

<b>WHAT'S INSIDE:</b>	<u>Page</u>
<b><u>Updates:</u></b>	
Final Report of the 2017 "Long" Session .....	2
Sept. 11 Business Meeting Follow-Up Report .....	2
October 22-29 – Uptown Connects Bicycle Lane Demonstration Project.....	2
Watch for Me NC and 100-Miles of Sidewalks Celebration .....	3
Charlotte Digital Inclusion Alliance’s Launch of Digital Inclusion Playbook .....	3
Charlotte Joins the ConnectHome Nation Initiative .....	4
Internal Audit Report – Limited Scope Audits of Motor Pool Policy Exemptions and Vehicle Mileage.....	4

**WEEK IN REVIEW:**

**Monday, Sept. 18**

12:00 p.m.

Council Zoning Briefing (optional), Room 886

1:00 p.m.

Intergovernmental Relations Committee Mtg., Room 280

Agenda: Adopt 2017-2018 Legislative Calendar; Federal Lobbying Services Contract – Dana Fenton; 2017 “Long” Session Briefing – Dana Fenton; Trending Topics

3:30 p.m.

Environment Committee Mtg., Room 280

Agenda: Storm Water Policy Review; Water Sewer Rate Review; Charlotte’s City-Owned Cemetery Operations and Planning

5:00 p.m.

Zoning Mtg., Room CH-14

**September and October calendars are attached**



Sept-Oct 2017.pdf

## UPDATES:

### **Final Report of the 2017 “Long” Session**

*Staff Resource: Dana Fenton, City Manager’s Office, 704-336-2009, [dfenton@charlottenc.gov](mailto:dfenton@charlottenc.gov)*

Attached is the final report of the 2017 “Long” Session. The General Assembly convened on Jan. 11 and adjourned on June 30. Since then, the assembly reconvened twice to consider veto overrides, conference reports, districting matters and other business. They will reconvene again on Oct. 4 to consider more districting matters and constitutional amendments. The 2018 “short” session convenes on May 16.

The 2017 “long” session was very productive for the City of Charlotte as four out of six (66%) legislative agenda issues were resolved to the city’s satisfaction. Furthermore, six out of eight (75%) priority issues were resolved to the city’s satisfaction. Priority issues consist of legislation in which the city was actively engaged and which was not addressed in the council adopted legislative agenda.



2017 final report.pdf

### **Sept. 11 Business Meeting Follow-Up Report**

*Staff Resource: Rachel Wood, Constituent Services, 704-333-3656, [rwood@charlottenc.gov](mailto:rwood@charlottenc.gov)*

Constituent Services has created a report detailing follow-up information based on comments and questions received from elected officials at the Sept. 11 council business meeting. The follow-up report is attached below.



11--September  
(Business Meeting).pdf

### **October 22-29 – Uptown Connects Bicycle Lane Demonstration Project**

*Staff Resources: Liz Babson, Transportation, 704-336-3916, [ebabson@charlottenc.gov](mailto:ebabson@charlottenc.gov)*

*Scott Correll, Transportation, 704-432-5219, [scorrell@charlottenc.gov](mailto:scorrell@charlottenc.gov)*

On June 12, staff presented the findings of the Uptown Connects study. The study included recommendations to improve bicycle travel to and through uptown. One of the primary recommendations was to implement a protected two-way bicycle lane along Fifth and Sixth streets (see attached map). The protected two-way bicycle lane will connect Little Sugar Creek Greenway (XCLT) and Irwin Creek Greenway to thousands of jobs in Center City as well as numerous transit options.

On Oct. 9, staff is scheduled to present to City Council CDOT’s plan to test a protected bicycle lane as part of a demonstration project from Oct. 22-29. The demonstration project will create a protected bicycle lane by closing one lane of traffic or parking lane along its route.

The city, in partnership with Sustain Charlotte and Charlotte Center City Partners, are teaming together to sponsor the one-week demonstration project. In conjunction with our partners, we will begin engaging the community including businesses and residents adjacent to the route.



UptownConnectsDe  
moMap.pdf

### **Watch for Me NC and 100-Miles of Sidewalks Celebration**

*Staff Resources: Liz Babson, Transportation - 704-336-3916, [ebabson@charlottenc.gov](mailto:ebabson@charlottenc.gov)*

*Scott Curry, Transportation - 704-432-4638, [spcurry@charlottenc.gov](mailto:spcurry@charlottenc.gov)*

On Wednesday, Sept. 20, the city will kick-off this year's Watch for Me NC campaign and celebrate the 100th mile of sidewalk built by the City of Charlotte's Pedestrian Program.

Watch for Me NC is a statewide campaign sponsored by the North Carolina Department of Transportation to reduce pedestrian, bicycle injuries and death through a comprehensive, targeted approach to public education and police enforcement.

The City of Charlotte Pedestrian Program improves walkability by constructing sidewalks and pedestrian crossings citywide. Since 1998, the city has built over 100 miles of new sidewalk across the community. The celebration will be held at Kennedy Middle School, 4000 Gallant Lane, on Sept. 20. at 10 a.m.

### **Charlotte Digital Inclusion Alliance's Launch of Digital Inclusion Playbook**

*Staff Resource: Steve Wood, Housing & Neighborhood Services, 704-336-4161, [swood@charlottenc.gov](mailto:swood@charlottenc.gov)*

The Charlotte Digital Inclusion Alliance (CDIA) will launch its digital inclusion playbook Tuesday, Sept. 27. The day will begin with an 11:30 a.m. lunch at the Goodwill Opportunity Campus, 5301 Wilkinson Blvd., followed by a noon bus tour showcasing a sample of the digital inclusion activity taking place in Mecklenburg County. The tour will end with a press conference at 4:15 pm at Goodwill to announce the playbook's publication followed by a reception.

This launch marks the end of a nearly two-year long endeavor to create a playbook outlining a set of focus areas and goals community leaders and organizations can use to align their work in support of the digital inclusion effort. The City of Charlotte has served as a member of the CDIA since its inception and remains committed to closing the digital divide. The launch of this playbook will highlight current work to connect youth and adult residents to digital literacy training through Housing & Neighborhood Services' neighborhood training platform and TechCharlotte initiative.

Elected officials are invited to join the CDIA for all events. For those who are interested in joining the tour, please contact Bruce Clark, CDIA project manager, at [clarkb2@queens.edu](mailto:clarkb2@queens.edu) by Sept. 19. Those interested in attending the press conference and reception can [RSVP here](#).

### **Charlotte Joins the ConnectHome Nation Initiative**

*Staff Resource: Steve Wood, Housing & Neighborhood Services, 704-336-4161, [swood@charlottenc.gov](mailto:swood@charlottenc.gov)*

The City of Charlotte, in partnership with Mecklenburg County and the Charlotte Housing Authority (CHA), has been selected to be part of the inaugural cohort of [ConnectHome Nation](#), a movement to end the digital divide in public housing across the United States. Charlotte-Mecklenburg was one of 30 communities selected after an open application process and review by [EveryoneOn](#) - a national nonprofit that creates social and economic opportunity by connecting everyone to the internet.

To be part of the group, the local collaborative team agreed to the following:

- CHA will provide a staff person to serve as ConnectHome Nation lead.
- Work toward yearly internet adoption, device and training goals.
- Submit quarterly internal progress reports and provide annual public progress updates.

As a result of this cohort, Charlotte will now have access to additional mentorship, best practices, resources and collateral as it undertakes the work of eliminating the digital divide. ConnectHome Nation plans to expand to 100 communities by 2020.

### **Internal Audit Report – Limited Scope Audits of Motor Pool Policy Exemptions and Vehicle Mileage**

*Staff Resource: Greg McDowell, Internal Audit, 704-336-8085, [gmcowell@charlottenc.gov](mailto:gmcowell@charlottenc.gov)*

In an effort to be responsive to requests and to provide timely input to control issues, the Audit Department has begun to complete narrowly defined projects, which are termed Limited Scope Audits (LSAs). Such audits may be communicated as a standard audit report, or an internal memo, and later summarized with multiple audits in a combined report.

The attached report addresses two LSAs, as follows:

- Motor Pool Policy Exemptions – the policy will be revised to reduce excessive reimbursements to Senior Management.
- Vehicle Mileage – after reviewing the cost effectiveness of reimbursing high-mileage reimbursed employees, the highest use department began implementing better controls and has committed to annual reviews of related policies.

A copy of the final report is attached below.



Combined LSAs  
Motor Pool Veh Mileage

# September

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>	
					1	2	
3	4 <b>Labor Day</b>	5	6	7	8	9	
10	11 <b>12:00pm</b> Environment Committee Mtg., Room 280  <b>5:00pm</b> Council Business Mtg., Room 267	12	13 <b>7:30am</b> Neighborhood Leadership Award Nominees Breakfast, TBD  <b>12:00pm</b> HAND Committee Mtg., Room 280	14 <b>12:00pm</b> ED Committee Mtg., Room CH-14	15	16	
17	18 <b>12:00pm</b> Council Zoning Briefing (optional), Room 886  <b>1:00pm</b> Intergovernmental Relations Committee Mtg., Room 280  <b>3:30pm</b> Environment Committee Mtg., Room 280  <b>5:00pm</b> Zoning Mtg., Room CH-14	19	20 <b>NCLM Conference Greenville, NC</b>			22	23
24	25 <b>12:00pm</b> Governance & Accountability Committee Mtg., Room 280  <b>2:00pm</b> Transportation & Planning Committee Mtg., Room 280  <b>5:00pm</b> Citizens' Forum/Council Business Mtg., Room 267	26 <b>2:00pm</b> Budget Committee Mtg., Room 280	27 <b>5:30pm</b> MTC Meeting, Room 267	28 <b>12:00pm</b> ED Committee Mtg., Room CH-14	29	30	

# 2017

# October

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
<b>1</b>	<b>2</b> <b>12:00pm</b> Environment Committee Mtg., Room 280  <b>5:00pm</b> Council Workshop/Citizens' Forum, Room 267	<b>3</b>	<b>4</b>	<b>5</b> <b>12:00pm</b> Community Safety Committee Mtg., Room 280	<b>6</b>	<b>7</b>
<b>8</b>	<b>9</b> <b>2:00pm</b> Transportation & Planning Committee Mtg., Room 280  <b>5:00pm</b> Council Business Mtg., Room 267	<b>10</b>	<b>11</b> <b>12:00pm</b> HAND Committee Mtg., Room 280	<b>12</b> <b>12:00pm</b> ED Committee Mtg., Room CH-14	<b>13</b>	<b>14</b>
<b>15</b>	<b>16</b> <b>12:00pm</b> Council Zoning Briefing (optional), Room 886  <b>5:00pm</b> Zoning Mtg., Room CH-14	<b>17</b>	<b>18</b>	<b>19</b> <b>12:00pm</b> Community Safety Committee Mtg., Room 280	<b>20</b>	<b>21</b>
<b>22</b>	<b>23</b> <b>12:00pm</b> Governance & Accountability Committee Mtg., Room 280  <b>5:00pm</b> Citizens' Forum/Council Business Mtg., Room 267	<b>24</b>	<b>25</b> <b>12:00pm</b> HAND Committee Mtg., Room 280  <b>5:30pm</b> MTC Meeting, Room 267	<b>26</b> <b>12:00pm</b> ED Committee Mtg., Room CH-14	<b>27</b>	<b>28</b>
<b>29</b>	<b>30</b>	<b>31</b>				

# 2017



**OFFICE OF THE CITY MANAGER  
M E M O R A N D U M**

September 13, 2017

**TO:** Marcus D. Jones, City Manager  
Randy Harrington, Chief Financial Officer

**FROM:** Dana Fenton, Intergovernmental Relations Manager

**SUBJECT:** **Final Report: 2017 “Long” Session of the 2017 General Assembly**

---

The 2017 Final Report details the outcomes of issues that were addressed in the legislative agendas of the City and Metropolitan Transit Commission and other issues prioritized after crossover. Each issue receiving a “” indicates the issue was resolved fully or partially to the City’s satisfaction, while a “” indicates the issue was not resolved to the City’s satisfaction.

The 2017 “long” session was very productive for the City of Charlotte. Of the 14 issues identified in the attached 2017 Final Report, ten issues were resolved fully or partially to the City’s satisfaction.

The North Carolina General Assembly convened the 2017 Regular Session on January 11, 2017 and adjourned on June 30, 2017. The General Assembly reconvened twice in August to consider election districts, constitutional amendments, veto overrides, concurrence votes on bills returned to the originating house, adoption of conference reports, and final readings of revenue and appropriation bills in the receiving house.

The General Assembly is scheduled to return on October 4 to consider election districts, constitutional amendments, veto overrides, concurrence votes on bills returned to the originating house, adoption of conference reports, and other business. The 2018 “short” session will convene on May 16, 2018.

Summary bill statistics are as follows:

- 1,619 House and Senate bills and resolutions were introduced;
- 208 bills were enacted into law;
- 11 bills were vetoed by the Governor of which 7 were overridden by the General Assembly and 4 have yet to be considered by the General Assembly; and
- 1 bill is pending on the Governor’s desk

If you have any questions, feel free to contact me at your convenience.

Cc: Mayor and Council  
City Manager’s Executive Cabinet

**2017 REGULAR SESSION  
2017 FINAL REPORT**

**2017-2018 STATE LEGISLATIVE AGENDA**

**Citizens Review Board: Engage in discussions with the General Assembly and stakeholders concerning the granting of subpoena powers for the Citizens Review Board**

Charlotte Citizens Review Board/Subpoena Powers ([HB 350 – R. Moore](#)) would have extended the power to the Charlotte Citizens Review Board to issue subpoenas to compel witnesses to testify before the Board. HB 350 was not considered by the House and is ineligible for consideration in 2018.

**Police Recordings: Engage in discussions with the General Assembly and stakeholders concerning possible adjustments to the police recordings law**

Changes to Current Body-Worn Camera Law ([HB 797 – Faircloth](#)) would have authorized the custodians of law enforcement records, who are typically Chiefs of Police, to disclose police recordings to local elected officials in closed sessions upon recommendation of the city manager and majority vote of the city council. HB 797 was amended on a 59-57 vote to remove this language during debate on the floor of the House. While HB 797 can be considered further in 2018, it is highly unlikely that the language will be restored.

**Strategic Transportation Investments: Continue working with the General Assembly and Administration in support of the data-driven Strategic Transportation Investments program for prioritization of transportation funding**

Transportation Megaproject Funding ([HB 219 – Torbett](#)) would have established a transportation funding program for large-scale transportation projects of over \$200 million in value but without a “data-driven” formula to select projects. HB 219 was amended into DOT/DMV Changes ([HB 110 – Torbett](#)), a bill that contained technical changes to transportation statutes. The Senate defeated HB 110 by an overwhelming margin due to their concerns that the megaproject proposal would introduce an unacceptable level of political considerations into the transportation funding process. Since HB 110 was defeated on the floor of the Senate, it is ineligible for consideration in 2018.

**Sales Tax Redistribution: Continue working with the General Assembly and Administration to safeguard local sales tax and other local revenues, and in support of policy initiatives that address the underlying development issues faced by regions throughout the State**

Legislation to address the underlying economic development issues of rural areas advanced in 2017 and is poised for final action in 2018. Helpful legislation includes the BRIGHT Futures Act ([HB 68 – Szoka](#)) that expands broadband into rural areas passed the House, Exclude Tiers 1 & 2 from JDIG Cap ([SB 223 – J. Jackson](#)) exempts economically challenged counties from the caps on Job Development Investment Grants, and the 2017 Appropriations Act ([SB 257 – Brown](#)) creates the NC Ready Sites Fund and enables small-scale rural transportation construction projects to proceed without going through the data-driven Strategic Transportation Investments process. The House did not consider several controversial measures that purport to address the underlying development issues of rural areas, including Change the Local Option Sales Tax Adjustment Factors ([HB 522 – Lewis / SB 126 – Brown](#)) and Economic Development Incentive Modifications ([SB 660 – Brown](#)).

- Charlotte Firefighters' Retirement System: Work with the General Assembly to secure a technical amendment to the Charlotte Firefighters' Retirement System Act that is required by the Internal Revenue Service**

Charlotte Firefighters Retirement System ([HB 58 – Dulin](#)) implements technical changes to the Charlotte Firefighters' Retirement System Act that are required by the Internal Revenue Service. This action brings the System into compliance with the Voluntary Correction Program entered into by the System Board of Trustees and the Internal Revenue Service whereby the statutorily mandated method for computing a firefighter's final average salary is amended to reflect current practice. HB 58 was enacted into law.

#### 2017-2018 METROPOLITAN TRANSIT COMMISSION STATE LEGISLATIVE AGENDA

- Support continued efforts to complete the regional public transportation vision:**
- **Continue State funding for the LYNX Blue Line Extension**
  - **Support efforts to develop the Gateway Station**
  - **Ensure that all modes of public transportation can compete on a level playing field with other modes of transportation**
  - **Continue State funding for State Maintenance Assistance Program.**

The General Assembly appropriated the State share of construction funding for the LYNX Blue Line Extension in the 2017-2019 State Budget. The Charlotte Gateway Station project was allocated \$26 million of Strategic Transportation Investment program funding to match a \$25 million federal Transportation Investment Generating Economic Recovery (TIGER) grant for Phase 1A. Legislative efforts to level the playing field for all modes of transportation were unsuccessful (SB 170 – Ford, SB 171 – Ford, SB 172 – Ford, and Section 34.12D of Edition 7, SB 257). The General Assembly appropriated funding for the State Maintenance Assistance Program.

#### 2017 PRIORITY LEGISLATIVE ISSUES

During every session of the General Assembly, legislation is introduced that is not anticipated in the legislative agenda's adopted by either the City or Metropolitan Transit Commission and subsequently, requires City attention. The following is a compilation of such legislation.

- Reset of SL 2016-3 ([HB 142 – Stevens](#))**

The enactment of HB 142, which repealed 2016 House Bill 2, led to the end of the more significant economic boycotts endured by the region and the State of North Carolina since the enactment in 2016 of House Bill 2. At the same time, HB 142 enacted new prohibitions on State and local governments regulating access to multiple occupancy restrooms, showers, and changing facilities, and local governments enacting or amending ordinances regulating private employment practices or public accommodations until December 1, 2020.

- Sanctuary Cities**

Legislation addressing so-called "sanctuary cities" was trending due to national concerns. Two of four bills introduced, Private Action Local Compliance / Immigration Laws ([HB 113 – Cleveland](#)) and Government Immigration Compliance ([SB 145 – Sanderson](#)), advanced out of their houses of origin and are eligible for consideration in 2018. The City has worked very closely with the General Assembly to reassure legislators that city ordinances, policies and standards and procedures are consistent with all state and federal laws concerning immigration.

**Wireless Communications Infrastructure Siting ([HB 310 – Saine](#))**

HB 310 mandates the processes that local governments must follow when regulating wireless communications infrastructure (commonly referred to as DAS or small cell technology) in city owned rights-of-ways. The City worked in tandem with the NC League of Municipalities and other local governments and the telecommunications industry to ensure that HB 310 could be implemented locally. HB 310 is largely reflective of local standards with the exception that it diminishes the roles neighborhoods have traditionally exercised in the permitting process. HB 310 was enacted into law.

**Local Government / Regulatory Fees ([HB 436 – Stevens](#))**

HB 436 enacts a statewide system development fee that will serve as a replacement source of revenue for the various development fees charged by water and sewer systems around the State, including the capacity fee charged by Charlotte Water. The City worked closely with stakeholders and the NC League of Municipalities in developing necessary amendments to the bill in order to ensure it was workable for local communities. HB 436 was enacted into law.

**Revisions to Outdoor Advertising Laws ([HB 581 – Lewis](#))**

HB 581 would have preempted local authority to regulate the relocation of existing outdoor advertising structures and the transition of static signs to changeable message signs. The City was part of a broad coalition of local governments, environmental and community groups that worked with members in opposition to HB 581. HB 581 was defeated on its second reading in the House of Representatives by a vote of 48 ayes to 67 noes on June 26. HB 581 is ineligible for consideration in 2018.

**Airport Improvements, Section 34.19 of 2017 Appropriations Act ([SB 257 – Brown](#))**

SB 257 appropriates \$40 million in FY 2018 and \$75 million in FY 2019 for capital improvements at commercial airports around the State. From these appropriations, Charlotte Douglas International Airport is allocated \$25 million in FY 2019. SB 257 was enacted into law.

**NC Permitting Act of 2017 ([HB 794 – Stone](#))**

HB 794 creates new standards for local review of development plans and creates procedures by which NCDOT may delegate their responsibilities to municipalities of populations of over 50,000. The City worked very closely with the bill sponsor and the NC League of Municipalities to ensure it was workable for local communities. HB 794 passed the House and is eligible for consideration in 2018.

**Catawba Buffer Rules**

Section 15 of Amend Environmental Laws ([HB 56 – McElraft](#)) directs the General Assembly's Fiscal Research Division to estimate the value of property that is subject to riparian buffer rules, including those in the Catawba River basin. The HB 56 language is a significant improvement over language in section 7.2, edition 4 of Amend Environmental Laws 2 ([SB 434 – Sanderson](#)) to repeal the requirements for riparian buffers from the lakes and streams along the Catawba River, which would result in damage to the environment and raise the costs of treating water. The City worked with the NC League of Municipalities and other local governments in opposition to the language in SB 434. HB 56 was ratified.

**Follow Up Items**  
**City Council Dinner Briefing and Council Business Meeting**  
**Monday, September 11, 2017**

Agenda Item Number	Agenda Item Title	Mayor and Council Questions	Agenda Coordinator/ Staff Resource	Department Response
4	Charlotte Convention Center Expansion and Updates	Provide a breakdown of MWSBE participation for this project as a part of the September 25 Request for Council Action.	Randy Harrington William Haas	Randy Harrington will coordinate with Tom Murray to make the MWSBE information available on the September 25 agenda item.
5	Camp North End Infrastructure Reimbursement	Provide specific information on what is being done to address permitting limitations at the site for pop-up activity that is taking place as the permanent use of the development is being determined.	Debra Campbell Patrick Mumford	
5	Camp North End Infrastructure Reimbursement	In the September 25 Request for Council Action for this item, please provide additional information regarding the City's options to encourage MWSBE participation for the City's construction projects and for private entities that contract with the City at the site.	Debra Campbell Patrick Mumford	Staff will continue these conversations with the developers and clarify the details that Council requested in the upcoming Request for Council Action on September 25.

Agenda Item Number	Agenda Item Title	Mayor and Council Questions	Agenda Coordinator/ Staff Resource	Department Response
13	Solid Waste Ordinance Amendment	Provide information on how neighborhoods are being notified about changes to the ordinance.	Victoria Johnson Pamela Wideman Ben Krise Ellen Price Thomas Powers	Solid Waste Services, Housing and Neighborhood Services and Charlotte-Mecklenburg Planning departments will coordinate to develop a communications plan conveying changes in the Solid Waste Ordinance effective January 1, 2018.
19	Mayor and Council Topics	An audit of the Charlotte Fire Department was requested.	Greg McDowell	Audit will consider the request during their ongoing risk assessment, part of which involves further discussion with the Manager's office.

# Uptown Connects Bicycle Lane Demonstration Project





**CHARLOTTE**<sup>SM</sup>

---

**INTERNAL AUDIT**

**Audit Report  
Summary of Limited Scope Audits  
Motor Pool Policy Exemptions and Vehicle Mileage  
September 8, 2017**

**City Auditor's Office  
Gregory L. McDowell, CPA, CIA**

**Audit Report**  
**Summary of Limited Scope Audits**  
**Motor Pool Policy Exemptions and Vehicle Mileage**  
**September 8, 2017**

**Purpose and Scope**

This report summarizes two separate, Limited Scope Audits (LSAs), which addressed narrowly defined issues.

- ✚ Motor Pool Policy Exemptions – the audit addressed exemptions to the 2016 policy, which initially required all employees’ compliance, but was amended to allow staff receiving vehicle stipends to opt out. In May, a recommendation was made to the Management & Financial Services Department (M&FS) to consider policy revisions.
- ✚ Vehicle Mileage – the audit addressed the cost-effectiveness of employee reimbursements for high-mileage staff, periodic re-authorizations, and one department’s exemptions to the Motor Pool Policy for certain employees receiving significant mileage reimbursements. Observations were provided to the Engineering & Property Management Department (E&PM) in May.

We conducted these performance audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the use of the City Manager’s Office, City Council, and all City Departments.

**Actions Taken and Planned**

Audit recommendations are being addressed, with the effect of improving internal policies. Specifically:

- The Motor Pool Exemption Policy will be revised to reduce excessive reimbursements to Senior Management.
- The cost effectiveness of reimbursing high-mileage employees was reviewed. E&PM has taken steps to improve reporting mileage reimbursements, and managing departmental mileage costs. E&PM plans to complete a review of all related processes in September, and annually thereafter.

### **Motor Pool Policy Exemptions**

Three related policies were reviewed, with specific attention given to a recent revision to the Motor Pool Policy, which appeared to have unintended consequences which were inconsistent with the City's overall approach to making economic decisions. The three policies follow:

- Employee Travel and Reimbursement (January 2015; revised November 2016) – states that employees are expected to use the most economically feasible mode of transportation.
- Senior Management Automotive Policy (July 1990; revised February 2010) – addresses monthly stipends for 20-25 senior management employees, and mileage reimbursements for out-of-county travel.
- Motor Pool Policy (January 2016; revised November 2016) – established the expectation that employees use a motor pool vehicle for City business. However, the revision included the following exception:
  - Staff that receive an automotive stipend are encouraged to use the motor pool for out-of-county travel but not required (*emphasis added*).

The then-City Manager wrote a further clarification in June 2016, suggesting that a side-trip for personal business would negate the need to choose a cost-conscious alternative.

### **Considerations**

- a. Senior management vehicle stipends cover depreciation, insurance, maintenance and in-county fuel expenses.
- b. The motor pool was established to provide a cost-effective driving alternative to employees.
- c. Allowing select employees to opt out of the motor pool results in a benefit to the most highly compensated employees, while increasing expenses for the City.

### **Recommendation**

Excessive reimbursements to Senior Management should be curtailed:

- Completely, if the employee chooses to not use an available City fleet vehicle, or
- Limited to 17 cents per mile, which would correspond to the federal government's GSA rate for reimbursement when a Government-furnished automobile is available.

### **Action Planned**

M&FS will revise the policy to limit Senior Management mileage reimbursements to the GSA rate noted above, and other employees to the same reimbursement rate when out-of-town travel includes personal use that would make motor pool use impractical.

### Vehicle Mileage

While auditors reviewed FY16 travel expenses, the issue of mileage reimbursements arose. During the two and one-half years ended December 31, 2016, the City reimbursed about \$871,000 in mileage reimbursements, as follows:

- FY15 \$337,505
- FY16 \$368,450
- FY17 \$165,007 (for six months)

This data reflects mileage-only reimbursements and does not include mileage related to overnight travel. Approximately 85% of these reimbursements have been made to E&PM employees, with 22 receiving \$10,000 to \$21,000 (totaling over \$311,000) during the 2.5 years noted.

In April 2016, E&PM exempted a number of employees from the Motor Pool Policy. Such exemptions are allowed under the policy; however, E&PM applied the exemption broadly without documenting whether the blanket exemption covering 113 employees was cost-effective for the City.

For the majority of E&PM employees, auditors agree with management that the exemptions are necessary to reduce the logistical burden and work disruption otherwise required. Also, the City has not committed to a fleet size increase which would be required to meet the vehicle needs of staff, if E&PM attempted to use significantly more fleet resources.

### Considerations

The Motor Pool Policy (MFS 21) provides for exceptions, noting at 3.A. the specific reasons which justify exceptions. It is also noted that exceptions should be reviewed and documented on any travel or mileage forms. Adherence to this policy may be audited.

E&PM has a broad and ongoing need to exempt many employees, and reasonably has detailed its explanation in a formal memo, signed by the department head.

E&PM management reviewed its recent practices and determined that employees incorrectly used the mileage reimbursement form for out of town travel and training purposes. Managers and staff have been instructed to follow the policy; E&PM has created an intranet page to help guide its employees.

### Recommendations

- A. E&PM should annually review and re-authorize its exemptions to the Motor Pool Policy, giving attention to employees with the highest mileage reimbursements. No further authorization above the department head is required.
- B. Out of town travel should be individually approved, per MFS 21, A.3.

*Actions Taken or Planned*

- In September 2017 and annually thereafter, E&PM will review positions and usage events (emergencies, short notice, etc.) to validate exemptions to the Motor Pool Policy.
- Construction supervisors are taking steps to combine trips where possible.
- E&PM will individually approve out of town travel, as required.