



Office of Strategy & Budget MEMORANDUM

April 15, 2016

TO: Mayor and City Council

FROM: Kim S. Eagle, Budget Director

SUBJECT: Materials for April 18th Budget Committee Meeting for April 20th Council Budget Workshop

The April 15th packet includes materials for the April 18th Budget Committee Meeting and the April 20th Budget Workshop.

Packet materials include:

- April 18th Budget Committee Agenda
- April 20th Council Budget Workshop Agenda
- Regulatory User Fees Policy Presentation (to be presented on April 20th)
- Questions & Answers from the April 6th Council Budget Workshop
- Human Resources Philosophy
- Handouts that were distributed during the April 11th Budget Committee Meeting

Next steps in the budget process include:

- April 18th, Budget Committee
- April 20th, Council Budget Workshop
- May 2nd, City Manager's Recommended Budget Presentation
- May 9th, Budget Public Hearing
- May 11th, Council Budget Adjustments
- May 25th, Council Straw Votes
- June 13th, Budget Adoption

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

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Council Budget Committee
Monday, April 18, 2016, 10:00 – 11:30 a.m.
Charlotte-Mecklenburg Government Center
Room 280

Committee Members: Greg Phipps, Chair
Ed Driggs, Vice Chair
Patsy Kinsey
Vi Lyles
LaWana Mayfield

Staff Resource: Kim Eagle, Management & Financial Services

AGENDA

	<u>Page</u>	<u>Time Frame</u>
I. <u>FY2017 Public Safety Request Update</u> <i>Staff: Kim Eagle, Management & Financial Services Kerr Putney, Police Jon Hannan, Fire <u>Action requested:</u> Discussion and Feedback</i>	*	30 minutes
II. <u>Updated FY2017 Revenue Projection</u> <i>Staff: Kim Eagle, Management & Financial Services Eric Hershberger, Management & Financial Services <u>Action requested:</u> Discussion and Feedback</i>	*	15 minutes
III. <u>FY2017 Base Budget Review</u> <i>Staff: Kim Eagle, Management & Financial Services Eric Hershberger, Management & Financial Services <u>Action requested:</u> Discussion and Feedback</i>	*	10 minutes
IV. <u>FY2017 General Fund Balancing Tools and Discussion</u> <i>Staff: Ron Carlee, City Manager's Office Kim Eagle, Management & Financial Services <u>Action requested:</u> Review and Recommendation</i>	*	15 minutes

**Materials to be distributed at April 18th Budget Committee Meeting.*

NEXT MEETING: No additional Budget Committee Meetings have been scheduled for the FY2017 Budget Development Process.

Distribution: Mayor and City Council	Randy Harrington
Ron Carlee, City Manager	Katie McCoy
Ron Kimble	Robert Hagemann
Debra Campbell	Robin LoFurno
Ann Wall	Sandy D'Elosua
Hyong Yi	Jason Kay

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Council Budget Workshop
April 20, 2016

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2017 Budget Workshops

City of Charlotte

April 20, 2016
1:30 p.m. – 4:30 p.m.
Room 267

	Page	
I. Introduction/Budget Committee Report		Council member Phipps Budget Committee Chair
II. FY2017 General Fund Budget Discussion	*	Ron Carlee Kim Eagle Eric Hershberger
III. Regulatory User Fee Policy	3	Debra Campbell Mike Davis

*Materials to be distributed at April 20th Workshop

Note: [Budget Questions & Answers from April 6th Budget Workshop](#) as well as the [City of Charlotte's Human Resources Philosophy](#) are included in materials.

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

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**April 11th Budget Committee
FY2017 General Fund Balancing
Handouts**

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**April 11th Budget Committee
FY2017 General Fund Balancing Handouts**

Attached are the General Fund balancing handouts that were distributed to the Budget Committee on April 11th. These documents were not included in the original Budget Committee packet materials and were created to help frame the various tools available to balance the FY2017 General Fund budget while addressing additional public safety resource needs.



General Fund Update

Framework for Budget Balancing

April 11, 2016



General Fund Framework:

- Meet contractual obligations
 - County Landfill Fees
 - Technology
 - Utilities
- Ensure sustainability for FY2018
- Maintain core services
- Limit service expansions to development services funded by capital projects or user fees
- Address Public Safety Priorities

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General Fund Services

Category	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Operational	\$462,873,095	4,763.75	\$36,130,535	323.00
Governance	18,370,147	211.75	837,903	10.00
Support	43,097,409	430.00	1,478,338	25.00
Total	\$524,340,651	5,405.50	\$38,446,776	357.00

- Includes all key FY2017 program additions as requested by Departments
- Includes positions funded by other revenue sources

*Updated to reflect most recent information. Numbers remain under review

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Operational Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Police	\$227,035,628	2,368.00	\$18,926,474	205.00
Fire	112,626,341	1,167.00	11,845,665	82.00
Public Safety subtotal	\$339,661,969	3,535.00	\$30,772,139	287.00
Solid Waste	52,431,227	302.00	2,685,787	5.00
Transportation	34,605,090	408.75	566,979	8.00
N&BS	12,295,538	137.00	841,808	13.00
E&PM	18,182,541	325.00	1,123,123	7.00
Planning	5,696,730	56.00	140,699	3.00
Total	\$462,873,095	4,763.75	\$36,130,535	323.00

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Support Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
Human Resources	\$4,227,630	36.00	\$196,909	1.00
Innovation & Technology	24,576,112	131.00	657,095	13.00
Management & Financial Services	14,293,667	263.00	624,334	11.00
Total	\$43,097,409	430.00	\$1,478,338	25.00

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Governance Services

Department	FY2016 Approved		FY2017 Requested Increase	
	Funding	Positions	Net \$ Impact	Positions
City Manager's Office/ Mayor & City Council	\$15,351,549	178.75	\$829,303	10.00
City Attorney	2,458,427	27.00	2,100	0.00
City Clerk	560,171	6.00	6,500	0.00
Total	\$18,370,147	211.75	\$837,903	10.00

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Public Safety Requests

Phased Option as Submitted	FY2017	FY2018	FY2019
CMPD Request Phase I	\$6,623,336	\$8,246,246	\$8,576,096
CFD Ladder 28	2,806,377	1,982,859	2,062,173
CFD Engine 65	2,414,952	1,905,686	1,981,913
Total FY17	\$11,844,665	\$12,134,790	\$12,620,182
Reduced Option*			
CMPD	\$4,387,338	\$5,793,192	\$6,024,920
CFD Ladder 28	2,806,377	1,982,859	2,062,173
Reduced Option Total FY17	\$7,193,715	\$7,776,051	\$8,087,093

- The table above outlines phase 1 costs only for the CMPD request.
- Phase II request would be considered as part of FY2018 budget.

*Funded resources in the reduced option include \$4.4m for CMPD staff and \$2.8m to fund Ladder 28

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General Fund Budget Balancing Toolbox

- Property tax increase
\$11.8m = 1.32¢ rate increase (2.7%)
- Service reductions in non-public safety departments' base budgets
\$11.8m = 6.16% reduction in each department
- Reduce market-based employee compensation, implementation of hourly pay plan
0% = \$9.2m; 1% = \$1.9m
- Transfer from Capital
\$11.8m = \$118m in debt capacity, or 1.32¢
\$890k annually = \$10m = 0.10¢

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Next Steps

- April 20th Budget Workshop
- May 2nd Manager's Recommended Budget

DRAFT Toolbox for Budget Balancing

Potential Revisions to Public Safety Requests

a. Police

CMPD's FY2017 Requests:	FY2016 Base	FY2017 Base	FY2017 Increase	Total FY2017 Budget/Section	FY2017 Base FTEs	FY2017 FTE Increase
Officers (includes all other CMPD)	\$ 194,668,159	\$ 202,348,051	\$ 3,291,965	\$ 205,640,016	1,840.00	63.00
Civilians						
911 Communicators	\$ 8,533,979	\$ 9,066,126	\$ 1,011,094	\$ 10,077,220	127.50	20.00
Crime Scene	\$ 1,830,521	\$ 1,953,388	\$ 151,004	\$ 2,104,392	27.00	4.00
Crime Lab	\$ 2,350,165	\$ 2,433,631	\$ 72,318	\$ 2,505,949	23.00	1.00
Human Resources	\$ 4,322,033	\$ 4,732,784	\$ 154,388	\$ 4,887,172	12.00	3.00
Computer Technology Services	\$ 4,614,249	\$ 4,789,442	\$ 235,863	\$ 5,025,305	22.00	4.00
Crime Analysis	\$ 1,819,440	\$ 1,943,159	\$ 166,854	\$ 2,110,013	20.00	2.00
Community Services	\$ 623,823	\$ 754,572	\$ 68,619	\$ 823,191	2.00	1.00
Special Operations	\$ 681,661	\$ 648,380	\$ 49,832	\$ 698,212	15.00	1.00
Crime Reporting Unit	\$ 1,954,727	\$ 2,176,682	\$ 165,607	\$ 2,342,289	22.00	3.00
Police Attorney	\$ 990,901	\$ 1,027,165	\$ 129,233	\$ 1,156,398	7.00	2.00
Training	\$ 1,900,061	\$ 2,071,855	\$ 127,743	\$ 2,199,598	2.00	2.00
Fiscal Affairs	\$ 7,549,973	\$ 7,970,706		\$ 7,970,706	8.00	-
Total Personnel Services & OpEx	\$ 231,839,692	\$ 241,915,941	\$ 5,624,522	\$ 247,540,463	2,127.50	106.00
Capital Expenses (One Time)						
Marked Units			\$ 928,480	\$ 928,480		
Crime Scene Van			\$ 70,334	\$ 70,334		
Total Capital			\$ 998,814	\$ 998,814		
TOTAL	\$ 231,839,692	\$ 241,915,941	\$ 6,623,336	\$ 248,539,277	2,127.50	106.00
Reduced Option			\$ 4,387,338	\$ 246,303,279		75.00

b. Fire

Fire's FY2017 Requests:	FY2016 Base	FY2017 Base	FY2017 Increase	Total FY2017 Budget	FY2017 Base FTEs	FY2017 FTE Increase
Base Fire Budget	\$ 112,707,486	\$ 117,499,201	\$ 4,791,715	\$ 122,290,916	1,166.00	
Ladder 28			\$ 1,906,595	\$ 1,906,595		18.00
Engine 65			\$ 1,832,390	\$ 1,832,390		18.00
Total Personnel Services & OpEx	\$ 112,707,486	\$ 117,499,201	\$ 3,738,985	\$ 126,029,901	1,166.00	36.00
Capital Expenses (One Time)						
Ladder 28			\$ 899,782	\$ 899,782		
Engine 65			\$ 582,562	\$ 582,562		
Total Capital			\$ 1,482,344	\$ 1,482,344		
TOTAL	\$ 112,707,486	\$ 117,499,201	\$ 5,221,329	\$ 127,512,245	1,166.00	36.00
Reduced Option			\$ 2,806,377	\$ 125,097,293		18.00

c. Potential Revised

Police Total			\$ 6,623,336			106.00
Fire Total			\$ 5,221,329			36.00
Public Safety Request			\$ 11,844,665			142.00
Reduced Option			\$ 7,193,715			93.00

DRAFT Toolbox for Budget Balancing

The following is a list of data to be used as part of the decision making process. It does not represent a recommendation

Public Safety Request = \$11.8 million

1) Property Taxes

- a. 1% increase = \$4.3m
- b. \$11.8 million = 1.32¢ rate increase (2.7%)
- c. \$890k annually = 0.10¢
- d. Impact to median value home:

Annual Impact	1% Impact	2% Impact	2.5% Impact	2.73%
Median Value	\$6.75	\$13.51	\$16.89	\$18.63
25th Percentile Value	\$4.67	\$9.34	\$11.68	\$12.89
75th Percentile Value	\$11.01	\$22.01	\$27.51	\$30.36
85th Percentile Value	\$14.62	\$29.24	\$36.55	\$40.33
95th Percentile Value	\$25.79	\$51.58	\$64.47	\$71.14

2) Department Reductions

General Fund	FY 17	FY18	FY19
Projected FY 2017 Base Budget	\$ 629,320,680	\$ 654,493,507	\$ 680,673,247
Less Police	\$ 387,404,739	\$ 402,900,929	\$ 419,016,966
Less Fire	\$ 269,905,538	\$ 280,701,760	\$ 291,929,830
Less Other Fixed	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
Net GF for Reduction	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
	FY17	FY18	FY19
CMPD Request Phase I	\$ 6,623,336	\$ 8,246,246	\$ 8,576,096
CFD Ladder 28	\$ 2,806,377	\$ 1,982,859	\$ 2,062,173
CFD Engine 65	\$ 2,414,952	\$ 1,905,686	\$ 1,981,913
Total FY17	\$ 11,844,665	\$ 12,134,790	\$ 12,620,182
	FY 17 Reduction	FY 18 Reduction	FY 19 Reduction
Non Public Safety	6.16%	(\$290,125)	(\$485,392)
Solid Waste	(\$3,391,172)	(\$83,064)	(\$138,969)
Transportation	(\$1,567,587)	(\$38,397)	(\$64,239)
E&PM	(\$1,158,045)	(\$28,365)	(\$47,456)
N&BS	(\$940,379)	(\$23,034)	(\$38,537)
Planning	(\$356,848)	(\$8,741)	(\$14,624)
Mayor & Council	(\$97,848)	(\$2,397)	(\$4,010)
Attorney	(\$158,042)	(\$3,871)	(\$6,477)
Clerk	(\$36,155)	(\$886)	(\$1,482)
City Manager	(\$873,114)	(\$21,386)	(\$35,780)
I&T	(\$1,674,109)	(\$41,006)	(\$68,605)
DMFS	(\$1,314,657)	(\$32,201)	(\$53,874)
HR	(\$276,710)	(\$6,778)	(\$11,340)

3) Employee Compensation

Projected FY2017 with Benefits	1% merit, 0.5% market, steps	2% merit, 1.0% market, steps	3% merit, 1.5% market, steps
Broadband Merit	\$ 680,388	\$ 1,360,775	\$ 2,041,163
Non-Exempt/Hourly	\$ 1,361,856	\$ 1,503,886	\$ 1,645,916
Public Safety Pay Plan			
Market	\$ 1,029,760	\$ 2,059,520	\$ 3,089,279
Steps	\$ 2,493,392	\$ 2,493,392	\$ 2,493,392
Total	\$ 3,523,151	\$ 4,552,911	\$ 5,582,671
Grand Total	\$ 5,565,395	\$ 7,417,572	\$ 9,269,750
Difference	\$ (3,704,355)	\$ (1,852,177)	

4) Transfer from Capital

- a. \$11.8m = \$118m in debt capacity, or 1.32¢
- b. \$890k annually = \$10m of debt capacity = 0.10¢
- c. Capital program would need to be reevaluated based upon level of reduction

DRAFT Toolbox for Budget Balancing

The following is a list of data to be used as part of the decision making process. It does not represent a recommendation

Public Safety Request = \$7.2 million

1) Property Taxes

- a. 1% increase = \$4.3m
- b. \$890k annually = 0.10¢
- c. \$7.2 million = 0.79¢ rate increase (1.7%)
- d. Impact to median value home:

Annual Impact	1% Impact	1.7%
Median Value	\$6.75	\$11.32
25th Percentile Value	\$4.67	\$7.83
75th Percentile Value	\$11.01	\$18.44
85th Percentile Value	\$14.62	\$24.49
95th Percentile Value	\$25.79	\$43.21

2) Department Reductions

General Fund	FY 17	FY18	FY19
Projected FY 2017 Base Budget	\$ 629,320,680	\$ 654,493,507	\$ 680,673,247
Less Police	\$ 387,404,739	\$ 402,900,929	\$ 419,016,966
Less Fire	\$ 269,905,538	\$ 280,701,760	\$ 291,929,830
Less Other Fixed	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
Net GF for Reduction	\$ 192,297,243	\$ 199,989,133	\$ 207,988,698
	FY17	FY18	FY19
CMPD Request Phase I	\$ 4,387,338	\$ 5,793,192	\$ 6,024,920
CFD Ladder 28	\$ 2,806,377	\$ 1,982,859	\$ 2,062,173
CFD Engine 65			
Total FY17	\$ 7,193,715	\$ 7,776,051	\$ 8,087,093
	FY 17 Reduction	FY 18 Reduction	FY 19 Reduction
Non Public Safety	3.74%	(\$582,336)	(\$311,042)
Solid Waste	(\$2,059,587)	(\$166,725)	(\$89,052)
Transportation	(\$952,055)	(\$77,069)	(\$41,165)
E&PM	(\$703,325)	(\$56,935)	(\$30,410)
N&BS	(\$571,128)	(\$46,233)	(\$24,694)
Planning	(\$216,727)	(\$17,544)	(\$9,371)
Mayor & Council	(\$59,427)	(\$4,811)	(\$2,569)
Attorney	(\$95,985)	(\$7,770)	(\$4,150)
Clerk	(\$21,958)	(\$1,778)	(\$949)
City Manager	(\$530,275)	(\$42,926)	(\$22,928)
I&T	(\$1,016,750)	(\$82,307)	(\$43,962)
DMFS	(\$798,441)	(\$64,634)	(\$34,523)
HR	(\$168,057)	(\$13,604)	(\$7,266)

3) Employee Compensation

Projected FY2017 with Benefits	1% merit, 0.5% market, steps	2% merit, 1.0% market, steps	3% merit, 1.5% market, steps
Broadband Merit	\$ 680,388	\$ 1,360,775	\$ 2,041,163
Non-Exempt/Hourly	\$ 1,361,856	\$ 1,503,886	\$ 1,645,916
Public Safety Pay Plan			
Market	\$ 1,029,760	\$ 2,059,520	\$ 3,089,279
Steps	\$ 2,493,392	\$ 2,493,392	\$ 2,493,392
Total	\$ 3,523,151	\$ 4,552,911	\$ 5,582,671
Grand Total	\$ 5,565,395	\$ 7,417,572	\$ 9,269,750
Difference	\$ (3,704,355)	\$ (1,852,177)	

4) Transfer from Capital

- a. \$7.2m = \$72m in debt capacity, or 0.79¢
- b. \$890k annually = \$10m of debt capacity = 0.10¢
- c. Capital program would need to be reevaluated based upon level of reduction