The attached packet of materials includes the May 10th Budget Adjustments meeting Agenda along with a description of the process for consideration of budget adjustments. Also included in this packet are copies of the FY 2018 Proposed Pay & Benefits Recommendations and the Charlotte Water FY 2018 Proposed Water and Sewer Rates Brochure.

Additional information related to responses to questions posed by Council members following the City Manager’s presentation of the Proposed FY 2018 Budget and the FY 2018 – 2022 Community Investment Plan will be distributed to the Mayor and City Council on Monday, May 8th.

CC: Marcus Jones, City Manager
    Executive Team
    Department Directors
    Strategy & Budget Staff
Page Intentionally Left Blank
FY 2018 Budget Workshop
Budget Adjustments

City of Charlotte

May 10, 2017
1:00 p.m. – 5:00 p.m.
Room 267

I. Introduction  Marcus Jones

II. Consideration of budget amendments  Mayor and City Council

III. Next Steps
- May 24th – Straw Votes at 12:00 p.m.
- June 12th – Budget Adoption at 7:00 p.m.

Additional Information
- Questions & Answers from May 2nd Tuesday Morning Breakfast Forum *
- Additional Questions & Answers from City Council *

* Materials to be distributed Monday, May 8th

Distribution:  Mayor and City Council
              Marcus Jones, City Manager
              Executive Team
              Department Directors
              Strategy & Budget Staff
Budget Adjustments
May 10, 2017

The May 10th Budget Adjustments meeting provides the opportunity for Council to request information and discuss preliminary decisions regarding changes to the Manager’s Proposed FY 2018 Operating Budget and FY 2018 - 2022 Community Investment Plan.

By Council practice, Council members identify items for addition or deletion to the Manager’s Proposed 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 24th.

Each of the May 24th items receiving six or more votes will be included in the budget adoption ordinance on June 12th.

This packet includes:
- May 10th Budget Adjustments Agenda
- Questions & Answers from May 2nd Tuesday Morning Breakfast Forum and other Council questions
FY 2018 Pay & Benefits Recommendation
EXECUTIVE SUMMARY

Background

The Human Resources Philosophy adopted by the City Council is the guiding force for the development and administration of human resources programs. The Philosophy is included as Attachment A of this report. As provided in the Philosophy and of utmost importance is that the City of Charlotte “attract and retain qualified, productive and motivated employees who will provide efficient and effective services to the citizens.”

With regard to the development of pay and benefits recommendations, staff is guided by the provisions of the Philosophy which state:

- Pay will be based on performance while considering market conditions.
- Base pay is the primary type of pay used to maintain market competitiveness. City Council-approved policy is that market competitiveness for a specific job is based on the median of actual salaries paid in the applicable recruitment area for jobs of a similar nature.
- Incentive pay will be the primary pay method used to communicate the changing goals of the City and to encourage teamwork.
- Employees will also be rewarded for attaining skills which make them more flexible and useful in helping Departments meet their goals.
- Benefits plans will provide a moderate level of income protection against unexpected health, life and disability risks.
- Health care costs will be aggressively managed and employees will be expected to share fairly in the costs of their benefits.
- Wellness programs will be actively supported.

Survey of Market Conditions and Market Competitiveness

Market competitiveness is determined through ongoing surveys of the pay and benefits practices of other employers. Human Resources staff recently completed a review of local, regional and national pay increase trends, as well as a review of employer benefits practices. Competitive practice information was gathered directly by the Human Resources staff and evaluated along with survey information compiled from several consulting firms representing a large number of employers.

Survey Findings

- Mercer Consulting’s 2016/2017 U.S. Compensation Planning Survey reports that salary increase budgets have remained close to 3.0% for the last several years and are expected to continue to do so in 2017.
- In 2017, 67% of public sector and education employers offer or plan to offer an account-based health plan (ABHP) (Willis Towers Watson, 2016; 2016 Best Practice in Health Care Employer Survey).
Conclusions and Recommendations

• **Compensation**
  
  ➢ In the Public Safety Pay Plan, the following is recommended:
    
    o Merit steps of 2.5% to 5% be funded.
    
    o Market adjustment to the pay steps funded at 2.0% effective July 1, 2017.
    
    o Revisions to Fire Steps to better align with market competitiveness and the Police Officer step structure.
    
    o The addition of aircraft rescue certification pay for Fire. This will be funded by the Aviation Department.

  ➢ In the Broadbanding Pay Plan, it is recommended that there be funding for a 3.0% merit increase budget.

  ➢ In the Non-Exempt Pay Plan, the following is recommended:
    
    o Merit increase budget funded at 1.5%.
    
    o Market adjustment to the ranges funded at 1.5%, effective February 3, 2018.
    
    o Increase minimum pay to $31,200 ($15.00 per hour).

• **Benefits**

  ➢ Increase the City’s overall funding for group insurance coverages by 3%.

  ➢ Separate employee and retiree claims experience and create premium equivalents based on the actual experience of each group.

  ➢ Implement a multi-plan medical option which will include Preferred Provider Organization (PPO) and Account-Based Health Plans (ABHP). The account-based health plans will include health savings account (HSA) and health reimbursement account (HRA) options.

  ➢ Create the employee and pre-65 retiree medical plan cost share based on the actuarial value and cost of each medical plan.
FY 2018 PAY RECOMMENDATIONS

Public Safety Pay Plan

The City’s Public Safety Pay Plan covers all Police classes below the rank of Police Lieutenant and all Fire classes below the rank of Battalion Fire Chief. There are two components to the Public Safety Pay Plan. The first is progression through the steps, and the second is market adjustments to the steps. The following recommendations are made:

- Funding for steps in the Public Safety Pay Plan at a range of 2.5% to 5.0%, so that those employees who have not yet reached the maximum step of their pay range will receive a step increase on their merit date. Recommend revisions to the steps as follows:
  - Add a 2.5% step to Fire Fighter II to better align with the Police Officer top step
  - Add a 2.5% step to Fire Engineer to better align with the Police Officer top step
  - Adjust Fire Captain steps so that the bottom step remains 12.5% higher than the Firefighter Engineer top step.
  - The addition of aircraft rescue certification pay for Fire. This will be funded by the Aviation Department.

- A 2.0% market adjustment to the Public Safety Pay Plan, which is .5% above the standard 1.5%, to better align the steps with market data. Public Safety employees will receive this increase effective July 1, 2017.

Broadbanding Pay Plan

The City’s Broadbanding Pay Plan covers all exempt (salaried) City employees with the exception of non-managerial Sworn Police and Uniformed Fire employees. There is no general pay (market) adjustment for employees in this pay plan like there is for employees in the Public Safety and the Non-Exempt (Hourly) Pay Plans. Merit increases are based on the employee’s performance and the employee’s pay rate in relation to market.

In keeping with policy approved by the City Council, the City benchmarks its competitiveness for a specific job based on the median of actual salaries paid in the applicable recruitment area for jobs of a similar nature. The median, or 50th percentile, is the middle salary in a list of salaries arranged from high to low. This benchmark, median salary, is for people at the midpoint or sometimes called the “journey” level. Therefore, the City’s policy of maintaining market competitiveness results in 50% of comparable employers paying more and 50% of comparable employers paying less than the City. The following recommendations are made:

- Funding for a 3.0% merit pool. Department Directors will be held accountable for staying within budgeted funds. Pay decisions will be based on an employee’s level of performance and a comparison of current salary to the market’s 50th percentile for their specific job. Increases may be awarded as base pay or lump sum on the employee’s merit date.

- Increasing the band minimum and maximum rates in the Broadbanding Pay Plan structure by 3.0%, as reflected in Attachment D. The only impact of this recommendation will be to change the minimum and maximum rates in the City’s six bands. Because no employee salary falls below the minimum of Band A, no employee will receive an increase as a result of this recommendation.
**Non-Exempt/Hourly Pay Plan**

The City’s Non-Exempt Pay Plan covers hourly employees in labor, trades, and administrative positions. This pay plan consists of 20 traditional ranges, each with a minimum, midpoint, and maximum. The midpoint is equal to the median (50th percentile) of market data, similar to how market rates are identified in the Broadbanding Pay Plan. Non-exempt/hourly employees receive an annual market adjustment equal to half of the Broadbanding merit percentage increase. These employees also receive a merit increase each year equal to half of the Broadbanding merit percentage increase, on average. Merit increases are based on the employee’s performance and the employee’s pay rate in relation to the midpoint. The following recommendations are made:

- Funding for a 1.5% merit pool. Department Directors will be held accountable for staying within budgeted funds. Pay decisions will be based on an employee’s level of performance and a comparison of current salary to the midpoint for their specific job. Increases may be awarded as base pay or lump sum on the employee’s merit date.

- A 1.5% market adjustment to the Non-Exempt Pay Plan, as reflected in Attachment E. Non-Exempt employees will receive this increase effective February 3, 2018.

**Employees Currently Earning Below $15.00 per hour**

In FY 2017, Council established a goal of bringing the minimum starting pay for City of Charlotte employees to $15.00 per hour by FY 2020. It is recommended that the City of Charlotte accelerate moving the minimum starting pay to $15.00 per hour by FY 2018.
FY 2018 BENEFITS RECOMMENDATIONS

Funding for Insurance Coverages

The following group insurance coverages are provided and consistent with the Human Resources Philosophy adopted by the City Council: medical, including prescription drug; medical stop-loss; life; dental; and disability coverage.

It is recommended that the City’s funding for group insurance coverages be increased by 3% for FY 2018.

Health Coverage

The City’s medical insurance program is self-insured for active employees and non-Medicare retirees. Stop-loss insurance is purchased by the City to cover catastrophic claims that exceed $451,000 per individual in a fiscal year. Third-party claims administrators are retained to provide medical management services and pay medical and prescription drug claims. When budgeting for future costs, the two cost components for the medical insurance plan are the claims projected to incur and the administrative fees to be paid to the claims administrators. BlueCross BlueShield NC is the medical claims administrator and CVS Caremark is the prescription drug plan administrator. The City has a fully-insured medical and prescription drug plan administered by AmWINS for Medicare-eligible retirees.

The following recommendations are being made:

- **Employee and Retiree Medical and Prescription Drug Claims Methodology**
  - During FY 2017, Human Resources completed the review of the City’s methodology regarding blending active and retiree medical and prescription drug claims experience. With employees hired after July 1, 2009 ineligible for retiree medical insurance, almost half of the current workforce is estimated to be ineligible by FY 2018.
  - The recommendation is to separate employee and retiree claims experience and create premium equivalents based on the actual experience of each group.

- **Medical Plans**
  - As part of the FY 2010 budget process, City Council provided the City Manager or his designee the authority to approve future plan design amendments to the medical and dental plans including redesigning current plans to promote consumerism and wellness. Plan design changes which will become effective January 1, 2018 include:
    - Implementing a multi-plan medical plan option which includes modifying the medical plan designs of the PPO Plus and PPO Basic plans and the addition of three Account-Based Health Plans (ABHP). These changes, which are recommended by the City’s benefits consultant, Willis of North Carolina, Inc., ensure the City’s plans continue to contain costs, promote in-network utilization, and remain competitive with market practices. In addition, they align with the City’s Employer of Choice goals to provide choice, affordability and retirement health care savings opportunities for employees.
    - To support the introduction of the multi-plan medical plan option, an employee benefits platform will be implemented to simplify, personalize and optimize how employees elect and enroll in benefits. This tool will also provide sophisticated decision support tools to help employees choose the benefits that are most appropriate for their needs. The
platform will enhance the administration of employee benefits. An RFP is currently underway for these services.

- It is recommended that the City Manager or his designee be authorized to select a vendor and execute the contract and future contract amendments with the selected vendor upon completion of the bid process.

**Medical Premiums**

- Effective January 1, 2018, adjust the employee cost sharing in the tiers of each medical plan and the premium structure based on the actuarial value and cost of each plan.

- Effective January 1, 2018, the annual wellness incentive will be redesigned to align with the new medical plan options.

- Provide the City Manager or his designee the authority to establish the premium structure and wellness incentive design within the overall health insurance budget.

**Retiree Medical Plans**

- In FY18, the City will continue to look at retiree medical coverage to ensure the retiree medical program mitigates costs and aligns with employer of choice best practices.

**Non-Medicare Retiree Premiums**

- Effective January 1, 2018, revise the retiree cost sharing in the tiers of each medical plan and premium structure based on separated plan experience of the retiree group, the actuarial value of the plans and the cost of each plan. Provide the City Manager or his designee the authority to establish the retiree cost share and premium structure within the overall health insurance budget.

**Medicare-Eligible Retiree Premiums**

- As part of the FY 2010 budget process, City Council provided the City Manager or his designee the authority to approve changes including plan options, vendors, and future contracts/contract amendments to the fully-insured medical and prescription drug plans for Medicare-eligible retirees.

- Since these plans are fully insured, it is recommended that the City Manager or his designee be authorized to approve rate increases and vendor changes as necessary to appropriately fund these plans upon receipt of renewal rates from the Administrator of the Medicare-eligible retiree coverage.

- No changes to the current cost share philosophy for retirees in this plan are recommended.

**Prescription Drug Plan**

- As part of the FY 2017 budget process, the City Manager or his designee is authorized to amend the prescription drug benefit contract. In an effort to contain prescription drug costs and promote utilization of generic drugs, the plan will be amended as follows:

  - The prescription drug plan design will be aligned with the medical plan options. These changes, which are recommended by the City’s benefits consultant, Willis of
North Carolina, Inc., ensure the City’s plans align with the multi-plan medical plan options, continue to contain costs, promote generic utilization and remain competitive with market practices.

- Provide the City Manager or his designee the authority to approve future plan amendments to the prescription drug plan.

- **Dental Plan Premiums**
  - Effective, January 1, 2018 set the City’s dental contribution at $28 for the Basic and Plus dental plans.

- **Voluntary Benefits**
  - The City will be conducting a bidding process for voluntary benefits to enhance the multi-plan medical plan option. These benefits are 100% paid by the employee and have no cost to the City. It is recommended that the City Manager or his designee be authorized to select a new vendor(s) and execute the contract and future contract amendments with the selected vendor(s) upon completion of the bidding process.

- **Flexible Spending Account Administration**
  - The City currently contracts with Flexible Benefit Administrators for flexible spending accounts (FSA) and COBRA services. The current contract expires December 31, 2017.
  
  - The City will be conducting a rebidding process for these services. It is recommended that the City Manager or his designee be authorized to either renew the current contract or select a new vendor(s) and execute the contract and further contract amendments with the selected vendor(s) upon completion of the rebidding process.

- **Employee Assistance Program**
  - The City currently offers an Employee Assistance Program (EAP) administered by Business Health Services (BHS). The initial three-year contract term expires on December 31, 2017 with potential amendments for up to two additional one-year terms. Upon receipt of renewal information, it may be necessary to rebid the EAP plan.

  - It is recommended that the City Manager or his designee be authorized to either renegotiate the current contract or rebid the service and select a new vendor(s) and execute the contract and further contract amendments with the selected vendor(s) upon completion of the rebidding process.

- **Short-Term Disability**
  - The City currently contracts with Unum as the short-term disability administrator. The current contract expires December 31, 2017.

  - The City will be conducting a rebidding process for these services. It is recommended that the City Manager or his designee be authorized to either renew the current contract or select a new vendor(s) and execute the contract and further contract amendments with the selected vendor(s) upon completion of the rebidding process.
• **Stop Loss Insurance**
  - The City currently contracts with Symetra for stop-loss insurance to provide protection against catastrophic or unpredictable medical claims. The policy expires December 31, 2017.
  - The City will be conducting a rebidding process for stop-loss insurance. It is recommended that the City Manager or his designee be authorized to either renew the current contract or select a new vendor(s) and execute the contract and further contract amendments with the selected vendor(s) upon completion of the rebidding process.

• **457 Plans**
  - The City currently contracts with ICMA-RC and VOYA to administer the voluntary 457 plans.
  - The City will be conducting a rebidding process for 457 plan administration. It is recommended that the City Manager or his designee be authorized to either renew the current contracts or select a new vendor(s) and execute the contract and further contract amendments with the selected vendor(s) upon completion of the rebidding process.

• **Benefits Waiting Period**
  - The current benefits waiting period for new employees is the first of the month following 30 days of employment.
  - Provide the City Manager the authority to modify the benefits waiting period to align with best practices and employer of choice goals.

**Community Support Leave**
Replace School Support Leave with Community Support Leave. The current School Support Leave provides for a four hour match of paid leave per year to support schools, whereas Community Support Leave will provide eight hours of employer paid leave per year to encourage our employees to support recognized 501(3) community service organizations, as well as school support activities.
Attachments

Attachment A – Human Resources Philosophy

Attachment B – Market Movement Summary

Attachment C – Recommended FY 2018 Public Safety Pay Plan Structure
New minimum, maximum and step rates in the Public Safety Pay Plan based on the 1.5% structural market adjustment recommended for FY2018.

Attachment D – Recommended FY 2018 Broadbanding Pay Plan Structure
New minimum and maximum rates in the Broadbanding Pay Plan based on the 3.0% structural adjustment recommended for FY2018.

Attachment E – Recommended FY 2018 Non-Exempt/Hourly Pay Plan Structure
Twenty range structure for Non-Exempt/Hourly Pay Plan recommended for FY2018.
The City of Charlotte will attract and retain qualified, productive and motivated employees who will provide efficient and effective services to the citizens. Human resource programs will provide constructive support for the City’s customer service, business and financial strategies. These programs will be reviewed on a regular basis and changed as circumstances warrant. They will be directed toward attaining measurable goals and organizational success.

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

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

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

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

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

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

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

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

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

**Employee Relations**
Employees will be treated with respect and without regard to race, religion, color, sex, national origin, sexual orientation, age, disability, political affiliation, or on the basis of actual or perceived gender as expressed through dress, appearance or behavior or for any other reason not related to their organizational contributions. Diversity will be respected and viewed as an asset to our workforce.

Approved by City Council 1993, revised 1995, revised 2014 in FY15 Pay & Benefits Recommendation
## Market Movement Summary

(Average Percent Change)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>National Statistics Provided by World at Work, Hewitt, Mercer</td>
<td>2.9</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>National Municipalities</td>
<td>2.4</td>
<td>2.7</td>
<td>2.4</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Charlotte Area Municipalities</td>
<td>2.6</td>
<td>2.6</td>
<td>3.0</td>
<td>3.2</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Large Charlotte Employers (private sector)</td>
<td>2.5</td>
<td>2.7</td>
<td>2.8</td>
<td>2.8</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>The Employers Association</td>
<td>3.1</td>
<td>3.1</td>
<td>3.0</td>
<td>3.0</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>City of Charlotte Broadbanding</td>
<td>2.0</td>
<td>3.0</td>
<td>1.5</td>
<td>3.0</td>
<td>3.0 (Benchmark)</td>
<td>2.5</td>
</tr>
</tbody>
</table>
# FY 2018 Public Safety Pay Plan

## FY 2018 Step Rates in the Public Safety Pay Plan

Pay rates shown are weekly and annual rates

### POLICE DEPARTMENT

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

<table>
<thead>
<tr>
<th>New Hire</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
<th>Step 7</th>
<th>Step 8</th>
<th>Step 9</th>
<th>Step 10</th>
<th>Step 11</th>
<th>Step 12</th>
<th>Step 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLICE OFFICER 3102</td>
<td>$836.39</td>
<td>$878.21</td>
<td>$922.11</td>
<td>$968.22</td>
<td>$1,016.63</td>
<td>$1,067.46</td>
<td>$1,104.85</td>
<td>$1,149.55</td>
<td>$1,178.28</td>
<td>$1,207.74</td>
<td>$1,237.94</td>
<td>$1,268.89</td>
<td></td>
</tr>
<tr>
<td>POLICE SERGEANT 3110</td>
<td>$1,200.31</td>
<td>$1,253.71</td>
<td>$1,306.26</td>
<td>$1,359.07</td>
<td>$1,412.18</td>
<td>$1,466.65</td>
<td>$1,522.41</td>
<td>$1,579.55</td>
<td>$1,637.99</td>
<td>$1,697.74</td>
<td>$1,758.79</td>
<td>$1,820.14</td>
<td></td>
</tr>
<tr>
<td>RESPONSE AREA COMMANDER 3110</td>
<td>$92,088</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fire Premiums**
- 2nd Language, Training Officer 5%
- 2 Yr degree 5% (Srg and RAC not eligible)
- 4 Yr degree 10% (Srg and RAC not eligible)

### FIRE DEPARTMENT

<table>
<thead>
<tr>
<th>New Hire</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
<th>Step 7</th>
<th>Step 8</th>
<th>Step 9</th>
<th>Step 10</th>
<th>Step 11</th>
<th>Step 12</th>
<th>Step 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIREFIGHTER I 3006</td>
<td>$796.57</td>
<td>$836.39</td>
<td>$878.21</td>
<td>$922.11</td>
<td>$968.22</td>
<td>$1,016.63</td>
<td>$1,067.46</td>
<td>$1,104.85</td>
<td>$1,149.55</td>
<td>$1,178.28</td>
<td>$1,207.74</td>
<td>$1,237.94</td>
<td>$1,268.89</td>
</tr>
<tr>
<td>FIREFIGHTER II 3008</td>
<td>$1,393.51</td>
<td>$1,428.35</td>
<td>$1,464.06</td>
<td>$1,537.26</td>
<td>$1,614.12</td>
<td>$1,692.18</td>
<td>$1,770.93</td>
<td>$1,850.18</td>
<td>$1,930.83</td>
<td>$1,970.99</td>
<td>$2,010.46</td>
<td>$2,050.93</td>
<td>$2,091.40</td>
</tr>
<tr>
<td>FF ENGINEER 3011</td>
<td>$1,042.05</td>
<td>$1,068.10</td>
<td>$1,094.80</td>
<td>$1,122.18</td>
<td>$1,150.24</td>
<td>$1,178.99</td>
<td>$1,208.46</td>
<td>$1,238.68</td>
<td>$1,268.89</td>
<td>$1,298.08</td>
<td>$1,328.28</td>
<td>$1,358.48</td>
<td>$1,388.68</td>
</tr>
</tbody>
</table>

**Fire Premiums**
- 2nd Language, Haz-Mat, Search & Rescue, Dive, Aircraft Rescue 5%
- 2 Yr degree 5% (Captain not eligible)
- 4 Yr degree 10% (Captain not eligible)
### Recommended FY 2018
**Broadbanding Pay Plan Structure**

<table>
<thead>
<tr>
<th>Band</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Band A</td>
<td>$27,810</td>
<td>$64,178</td>
</tr>
<tr>
<td>Band B</td>
<td>$39,368</td>
<td>$78,737</td>
</tr>
<tr>
<td>Band C</td>
<td>$51,167</td>
<td>$102,335</td>
</tr>
<tr>
<td>Band D</td>
<td>$69,062</td>
<td>$138,123</td>
</tr>
<tr>
<td>Band E</td>
<td>$93,211</td>
<td>$186,423</td>
</tr>
<tr>
<td>Band F</td>
<td>$125,850</td>
<td>$251,699</td>
</tr>
</tbody>
</table>
### Recommended FY 2018
Non-Exempt/Hourly Pay Plan Structure

<table>
<thead>
<tr>
<th>Range</th>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Range 1</td>
<td>28,260</td>
<td>31,091</td>
<td>35,755</td>
</tr>
<tr>
<td>Range 2</td>
<td>29,381</td>
<td>32,646</td>
<td>37,543</td>
</tr>
<tr>
<td>Range 3</td>
<td>30,851</td>
<td>34,279</td>
<td>39,421</td>
</tr>
<tr>
<td>Range 4</td>
<td>32,393</td>
<td>35,992</td>
<td>41,391</td>
</tr>
<tr>
<td>Range 5</td>
<td>34,012</td>
<td>37,791</td>
<td>43,460</td>
</tr>
<tr>
<td>Range 6</td>
<td>35,713</td>
<td>39,681</td>
<td>45,633</td>
</tr>
<tr>
<td>Range 7</td>
<td>37,499</td>
<td>41,666</td>
<td>47,916</td>
</tr>
<tr>
<td>Range 8</td>
<td>39,374</td>
<td>43,749</td>
<td>50,311</td>
</tr>
<tr>
<td>Range 9</td>
<td>41,342</td>
<td>45,936</td>
<td>52,826</td>
</tr>
<tr>
<td>Range 10</td>
<td>43,410</td>
<td>48,233</td>
<td>55,468</td>
</tr>
<tr>
<td>Range 11</td>
<td>45,580</td>
<td>50,644</td>
<td>58,241</td>
</tr>
<tr>
<td>Range 12</td>
<td>47,859</td>
<td>53,177</td>
<td>61,154</td>
</tr>
<tr>
<td>Range 13</td>
<td>50,252</td>
<td>55,836</td>
<td>64,211</td>
</tr>
<tr>
<td>Range 14</td>
<td>52,764</td>
<td>58,627</td>
<td>67,421</td>
</tr>
<tr>
<td>Range 15</td>
<td>55,403</td>
<td>61,559</td>
<td>70,793</td>
</tr>
<tr>
<td>Range 16</td>
<td>58,173</td>
<td>64,637</td>
<td>74,333</td>
</tr>
<tr>
<td>Range 17</td>
<td>61,082</td>
<td>67,869</td>
<td>78,049</td>
</tr>
<tr>
<td>Range 18</td>
<td>64,136</td>
<td>71,262</td>
<td>81,951</td>
</tr>
<tr>
<td>Range 19</td>
<td>67,343</td>
<td>74,826</td>
<td>86,050</td>
</tr>
<tr>
<td>Range 20</td>
<td>70,710</td>
<td>78,567</td>
<td>90,352</td>
</tr>
</tbody>
</table>

Note: Effective February 3, 2018 Ranges will be increased by 1.5% and minimum pay will be increased to $31,200
UNDERSTANDING YOUR BILL

CONSUMPTION CHARGES

Water Usage: This charge is calculated to cover the costs to treat and distribute drinking water. The fee is charged per Ccf volume. A Ccf is an abbreviation representing 100 cubic feet which equals 748 gallons. These fees are structured by tier to encourage conservation.

Sewer Usage: Covers the cost to collect, treat and safely dispose of wastewater from customers. Based on metered water usage each month.

STORM WATER FEE

The fee is assessed by Charlotte-Mecklenburg Storm Water Services to recover costs associated with maintaining storm water infrastructure. The fee is collected in conjunction with the Charlotte Water bill to pool resources and reduce billing costs to customers.

PROPOSED FEES

Both sewer and water budgets contain fixed costs that do not change in direct proportion to water consumption.

Fixed Fees: These fees recover costs associated with servicing customer accounts. This fee covers:
- Reading and maintaining more than 285,000 water meters
- Investigating and responding to billing questions
- Producing and mailing bills
- Providing customer service
- Receipt of receiving revenues

Water Fixed Fee: $4.02    Sewer Fixed Fee: $4.02

Availability Fees: The availability fee is based on the cost of water and wastewater projects needed to maintain 24/7 water service. These costs are not dependent on how much water customers use.

Water Availability Fee: $3.17    Sewer Availability Fee: $7.50

IT'S CHEAPER TO TREAT DRINKING WATER THAN WASTEWATER BECAUSE THE SOURCE WATER COMING FROM MOUNTAIN ISLAND LAKE AND LAKE NORMAN IS MUCH CLEANER THAN WASTEWATER.

Also, treating wastewater is a complex process using sophisticated biological systems, multiple filters and modern disinfection methods. That can also mean that energy and chemical costs are higher for wastewater treatment. Wastewater is returned to creeks after it has been treated to be cleaner than the stream receiving it.

WHY DOES SEWER COST MORE THAN WATER USE?

UNDERSTANDING YOUR WATER AND SEWER RATES

FY 2018 PROPOSED
The price to collect, store, treat and deliver water and sewer is based mostly on fixed costs. No matter how much or little water used, we still have to maintain:

**UNDERSTANDING YOUR WATER AND SEWER RATES**

The price to collect, store, treat and deliver water and sewer is based mostly on fixed costs. No matter how much or little water used, we still have to maintain:

**PROPOSED RATE CHART [FY 2018]**

<table>
<thead>
<tr>
<th>Water Used</th>
<th>FY 17</th>
<th>FY 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Ccf</td>
<td>$16.99</td>
<td>$18.72</td>
</tr>
<tr>
<td>1 Ccf</td>
<td>$23.08</td>
<td>$24.81</td>
</tr>
<tr>
<td>2 Ccf</td>
<td>$29.17</td>
<td>$30.90</td>
</tr>
<tr>
<td>3 Ccf</td>
<td>$35.26</td>
<td>$36.99</td>
</tr>
<tr>
<td>4 Ccf</td>
<td>$41.35</td>
<td>$43.08</td>
</tr>
<tr>
<td>5 Ccf</td>
<td>$47.90</td>
<td>$49.63</td>
</tr>
<tr>
<td>6 Ccf</td>
<td>$54.45</td>
<td>$56.18</td>
</tr>
<tr>
<td>7 Ccf</td>
<td>$60.99</td>
<td>$62.72</td>
</tr>
<tr>
<td>8 Ccf</td>
<td>$67.55</td>
<td>$69.28</td>
</tr>
<tr>
<td>9 Ccf</td>
<td>$76.77</td>
<td>$78.50</td>
</tr>
<tr>
<td>10 Ccf</td>
<td>$85.99</td>
<td>$87.72</td>
</tr>
<tr>
<td>11 Ccf</td>
<td>$95.21</td>
<td>$96.94</td>
</tr>
<tr>
<td>12 Ccf</td>
<td>$104.43</td>
<td>$106.16</td>
</tr>
<tr>
<td>13 Ccf</td>
<td>$113.65</td>
<td>$115.38</td>
</tr>
<tr>
<td>14 Ccf</td>
<td>$122.87</td>
<td>$124.60</td>
</tr>
<tr>
<td>15 Ccf</td>
<td>$132.09</td>
<td>$133.82</td>
</tr>
<tr>
<td>16 Ccf</td>
<td>$141.31</td>
<td>$143.04</td>
</tr>
</tbody>
</table>

**Tier 4**

<table>
<thead>
<tr>
<th>Water Used</th>
<th>FY 17</th>
<th>FY 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 Ccf</td>
<td>$150.22</td>
<td>$151.95</td>
</tr>
</tbody>
</table>

*Does not include storm water fees.

**CAROLINAS RATE COMPARISON**

(AVERAGE MONTHLY BILL)

**PROPOSED FY 2018 EXPENDITURES**

- Operating Budget: $147.8 M
- Debt Service & PAYGO: $251.8 M
- Total: $399.6 M

- Field Operations: $42.4 M
- Environmental Management: $37.5 M
- Department-Wide Support: $24.7 M
- Water Treatment: $16.6 M
- Admin, Mgt, IT & Engineering: $11.9 M
- Customer Service: $80.8 M
- Union County Operations: $90.3 M
- Environmental Laboratory Services: $52.7 M

**WATER AND SEWER RATES**

Rates will be increased by $1.73 per billing month to pay for increased infrastructure operations and maintenance costs.

**PROPOSED FY 2018 REVENUE PROJECTIONS**

- Water & Sewer Sales: 70.4%
- Interest Earnings: 0.38%
- User Fees & Other Revenue: 1.45%
- Indirect Industrial Waste Surcharge: 0.36%
- Collection Fees: 1.44%
- Connection Fees: 1.25%
- Service Charges: 0.81%
- Fixed & Availability Fees: 19.07%
- Capacity for Growth: $467.5 M
- Rehabilitation & Replacement: $269.8 M
- Commitments to Public Projects & Utility Operations: $126.4 M
- Regulatory Requirements: $80.4 M

**FY 2018-2022 PROPOSED COMMUNITY INVESTMENT PLAN**

Total = $944.1 M

**Q:** How does Charlotte Water encourage conservation?

**A:** Water conservation is encouraged via our tiered rate structure. The more water used, the more each Ccf costs.