the 2030 Corridor System Plan update adopted by the MTC on November 15, 2006. Overall the planned Gold Line corridor is 10 miles and is being constructed in phases, based largely on the availability of funding, as well as the complexities of design.

During early planning stages for the full 10-mile CityLYNX Gold Line corridor, staff developed initial estimates for annual operating costs at approximately \$1.0 million per corridor mile, or \$10.0 million. If adjusted for inflation, this estimate would likely increase to approximately \$12 million annually for the fully-built 10 mile corridor. Specific operating cost estimates for the full 10-mile corridor will be difficult to determine prior to developing more specific design details for subsequent phases. Additionally, operating costs will vary depending on several factors that are unknown at this time, including frequency of service, hours of operation, number of stops, and final fleet size.

Question 15: *What are the funding sources for the City's \$75 million share of capital costs for Phase 2 of the CityLYNX Gold Line?*

The City's \$75 million 50% local match for the \$150 million CityLYNX Gold Line Phase 2 project was appropriated from a variety of sources in the General Community Investment Fund, including existing available debt capacity, existing business corridor funds, and use of unallocated and contingent capital accounts within revenue sources other than property taxes. The following table lists the City funding sources for CityLYNX Gold Line Phase 2.

CityLYNX Gold Line Phase 2 - \$75 million City Match Funding Allocation	
	<u>Total \$75.0M</u>
Existing Debt Capacity	
Unallocated debt capacity	\$ 36,960,017
Transportation Capital Project Savings	9,357,599
Business Corridor Revitalization (Current Balance)	1,132,616
Total Debt Capacity	\$ 47,450,232
Existing Pay-As-You-Go Capital	
Business Corridor Revitalization (Current Balance)	16,245,062
Completed project Savings	3,627,615
Capital Reserve	5,325,200
Future Road Planning & Design	2,000,000
Economic Development Loan and Grant Fund	351,891
Total Pay-As-You-Go	\$ 27,549,768
Total City Funding	\$ 75,000,000

No Property Taxes. The sources for the \$75.0 million local match are funded in the Municipal Debt Service Fund (\$47.5 million) and the Pay-As-You-Go Fund (\$27.5 million) in the General Community Investment Plan. The Municipal Debt Service Fund is supported by several revenues, including property tax, sales tax, and interest on investments. The Pay-As-You-Go Fund is similarly supported by a variety of revenues including property tax, sales tax, interest on investments, capital reserves, and sale of City land.

The following two tables show the relative share of property tax revenue and non-property tax revenue for the past five years supporting the General Community Investment Pay-As-You Go Fund and the Municipal Debt Service Fund

General Community Investment Pay-As-You-Go Fund						
	FY11	FY12	FY13	FY14	FY15	5-Year Average
Total Revenue	\$ 58,341,584	\$ 61,247,099	\$ 46,555,537	\$ 50,714,934	\$ 55,166,239	\$ 54,405,079
Property Tax Revenue	9,425,588	9,860,583	10,551,366	10,571,447	10,832,639	10,248,325
Non-Property Tax Revenue	48,915,996	51,386,516	36,004,171	40,143,487	44,333,600	44,156,754
% Non-Property Tax Revenue	83.8%	83.9%	77.3%	79.2%	80.4%	80.9%
	Total Non-Property Tax Revenue Over 5 Years					\$ 220,783,770

Municipal Debt Service Fund						
	FY11	FY12	FY13	FY14	FY15	5-Year Average
Total Revenue	\$ 94,318,148	\$ 93,808,426	\$ 89,620,634	\$ 123,581,395	\$ 120,380,680	\$ 104,341,857
Property Tax Revenue	52,211,300	54,227,588	57,145,978	83,971,005	86,265,908	66,764,356
Non-Property Tax Revenue	42,106,848	39,580,838	32,474,656	39,610,390	34,114,772	37,577,501
% Non-Property Tax Revenue	44.6%	42.2%	36.2%	32.1%	28.3%	36.7%
	Total Non-Property Tax Revenue Over 5 Years					\$ 187,887,504

Note: Under current financing assumptions, the annual debt service on \$47.5 million in debt capacity to support the CityLYNX Gold Line Phase 2 would be approximately \$4.0 million, well within the average annual non-property tax revenue in the Municipal Debt Service Fund

While a specific property tax rate is allocated to both funds, property taxes comprise only a portion of capital funding. Based on an analysis of both funds over the past five years, the average annual revenues during that time show:

80.9%, or \$44.2 million of the revenue annually supporting the Pay-As-You-Go Fund is from sources other than property tax

36.7%, or \$37.6 million of the revenue annually supporting the Municipal Debt Service Fund is from sources other than property tax

Based on this analysis, staff has concluded that the City's \$75.0 million local share is well within an amount supported by non-property tax revenues such as sales tax, interest on investments, and other non-property tax revenue. Property tax revenues in these two funds will continue to be used to support traditional Pay-As-You-Go and debt-supported general community investment programs.

The FY2016 Recommended Budget segregates transit funding from property taxes by creating a separate accounting fund so that there is no comingling of transit funding with property taxes.

Question 16: *What is the plan for funding the 2030 transit plan?*

Funding the 2030 Transit Plan will require a diversified portfolio that includes dedicated funding sources and strategic financing options to build out the 2030 Plan as well as sustain operating costs. Funding sources include a dedicated sales tax, federal and state grants, and other revenues collected from fares, service reimbursements, maintenance of effort and advertisements. Financing strategies are leveraged in order to provide flexibility in maximizing transit funds. In recognition of the myriad of funding and financing sources that will be necessary, in 2013, a Transit Funding Working Group (TFWG) consisting of citizens representing disciplines and interests across the Charlotte region, was commissioned by the Metropolitan Transit Commission (MTC). The mission of the TFWG is to identify and build awareness of the funding challenges that must be faced in order to complete the 2030 Plan and to develop a set of recommendations and tools for the MTC to advance the 2030 Plan. As such, an Action Plan containing short, medium and long term initiatives has been identified and presented to the MTC. CATS staff is working with the TFWG to begin implementation as appropriate.

In 2013, CATS secured temporary financing for the Blue Line Extension (BLE) light rail project that included Certificates of Participation and three private placements with Bank of America. Additionally, CATS is in the process of applying for the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to cover permanent financing for the BLE project, which will improve cash flow, reduce overall financing costs, and allow transit funds to be reprogrammed toward other capital projects in the 2030 Plan.

Question 17: *Please list current and potential sales of City-owned land, and describe the City policy and practice for use of proceeds from land sales.*

The following table lists some of the City-owned land parcels currently and potentially offered for sale in the coming few months. Additional parcels will likely be added to this list in the coming months as Engineering & Property Management's Real Estate division completes work to prepare the parcels for sale.

City-Owned Parcel	Estimated Sales Price	Status
West Tyvola Road	\$1,610,000	May 11, 2015 Council Action to accept offer
2912 L.D. Parker Drive	\$36,500	May 11, 2015 Council Action to accept offer
1215 South Blvd	\$1,700,000	Listed for Sale
West Tyvola Road	\$1,092,000	To be listed for sale
Hamilton Street	\$70,000	To be listed for sale
Total Potential Proceeds	\$4,508,500	

Community Investment Plan Financial Policies approved by City Council call for the dedication of asset sales to the General Community Investment Plan to be used for one-time capital investments. In the current FY2015-FY2019 Community Investment Plan, \$2.1 million in land sale proceeds is programmed as revenue supporting capital investments in the Pay-As-You-Go program. As the properties listed in the above table are sold, the proceeds will be deposited in the Pay-As-You-Go Fund and will be available for use on future capital projects.

Additionally, the City is currently in the process of selling five City-owned land parcels associated with the I-277 Interchange improvements. Staff estimates that excess proceeds from the sale of the five I-277 parcels will produce between \$2.5 million and \$3.0 million that will be available for use on future capital projects. The excess proceeds from the sale of the I-277 land parcels will not be available until late FY2016 or early FY2017, after land sale proceeds are first used to retire the outstanding Bank of America and Wells Fargo loan.