



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
-

**Distribution: Mayor and City Council
Ron Carlee, City Manager
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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 prorated share based on the city tax rate and the County returning its prorated 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.



Office of Strategy & Budget
MEMORANDUM

May 12, 2015

TO: Mayor and City Council

FROM: Kim S. Eagle, Interim Director

SUBJECT: Remaining Questions and Answers from May 6th Budget Workshop

On Friday, May 8th staff provided responses to approximately half of Council's questions from the Wednesday, May 6th Budget Workshop. Responses to all questions were not included in the May 8th packet distribution and e-mail due to time constraints. The following pages provide responses to those remaining questions.

A hard copy of these materials will be provided at the May 13th Budget Adjustments meeting.

Next steps in the budget process include:

- May 13, 2:00 p.m., Budget Adjustments (Adds & Deletes), Room 267
- May 18, 3:00 p.m., Budget Workshop, Room 267
- May 26, 3:00 p.m., Budget Straw Votes, CH-14
- June 8, 7:00 p.m., Budget Adoption, Council Chamber

Attachment

C: Ron Carlee, City Manager
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Questions and Answers

From the May 6th Budget Workshop

(continued from Q&A packet distributed May 8th)

This is a continuation of the Questions & Answers from the May 6th Budget Workshop. Questions #1 – 17 were distributed on Friday, May 8th via Council packet, e-mail, and online. The following represent the remaining questions asked by Council on May 6th.

Solid Waste Services

Question 18: *Is there a policy that guides how we provide multi-family solid waste collection? Is multi-family treated like a commercial or a residential property?*

City code guides the provision of multi-family solid waste services. A multi-family unit is defined as any apartment, group of apartments, or condominiums used for dwelling places of more than four families.

According to City Code, rollout container service is available to any multi-family complex that has 30 or fewer units. Dumpster/compactor service is available to multi-family units and is provided through the City’s multi-family contract.

Question 19: *Please provide a summary of multi-family program status including to whom services are provided, on what basis, and how it varies from single family service.*

Multi-family complexes in the City receive service through the dumpster/compactor contract, rollout service provided by Solid Waste Service staff, or through the private market. The table below summarizes the services offered for multi-family complexes.

Services/Other Information	Dumpster/Compactor (contracted service)	Rollout Service (non-contract)	No City Service (private hauler)
# of Units/Customers	117,891	21,975	13,686
# of Complexes	791	564	N/A
Annual Solid Waste Fee Charged	\$24	\$24	\$24
Garbage	Service Provided	Service Provided	N/A
Recycling	Service Provided	Service Provided	N/A
Yard Waste	Service Provided	Service Provided	N/A
Bulky Item	Service Provided	Service Provided	N/A

Question 20: *Please provide a scenario of a fee-based solid waste system, including the incremental increase this year and the overall service provision.*

The table below summarizes the annual fees that the City would charge to fully recover the costs of the Solid Waste Services programs.

Customer Type	Current Fee	Full Fee	Incremental Difference
Single Family Curbside	\$47	\$186	\$139
Multi-Family Dumpster/Compactor	\$24	\$55	\$31
Multi-Family Rollout	\$24	\$186	\$162
Small Business*	\$0	\$250	\$250

*Must generate less than 512 gallons per week.

Question 21: *If the single family residential solid waste fee was set at \$65 per year to cover the cost of contract escalations, what percentage of homeowners would see an overall reduction in costs if the fee was converted into 1.35 cents per \$100 in valuation in property tax?*

If the single family residential fee were set at \$65 (current \$47 fee including the additional \$18 increased contract costs), the new breakeven point in home value would be \$369,300. In this scenario, approximately 88% of residential property owners would pay less with the fee conversion.

Question 22: *How much solid waste revenue do we shift from residential property to commercial property from the fee conversion?*

The fee conversion adds an additional \$3.1 million in commercial property tax revenue.

Question 23: *If the solid waste fee is being subsidized by the general fund, what is the actual cost of providing that service?*

The total cost to provide Solid Waste Services is \$52.4 million for FY2016. Current fees generate an estimated \$12.5 million, with \$39.9 million subsidized by the General Fund. More detail is provided in the following chart.

Program/Service	Total Annual Cost
Single Family Curbside	\$35,011,506
Mobile Homes	\$396,537
Multi-Family Dumpster/Compactor	\$6,443,830
Multi-Family Rollout	\$4,084,979
Small Business*	\$593,256
Special Services**	\$5,900,885
Total	\$52,430,993

*Must generate less than 512 gallons per week.

**Special collections and maintenance to include street sweeping, litter picking, events cleanup/support, barricade delivery, statue and monument cleaning, infrastructure/cleanliness of Central Business District, and dead animal and public receptacles collection

Question 24: *What would be the annual solid waste fee if it was calculated to recover only direct disposal costs?*

The direct disposal cost refers to only the tonnage paid at disposal sites. The direct cost does not account for fuel for the various garbage routes to travel to the landfill, collection costs, or any administrative/processing expenses. The table below provides the "direct cost only" fee:

Customer Type	Direct Disposal Fee
Single Family Curbside	\$29
Multi-Family Dumpster/Compactor	\$16
Multi-Family Rollout	\$29
Small Business*	\$53

*Must generate less than 512 gallons per week.

Question 25: *Are there individuals who live on private streets who do not receive City solid garbage collection and pay the solid waste fee?*

Some neighborhoods, such as gated communities, opt out of the City's solid waste services, but still pay the fee. City services remain available to these neighborhoods. Other neighborhoods with private streets opt to receive the service. The status of a street being designated as private is not a factor in determining whether to provide Solid Waste Services' residential services.

Question 26: *Please provide a summary of the costs, revenues, and number of units associated with the various Solid Waste Services categories.*

The following table provides a summary of costs, revenues, and number of units associated with the various Solid Waste Services categories:

FY2016 Services/Other Information	Single- Family	Multi-Family		Business **	Other Special Services ***
		Dumpster/ Compactor Contract*	Curbside Rollout	Small Businesses	
# of Units/Customers	190,476	117,891	21,975	2,376	
# of Complexes	N/A	791	564	N/A	
Annual Solid Waste Fee Charged	\$47	\$24	\$24	\$0	
Revenue from Fee	\$8,852,121	\$2,829,384	\$527,400	\$0	
Cost:					
Refuse	\$15,497,799	\$4,221,473	\$1,787,963	\$525,668	
Recycling	6,409,330	767,118	739,437	\$0	
Yard Waste	7,494,570	6,325	864,640		
Bulky Item	1,972,368	714,790	227,550		
Total Direct Cost****	31,374,067	5,709,706	3,619,590	525,668	
Administrative Overhead*****	4,034,074	734,124	465,388	67,588	
Total Annual Cost	\$35,408,043	\$6,443,830	\$4,084,979	\$593,256	\$5,900,885
Total Cost per Unit/Customer	\$186	\$55	\$186	\$250	
Incremental Fee Increase	\$139	\$31	\$162	\$250	
Current Cost Recovery % per Unit/Customer	25%	44%	13%	0%	

*Includes cost to service 131 public facilities

**Must be small waste generator of less than 512 gallons per week

***Special collections and maintenance to include street sweeping, litter picking, events cleanup/support, barricade delivery, statue and monument cleaning, manage infrastructure/cleanliness of Central Business District, and dead animal and public receptacles collection

****Direct Cost includes contract monitoring, customer service, divisional support and supervision and incremental rollout cart purchases and cart maintenance

*****Administrative Overhead includes departmental overhead (Director's Office, Administration, Human Resources, Technology, Public Service, Facilities)

Storm Water Services

Question 27: *How will the rate adjustments included in the FY2016 Recommended Budget for Storm Water Services impact the Storm Water capital program and the City's ability to respond to requests for service from property owners?*

FY2016 Recommended Storm Water Rate Structure

The FY2016 Recommended Budget for Storm Water Services includes a change to the rate structure from two rates to four rates. Increased revenue from the new rate structure will support capital investments to complete additional maintenance and repair projects and flood control projects. The additional revenue and expanded capital program will improve the storm drainage system and reduce flood risks for all residents of Charlotte.

The number of aging, failing pipes and flooding problems continue to outpace available resources. When property owners call to request service, most problems are due to infrastructure failures. The backlog of requests for service is growing along with wait times for property owners.

- Approximately 1,000 property owners with high and medium priority requests are waiting 3 to 6 years for service
- An estimated 64 flood control projects to address large-scale neighborhood drainage are waiting for funding
- Approximately 6,000 low priority requests for service with limited resources

FY2016 Recommended Service Improvements

Specifically, the additional revenue from the FY2016 rate adjustments will provide funding to:

- Increase the number of high and medium priority requests evaluated each year from approximately 230 to 285 (average cost per request is \$70,000)
- Increase the average number of large-scale neighborhood drainage projects started each year from two to three (average cost per project is around \$8,000,000)
- Stop qualifying new low priority requests for service and conduct an evaluation of the existing low priority requests to benchmark costs and provide a more accurate funding projection for future years. Future funding of the existing low priority requests for service will be determined based on information gathered during the evaluation in FY2016.

Beginning in FY2016, the majority of the additional funding created by the rate adjustments will initially be used for large-scale neighborhood drainage projects, due to their relatively higher average project costs compared to the average costs for high and medium priority maintenance and repair projects. The number of maintenance and repair projects will be increased over the next few years, and by FY2026, 50.5% of funding supporting the Storm Water Services capital program will be allocated to high and medium priority maintenance and repair projects, and 40.0% will support the large-scale drainage projects, with the remaining 9.5% allocated to Water Quality projects.

Question 28: *What other changes to the Storm Water Services program are recommended to increase the City's ability to reduce the backlog of requests for service from property owners?*

Implementation of the following additional changes to Storm Water Services' policies and procedures in FY2016 may assist in increasing the number of high and medium priority projects and large scale drainage projects that can be completed.

- **Revise the Fee Credit Policy** – Revise the policy to reduce the maximum available credit (from 100% to something lower) to prevent an inequity from continuing in future years. The basis for fee credits should be the degree to which program need is reduced by land owner actions (may be 50-75%). The Storm Water fees are used for a variety of activities including federal Clean Water Act, maintaining street drainage and flood hazard mitigation. Land owner actions do not reduce the effort for these activities. In 2015, fee credits reduced revenue by approximately \$2.0M.
- **Lower Debt Service Coverage Ratio** – Debt service coverage ratio represents the amount of net operating revenue above annual debt service payments. The debt service coverage ratio for Storm Water Services of 3.95 in FY2015 (net revenue that is 3.95 times the annual debt payments) provides capacity to issue additional debt. Under the FY2016 proposed Fee Model, Storm Water Services plans to issue debt every two to four years until the coverage ratio is reduced to between 2.10 and 2.20. This lower debt coverage ratio will maximize debt issuance in future years while still maintaining sufficient capacity to respond to emergencies and meet rating agency requirements for current credit ratings. The additional debt capacity generated by the recommended rate adjustments along with the lower debt service coverage ratio will be used to complete more high and medium priority maintenance and repair and flood control projects.
- **Begin asset management activities** - Storm Water Services will also begin some asset management activities in FY2016 to enhance staff's ability to predict future budget needs by assessing the condition of the existing public drainage system. This assessment will include setting up a data collection program to process and evaluate several hundred critical infrastructure locations. By identifying potential issues for large infrastructure prior to system failure, the infrastructure can be reinforced and life of the asset can be extended with options such as pipe lining at a much cheaper cost than a large capital project.

Police

Question 29: *One of the "Budget Reduction Alternatives" listed in the FY2016 & FY2017 Preliminary Strategy Operating Plan, but not recommended by the City Manager, is the elimination of the Police helicopter unit, which includes two helicopters. What would be the expected service level changes resulting from full elimination of the helicopter unit? Is it possible to retain half of the Police helicopter unit?*

The Charlotte Mecklenburg Police Department (CMPD) currently provides Police helicopter operational services through the maintenance and use of two Bell model 407 helicopters.

Impact of Eliminating Helicopter Unit (two helicopters)

In the CMPD helicopter unit (two helicopters) was eliminated, multiple areas operations areas would be affected as detailed in the following section

- Officer safety – Helicopters divides the attention of suspects and alerts the violator of the unlikelihood of escape, which reduce assaults and injuries to officers.
- Directed patrol – Helicopters provide a large oversight on locations that are of concern to patrol divisions. Each week, the aviation unit is assigned locations to provide zone checks based on the previous week's criminal activity.
- Search for suspect – The aerial vantage gives the helicopter 15 times the surveillance capacity of a ground unit. It can quickly establish a perimeter, often pinning down a suspect until a K-9 or other ground officer affects the arrest. CMPD helicopters are equipped with an Airborne Image Processing System, which can measure and display extremely small differences in heat emissions between objects. At night, this is the primary search tool. The system assists in locating a 'target' (suspect, vehicle or scene) and then automatically illuminates with a search light whatever is being tracked, allowing ground units to see what Aviation sees. The video downlink can transmit the displayed image to a central or ground-based receiver for remote command and control, while an onboard DVR records it for evidence.
- Vehicle pursuits – High-speed vehicle pursuit is unnecessary when a helicopter/car team is on patrol. It is difficult for a suspect vehicle to lose a helicopter. This allows the patrol car to back off to a slower speed and reduce risk to officers and citizens.
- Major Event Command and control – The helicopter can climb above obstacles to quickly assess an entire situation, i.e., events, disasters, civil disorders, etc. Tactical/Rescue personnel, cargo or supplies can be carried to the scene, above obstacles that cause delays. The public address system enables the crew to broadcast important information to people in a neighborhood regarding evacuation or other pertinent matters.
- Special teams – The helicopter can rapidly deploy Special Operations resources, such as K9, to a location and then withdraw the force when the action is complete.
- Criminal surveillance – The helicopter can provide a unique manner of gathering intelligence and vice information. Depending on area of operation, surveillance can be conducted without suspect knowledge.
- Emergency medical transport – CMPD helicopters are not designated medical aircraft. They do, however, have provisions capable of carrying patient and medical attendants. They can be used when an event is dangerous to life and air ambulance assets are otherwise unavailable.

- Photography – The helicopter is capable of providing a new perspective and dimension in photographing accident, crime scenes or critical infrastructure that has not been currently mapped through other resources.
- Providing aerial support for critical infrastructure – CMPD helicopters are part of the emergency response plan to respond to critical breaches such as Nuclear energy plants.
- Providing aerial support for local fire departments – to include fire mapping and on scene command observation.
- Providing aerial support for outside agencies – CMPD helicopters can be made available as a regional resource and may be approved for utilization as requested by State Emergency Management.

Impact of Reducing CMPD Helicopter Unit by One Helicopter

If one of the two helicopters was eliminated, impacts include:

- Increased flight hours added to one aircraft impact all local operations - due to federally required maintenance inspections to ensure safe aircraft operations, the single helicopter would be grounded for longer periods of time while inspections/repair services would be completed (CMPD is able to provide continuous operational support with the current two-helicopter structure).
- Increased amount of flight hours on a single airframe would greatly decrease the safe service life of an aircraft – each CMPD helicopter has over 7,000 flight hours on the airframe; with an operational expectation of 1,000 flight hours per year, excessive hours on a single airframe would increase quickly; a single aircraft would also experience more general wear and tear due to excessive use; currently, new aircraft of the same make/model equipped for Police operations would begin in the range of \$5,000,000 dollars.

The following table provides the six year summary of calls, locates, and arrests for CMPD's helicopter unit (two helicopters). Based on a single aircraft operation, calls would potentially decrease by 40%, which would be a reduction of 4,293 events (from 10,733 calls to 6,440).

Year	Call for Service	Assist with Arrest	Direct Arrest	Vehicle Recovery	Locate Persons, Vehicles, Property
2015	725	91	29	9	30
2014	2,057	223	86	14	56
2013	1,638	161	71	11	33
2012	1,908	171	36	4	57
2011	2,130	175	59	8	76
2010	2,275	169	64	8	84
TOTAL	10,733	990	345	54	336

If one helicopter was eliminated from the CMPD Helicopter Unit, the cost savings include:

- Sale of one helicopter = \$1,200,000
- Insurance Savings = \$20,000 for Risk Management
- Fuel Savings due to less flight time = \$37,600 (based on 400 total less hours of flight for the year)
- Total = \$57,600 yearly plus a one-time \$1.2 million for sale of one aircraft

The CMPD Helicopter Unit personnel costs would remain unchanged if one helicopter was eliminated. The current staffing level totals five sworn officers, and must be maintained due to federal regulations governing the amount of personnel required to fly the helicopters.

The long-term costs savings would be reduced by the need to replace the one helicopter more frequently at a cost of approximately \$5.0 million for one helicopter (utilizing two helicopters would require less frequent replacement).

An additional consideration is that Democratic National Convention and the Urban Area Security Initiative (better known as UASI) has purchased equipment for both helicopters. In the event of a helicopter elimination, staff would need to evaluate what would need to be done with that equipment.

Question 30: *What additional costs does the City incur for providing officers at Special Events beyond the cost recovered by the agencies requesting the officers?*

CMPD spends approximately \$1.64 million in additional funding to provide special event security with on duty officers for special events located within uptown Charlotte.

The following table lists the special events for which the City provides additional officers.

Month	Large Events Requiring On-Duty Resources	On-Duty Officers Required	Total Cost
January	MLK Parade	95	\$25,848
January	Basketball at TWC Arena	199	67,680
February	CIAA Tournament (3 days)	782	452,129
March	St Patrick's Day (Bar Crawl/Parade/Festival are Off Duty; residual issues handled by On Duty)	18	11,019
March	Basketball at TWC Arena	199	67,680
April	Basketball at TWC Arena	199	67,680
May	Speed Street Festival (4 days - minimal On Duty in the past)	506	275,345
May	Twilight 5K (reserves and On Duty)	50	11,904
May	Bank of America Shareholders Meeting	20	8,162
June/July	Possible MLS Soccer Games at Bank of America (BofA) Stadium	20	10,883
June/July	4th of July Fireworks	269	146,379
August	Pride Festival (Off Duty for event; Central handles On Duty issues)	30	16,325
August	Panthers Games at BofA Stadium	37	20,134
August	Possible Soccer Games at BofA Stadium	20	10,883
September	Panthers Games at BofA Stadium	37	20,134
October	JCSU Homecoming Parade (Mostly Metro On Duty, a few requests from other divisions)	50	10,203
October	Panthers Games at BofA Stadium	37	20,134
November	Veteran's Day Parade	75	15,305
November	Thanksgiving Parade	130	53,056
November	Marathon (usually Off-Duty; this year was an anomaly)	5	1,701
November	Basketball at TWC Arena	199	67,680
December	Panthers Games at BofA Stadium	37	20,134
December	Basketball at TWC Arena	199	67,680
December	New Year's Eve	207	112,641
December	ACC Championship Festival & Game (had to pull On Duty for traffic in 2014)	60	28,568
December	Belk Bowl Festival & Game (had to pull On Duty for traffic in 2014)	60	34,690
	Total		\$1,643,977

Non-Departmental Budget

Question 31: *What over-street walkways are maintained by the City?*

The FY2016 Recommended non-departmental line item budget of \$188,149 for Maintenance of Public Spaces provides funding for maintenance of buildings and other City facilities not assigned to a specific City department. Within this \$188,149 budget, \$26,674 (14.2%) is allocated to the maintenance of the following over-street walkways:

- 100 Block, East 3rd Street
- 100 Block, East 4th Street
- 100 Block, East 5th Street
- 200 Block, South College Street

The City has provided maintenance on these over-street walkways because they are within the public right-of-way and they connect buildings with different owners. The building owners have not maintained these walkways. Walkways that connect on both ends to buildings owned by the same company are maintained by that owner.

Question 32: *What would be the annual operating cost of converting street lights to LED lights?*

Changing the City's approximately 75,000 street lights to Light-Emitting Diode (LED) technology is not a "one to one" conversion. LED lighting technology produces different lighting characteristics requiring additional evaluation. Until such an evaluation is conducted, it is hard to precisely determine the cost implications. However, based on assumptions about the choices the City could make given Duke Energy's current rate structures, staff estimates a broad range from a savings of up to \$120,000 per year to cost of an additional \$160,000 per year. The difference in operating costs depends on brightness of the City's LED street light fixture; the brighter the LED, the more expensive to operate.

A wholesale Street lighting change out is not an option available to municipalities under the current rate structure as approved by the NC Utilities Commission.

Question 33: *Provide an explanation of the \$200,000 allocated to third party grants.*

The \$200,000 contribution and grant amount allows the City Manager the flexibility to not bring small amounts of grant funding or contributions through the Council's agenda process. North Carolina General Statutes requires municipalities to bring any increase to a Fund Budget to their corresponding Governing Board for approval. This allocation supplies a funding source to allow the City to accept small grant and contribution amounts without requiring Council approval. If this amount was reduced or eliminated the impact would be more Council agenda items related to grants and contributions.

Other Departmental Operating Budgets

Question 34: *How much is budgeted for town halls and community meetings hosted by Council Members?*

In FY2015, the City budgeted \$800 per Council member for town hall and community meetings. The FY2016 & FY2017 budget recommends \$400 per Council member based on actual expenditures from FY2015.

Question 35: *What would be the impact of reducing Innovation and Technology's budget to \$20 million (a reduction of \$4,504,208)? What would be the impact of reducing the City Manager's Office budget to \$13 million (a reduction of \$851,563)?*

Innovation and Technology

Innovation & Technology's (I&T) expenditures for FY2016 are \$24,504,208. A reduction to \$20,000,000 is an 18.4% decrease in the overall budget. The existing I&T budget is divided between Personnel (46% of expenditures) and Operating (54% of expenditures) because I&T purchases goods and services on behalf of the entire City government. A reduction of this magnitude would significantly impact core city-wide Innovation & Technology services and operations as well as impair the functions of every department that uses information technology.

The following items are examples of services that would be impacted if this reduction was to occur:

- City-wide and Core Innovation & Technology functions
 - City wide network functions would be significantly impacted as this reduction would delay replacing aging infrastructure which would suffer more frequent failures and breaks in service. These services affect all City departments; however, reductions cannot be made in all areas in an across the board fashion. For instance, an 18% cut in Microsoft licenses would result in turning off at least 18% of computers for City workers. This is not a feasible solution. Thus requiring even greater reductions in other areas.
 - I&T is responsible for the Information Security of the City's networking infrastructure, the protection of Personally Identifiable Information of Charlotte citizens (PII), HIPPA data, credit card transaction data (PCI) and Criminal Justice Information data (CJIS). In the course of a typical day the City experiences hundreds of cyber-attacks aimed at the infrastructure and the above listed data types. As referenced by some recent computer security breaches at Target, Home Depot, PF Chang's, and the White House the importance of solid Information Security is paramount to maintaining City operations. Budget reductions in these areas would be catastrophic for all City operations if there is a failure to protect the City's information systems.
 - Service desk assistance for computer problems would be reduced which would impair the efficiency of city workers and potentially compromise personnel serving after regular working hours and on weekends.

- Innovation & Technology department-specific impacts
 - An 18% reduction to the I&T budget affects every City department as they depend heavily on information, data and communications services. Here are a few examples of functions that would be potentially impacted:
 - The quality and speed of police car communications will be reduced for both voice and data modems which support information in CMPD vehicles. These capabilities were recently upgraded by the BTOP project. Failure to maintain these improvements will cause the City to break its BTOP grant commitments.
 - Fire vehicles depend on the City's computer aided dispatch systems, vehicle routing systems and public safety communications. These systems would be susceptible to greater down times as we would not be able to support their needs as frequently leading to longer response times by Fire personnel.
 - The Management & Financial Services Department payroll and financial accounting systems which rely on the I&T Enterprise Resource Planning (ERP) systems would suffer downtimes and extended processing times for paying vendors. If data is lost, the integrity of the City's accounting system could be threatened leading to complications in the annual audit and/or future bond rating assessments.
 - CDOT's traffic signal system runs on the I&T network. Extended downtimes or failures in the network could produce traffic snarls and poor traffic flow on the City's street network.
 - Citizen information services provided by 311 would be negatively affected when customer service computer systems are not maintained adequately. Customer Service Representatives would be unable to access information to answer questions or reliably take citizen requests and respond to them.
 - Solid Waste Services depends on I&T GIS information for routing of garbage trucks. Without regular updates to the GIS system and maps, efficient routing of trucks will become more difficult.
 - CATS depends on I&T GIS information for bus routing to better meet demands of travelers and maximize ridership and fare revenue.
 - The City has binding Inter-local Agreements for public safety communications with City of Gastonia, Cabarrus, Union and Stanly Counties that would be very difficult to retract. Thus, we would have to fully fund this service meaning other services would be reduced more to meet the asked for reduction.

In summary, further reductions to the Innovation & Technology Department would result in decreased service efficiencies in almost all City departments and drastically reduce the effectiveness of services to Charlotte citizens in a number of key areas including public safety, transportation, and solid waste services. Technology solutions are imbedded in almost everything the City does, multiplying the size, complexity, and scope of the Department's work. The City's ability to pursue new technologies in response to City department needs and citizen demands would be compromised. Lastly, I&T would be forced to lay off staff and eliminate non-critical services in order to meet this reduction.

City Manager's Office

The City Manager's Office is comprised of four divisions: 1) City Administration, 2) Corporate Communications & Marketing, 3) Community Relations, and 4) CharMeck 311.

The FY2016 Recommended City Manager's Office budget is reduced by \$815,901 from the FY2015 Budget. The budget and full time equivalent positions (FTE) reductions are outlined in the following table:

City Manager's Office FY2016 Budget Reductions			
Division of City Manager's Office (CMO)	Item	FY16 \$ Change	FY16 FTE Reduction
City Manager Administration	Technology	2,000	
City Manager Administration	Other Specialty Department Supplies	800	
City Manager Administration	Dues & Subscriptions	2,850	
City Manager Administration	Cell Service & Mobile Technology	3,712	
City Manager Administration	Subsistence	7,500	
City Manager Administration	Travel, Training and Meetings	20,000	
City Manager Administration	Temporary Position	2,100	
City Manager Administration	Office Assistant IV (vacant) position planned to be used for Records Mgr.	54,415	1.0
Total Reductions for CMO Admin		93,377	1.0
Corporate Communications & Marketing (CC&M)	Social Media to increase community engagement	3,000	
(CC&M)	Program/Service Awareness through social media	7,500	
(CC&M)	Veteran's Day Specialty Supplies	2,000	
(CC&M)	Media Training	2,500	
(CC&M)	Travel, Training and Meetings	6,000	
(CC&M)	Printing & Publishing	7,500	
(CC&M)	Dues & Subscriptions	3,000	
(CC&M)	Digital Signage	5,000	
(CC&M)	TV Engineering Services	13,500	
(CC&M)	Video Services & Graphic Designer Contracts	10,000	
(CC&M)	25 JIC phone lines	3,600	
Total Reductions for CMO CC&M		63,600	
CharMeck 311	Adjust hours of operation from 7am-8pm to 7am-7pm and close weekends and holidays)	658,924	11.0
Total Reductions for CMO CM311		658,924	11.0
Grand Total City Manager's Office Reductions		815,901	12.0

While all General Fund Departments were asked to identify cuts of 3-5%, the City Manager's Office made cuts totaling 5.5% of its budget; more than double any other General Fund department (excluding Engineering & Property Management which accomplished a cut of 9.2% primarily through the transfer of cultural facility operating and maintenance costs to the Tourism Fund).

Provided in the following table are options for further cuts to the City Manager’s Office budget, totaling to \$434,865. This could increase the total reductions in the City Manager’s Office to 8.5% from FY2015 to FY2016. Any further reductions to the City Manager’s Office budget beyond those shown below would result in employee layoffs.

Potential Additional Reductions to City Manager's Office FY2016 Budget			
Division of City Manager's Office	Item	FY16 \$ Change	FY16 FTE Reduction
CharMeck 311	Further reduce 311 operating hours to 8 hour shifts covering the hours of 8am-5pm, Monday-Friday, through attrition (significant reduction in service)	287,784	6.0
Community Relations	Contractual services for moving expenses absorbed in current year budget	25,000	
Corporate Communications & Marketing (CC&M)	Eliminate funding for webmaster position (vacant)	73,081	
CC&M	Eliminate City campaign creative promotions (i.e. smoke free facilities campaign, etc.)	22,000	
CC&M	Eliminate web search optimization (will make Charlotte website less frequently found on Google)	3,000	
CC&M	Cut training in half (will decrease skill development of employees)	10,000	
CC&M	Eliminate web analytics tool (will hamper ability to analyze website users)	9,000	
CC&M	Cut print materials in half (will require greater digital communication use)	5,000	
Total		434,865	6.0

Question 36: *Are there any state responsibilities that the City is budgeting to pay for in the Preliminary FY2016 Operating Budget?*

The Charlotte-Mecklenburg Police Department (CMPD) is the only department that includes state responsibilities for FY2016, funding three programs: 1) the Court Services Unit, 2) the District Attorney Property Crimes Unit, and 3) State Justice Services for Drug Court.

Below is a brief description of the services and budget for each of these three programs:

1) Court Services Unit

- FY2016 Operating Budget = \$1,266,426
- The Court Services Unit provides administrative assistants and detectives to the Mecklenburg County District Attorney’s Office and the local Public Defenders’ Office to assist in managing the Grand Jury system, issuing

subpoenas and indictments, setting trial court calendars, and providing clerical support to judges.

2) District Attorney's Property Crimes Unit

- FY2016 Operating Budget = \$321,173
- Program provides 2 Assistant District Attorneys and 3 support personnel for the Property Crimes Unit. The objective of this unit is to reduce the time for disposition of property cases, and to obtain the appropriate punishment for habitual offenders.

3) State Justice Services for Drug Court

- FY2016 Operating Budget = \$58,000
- The City and County split the cost of providing the County's State Justice Services for Drug Court. This program is comprised of a specialized team of assistant district attorneys that concentrate solely on felony drug cases.

Additional Questions and Answers Distributed at May 13th Budget Workshop (as a follow up to the Q&As distributed May 12th)

The following are additional budget related questions submitted by Council as a follow-up to the May 6th Budget Workshop Q&As e-mailed to City Council the evening of May 12th.

Solid Waste Services

Question 1: *Related to the Solid Waste Services section of the City Code (referenced in Q&A #18 distributed on May 12th), does Council have the authority to change this City Code? When were the Solid Waste sections adopted? And are these sections of the City Code driven by State mandates?*

City Council is the governing body that changes City Code. The Ordinance was originally adopted in 1985, with two revisions:

- The last change to the Solid Waste section of the Ordinance was in 2013, to prohibit rollout containers from blocking sidewalks.
- Previous to that, the Ordinance was changed in 2004 to close a loophole created by the Zoning Ordinance that allowed a multi-family development of more than 30 units to receive rollout service instead of dumpster/compactor.

The provision of Solid Waste service sections of the City Code is not driven by State mandates.

Question 2: *How many small businesses receive Solid Waste services?*

Solid Waste Services collects small business garbage from 2,376 small waste generators, or those small businesses that generate less than 512 gallons per week. There is no fee charged for this service. All other commercial properties use private haulers.

Question 3: *Is it correct that Solid Waste Services was entirely funded by the General Fund until the landfill agreement was approved to implement the fee for disposal?*

Yes, that is correct.