FY2019 Budget Workshop

City of Charlotte

February 21, 2018
1:30 p.m. – 4:30 p.m.
Room 267

Page

I. Introduction – Budget Committee Report (15 minutes)
   Council member Phipps
   Budget Committee Chair

II. Workshop Overview (15 minutes)
    Sabrina Joy-Hogg
    Phil Reiger

III. General Fund Update (30 minutes)
     Phil Reiger
     • Revenue and Expenditure Forecast

IV. CIP Key Decisions/Priorities Discussion (60 minutes)
    Phil Reiger
    Randy Harrington
    Debra Campbell
    Mike Davis

V. Charlotte Area Transit System Budget (30 minutes)
   John Lewis, Jr.

VI. Operating Key Decisions/Priorities Discussion (30 minutes)
    Sabrina Joy-Hogg
    Sheila Simpson
    • Becoming an Employer of Choice
      o Pay and Benefits

Distribution: Mayor and City Council
Marcus Jones, City Manager
City Manager's Executive Team
City Manager’s Senior Leadership Team
Strategy & Budget Staff
Future Budget Workshops and Possible Topics
Workshop formats will be adjusted as necessary to include time for discussions.

March 21, 2018 Budget Workshop

- General Fund Update
  - Revenues
  - Expenditures
- Becoming an Employer of Choice
  - Pay and Benefits
- Financial Partners
- Aviation Budget
- Community Investment Plan

April 11, 2018 Budget Workshop

- General Fund Update
- Police
- Rate Setting
- Community Investment Plan
Roadmap To The City of Charlotte’s Proposed FY 2019 Budget Process

**Fiscal Year ends June 30th**

1. October 2017
   - Budget Kick-off

2. October 2017
   - Council Budget Committee Retreat & Preliminary 5 Year Forecast

3. December 2017
   - Employee & Citizen Engagement

4. January 2018
   - Mayor & Council Annual Retreat

5. February 2018
   - Employee & Citizen Follow Up

6. February 2018
   - City Budget Committee Meeting
   - Mayor & Council Budget Workshop

7. March 2018
   - Council Budget Committee Meeting
   - Mayor & Council Budget Workshop

8. April 2018
   - Mayor & Council Budget Workshop

9. May 2018
   - Budget Presentation by City Manager
   - Public Hearing on Budget
   - Council Budget Adjustments
   - Council Budget Adjustments and Straw Votes Meeting

10. June 2018
    - Budget Adoption for FY 2019

**Key**

- New Procedures
- Existing Procedures

**Fiscal Year Starts July 1st**
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General Fund Update
February 21, 2018
FY 2019 General Fund Update

Purpose

Review and Updates:

- Meet and Eat engagement results
- Update of FY 2019 General Fund revenues
- Update of FY 2019 General Fund expenditures

• No City Council action required at this time
Meet and Eat
Community Engagement

Strong Turnout at Meet and Eat

• Six Meet and Eat engagement sessions
• Held in locations across the city
• All city departments participated
• County Parks and Recreation; Public Libraries, County Assessor’s Office and CMS present
168 Residents Reported Their Top Three Priorities

Meet and Eat - Funding Priorities

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Selected as Top-3 Priority for Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Housing and Neighborhoods</td>
<td>64%</td>
</tr>
<tr>
<td>2. Transportation</td>
<td>52%</td>
</tr>
<tr>
<td>3. Economic Development</td>
<td>48%</td>
</tr>
<tr>
<td>4. Public Transit</td>
<td>45%</td>
</tr>
<tr>
<td>5. Police</td>
<td>39%</td>
</tr>
</tbody>
</table>

Priorities by Sub-topic

• Housing and Neighborhood Services:
  - “Ensure Safe and Affordable housing is available for everyone.”

• Charlotte Department of Transportation:
  - “Safe Streets”

• Economic Development:
  - “Small Business and Entrepreneur Support”

• Public Transit:
  - “Cross-town and suburb to suburb bus service; more direct services”

• Police:
  - “De-escalate potentially dangerous situations (citizen involvement & accountability)”
## FY 2019 General Fund Update

### FY 2019 General Fund Revenue Estimates

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2017 Actual</th>
<th>FY 2018 Budget</th>
<th>FY 2019 Estimate</th>
<th>FY 2019 Estimate</th>
<th>Growth $</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax¹</td>
<td>$353.1</td>
<td>$361.4</td>
<td>$369.1</td>
<td>369.1</td>
<td>$7.7</td>
<td>2.1%</td>
</tr>
<tr>
<td>Sales Tax²</td>
<td>99.3</td>
<td>106.0</td>
<td>109.7</td>
<td>109.7</td>
<td>3.7</td>
<td>3.5%</td>
</tr>
<tr>
<td>Utility Franchise³</td>
<td>52.6</td>
<td>55.7</td>
<td>53.0</td>
<td>53.0</td>
<td>(2.7)</td>
<td>-4.8%</td>
</tr>
<tr>
<td>LESD</td>
<td>16.5</td>
<td>18.0</td>
<td>14.0</td>
<td>14.0</td>
<td>(4.0)</td>
<td>-22.2%</td>
</tr>
<tr>
<td>Solid Waste Fee</td>
<td>11.3</td>
<td>13.3</td>
<td>13.6</td>
<td>13.6</td>
<td>0.3</td>
<td>2.1%</td>
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<tr>
<td>Other</td>
<td>110.7</td>
<td>114.4</td>
<td>116.6</td>
<td>117.5</td>
<td>3.1</td>
<td>2.7%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$643.5</strong></td>
<td><strong>$668.8</strong></td>
<td><strong>$676.0</strong></td>
<td><strong>$676.9</strong></td>
<td><strong>$8.1</strong></td>
<td><strong>1.2%</strong></td>
</tr>
</tbody>
</table>

1. Provided by County Tax Assessor’s Office
2. Sales tax includes Article 29, Article 42 and the hold-harmless payments from the state
3. Utility Franchise Sales Tax modified in FY 2015 to a sales tax

+ $0.9 Million
Overview of FY 2019 Expenditure Base Growth Drivers

Original Estimate Feb. 5th
- Healthcare: $2.9 M
- Retirement: $0.9 M
- Salary Annualization: $2.4 M
- Capital Equipment: $3.0 M
- Keep the Light On: $8.1 M
- Base: $668.8 M

$1.6 Million

Updated Estimate Feb. 21st
- Healthcare: $2.9 million
- Retirement: $0.9 million
- Salary Annualization: $2.4 million
- Capital Equipment: $3.0 million
- Keep the Light On: $5.1 million
- Base: $668.8 million

$683.1 Million

Five-year Base Outlook at Present Conditions and Current Level of Services

Preliminary Base Forecast of General Fund Revenue and Expenditures

<table>
<thead>
<tr>
<th>Years</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019</td>
<td>$600</td>
</tr>
<tr>
<td>FY 2020</td>
<td>$620</td>
</tr>
<tr>
<td>FY 2021</td>
<td>$640</td>
</tr>
<tr>
<td>FY 2022</td>
<td>$660</td>
</tr>
<tr>
<td>FY 2023</td>
<td>$680</td>
</tr>
</tbody>
</table>
Five-year Budget Outlook With Compensation Increase

With a New Compensation Increase in FY 2019, the Budget Gap Increases

Reflects a 3% compensation increase beginning January of each year and full annual cost realized in the subsequent year.

FY 2019 Budget Development Calendar

- Council Annual Retreat (January 31 – February 2)
- Budget Workshops (February 21, March 21, April 11)
- City Manager’s Proposed Budget Presentation (May 7)
- Public Hearing (May 14)
- Budget Adjustments (May 16)
- Straw Votes (May 30)
- Budget Adoption (June 11)
General Community Investment Plan
February 21, 2018
Community Investment Plan
City Council Budget Workshop
February 21, 2018

Outline

1. Debt & Debt Modeling Overview
2. 2018 Community Investments
3. Current Project Funding Needs
Why Does The City Issue Debt for Community Investments?

› While Pay-As-You-Go cash funding approach is an important component of capital financing, it is not sufficient to meet the City’s large infrastructure investment needs associated with a fast growing City

› Stabilize tax rates and user fees, prevent spikes

› Spreads debt service payment over useful life of the asset

› Helps City Council advance strategic initiatives

Key North Carolina State Statute Requirements for Issuing Debt

› Used only for capital related expenditures

› Three primary financing methods:

1. General Obligation (GO) Bonds - Requires referendum; backed by the “full faith and credit” of the City; wide variety of public purpose uses

2. Installment Purchase Debt (e.g., Certificates of Participation) - Referendum not required; asset serves as collateral

3. Revenue Bonds - Referendum not required; debt secured by pledge of user fee revenue
**Key North Carolina State Statute Requirements for Issuing Debt**

- City Council must authorize the City to apply to the North Carolina (NC) Local Government Commission (LGC) to issue debt.
- LGC approves all municipal debt issuances in NC.
- LGC requires that all debt-funded projects be “necessary, feasible, and affordable.”

**What do Rating Agencies Say About the City's Debt?**

- City is rated by Moody’s, Standard and Poor’s (S&P) and Fitch.
- Each of the rating agencies have awarded Charlotte with the highest GO rating possible:

<table>
<thead>
<tr>
<th></th>
<th>Moody’s</th>
<th>Standard &amp; Poor’s (S&amp;P)</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
</tr>
</tbody>
</table>

- "Conservative budgeting of revenues and expenditures resulting in solid financial position."
- "The Aaa long-term general obligation rating reflects the city’s healthy financial operations, strong management characterized by formal financial policies."
- "Sizeable capital needs and debt burden, which we believe are managed successfully with officials’ detailed capital planning and debt affordability analysis."
- "Charlotte’s ‘AAA’ rating reflects its long history of favorable financial operations and a combination of budget control and reserve cushion that leaves it exceptionally well suited to address economic cyclicalty and unforeseen budgetary challenges or emergencies.”
**Use of External Financial Experts in Managing Debt**

- External professionals are engaged on every debt issuance to advise City, perform analysis, and review financial models for accuracy and appropriateness.

- Key partners include:
  - **Financial advisor** (City’s primary advisor)
  - **Financial consultants** (specialized financial expertise)
  - **Bond counsel** (ensure compliance with State and Federal laws)

- External partners have vast experience in North Carolina and across the nation and are recognized as leading professionals in their fields of expertise.

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**Innovative Debt Modeling Methods**

- Key debt modeling characteristics for the General Community Investment Plan:
  - Provides for long-term revenue/funding stability
    - Dedicated revenues - portion of property tax (9.26 cents) and sales tax (Article 40 ½ cent) is a unique, and strong funding characteristic
    - Avoids frequent property tax increases
    - Allows for “organic” debt capacity growth, which in turn provides City Council with opportunities to consider new projects and/or make any necessary adjustments to current projects
  - Capability to weather cyclic recessions:
    - During Great Recession, the City was able to continue implementation of the Community Investment Plan
    - City’s AAA credit rating helped provide debt market access and ability to sell debt with high investor interest
How is Debt Capacity Determined?

- Debt capacity is the amount of debt that can be financed at a particular date under model assumptions.

- Projected future capacity takes into account projects that have previously been adopted by City Council.

- Potential new projects, not approved by City Council, are not included in the calculation.

- Capacity is modeled to policy – maintain debt service fund balance to at least 50% of actual annual debt service costs.

<table>
<thead>
<tr>
<th>How is Debt Capacity Determined?</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior unused debt capacity from FY 2018</td>
<td>$30</td>
</tr>
<tr>
<td>Growth in debt capacity for FY 2019*</td>
<td>$60-$70</td>
</tr>
<tr>
<td>Starting General Debt Capacity</td>
<td>$90-$100</td>
</tr>
<tr>
<td>Anticipated cost escalation funding needs to complete prior approved projects</td>
<td>$48-$50</td>
</tr>
<tr>
<td><strong>Net Debt Capacity for New Investments</strong></td>
<td><strong>$42-$50</strong></td>
</tr>
</tbody>
</table>

*New capacity for Fiscal Year 2019 primarily due to:
- Project spending was lower than expected estimates
- Investments on returns were stronger than projected
- Interest rates remained low, but were projected to rise
- Revenues were slightly stronger than projected.
Council approved a $884.5 million Community Investment Plan (CIP) over four bond cycles (2014 – 2020), including:

- $249.5 million approved in 2014 ✓
- $295.4 million approved in 2016 ✓
- $219.8 million programmed in 2018
- $119.9 million programmed in 2020

Note: Totals include General Obligation Bonds and Certificates of Participation (COPS)
The City's Community Investment Plan collectively addresses three broad community impacts:

- Creating jobs and growing the tax base
- Leveraging public and private investments
- Enhancing public safety
- Enhancing transportation choices and mobility
- Ensuring housing diversity
- Providing integrated neighborhood improvements

2018 Community Investments

Livability
- Protecting the environment
- Enhancing public safety
- Increasing availability of housing for all economic levels
- Improving neighborhood amenities

Getting Around
- Providing transportation choices
- Enhancing transit access
- Connecting sidewalks and trails
- Replacing and improving bridges
- Improving and constructing new streets

Job Growth
- Stimulating the economy
- Attracting global businesses
- Increasing entrepreneurial and employment opportunities
- Investing in the area around the Airport's Intermodal Facility
2018 CIP Projects
Livable Communities

2018 Programmed Investments
- Comprehensive Neighborhood Improvement Program (CNIP) ($45.0M) (3rd of four allocations)
- Housing Diversity Program ($15.0M) (3rd of four allocations)
- Two Police Stations
  - Independence Division
  - University City Division ($18.6M) (3rd of four allocations)
- Northeast Equipment Maintenance Facility ($8.6M) (2nd of two allocations)
- Sweden Road Maintenance Yard ($3.1M) (1st of two allocations)

2018 CIP Projects
Livable Communities

Comprehensive Neighborhood Improvement Program (CNIP)
- Previous Funding: (2014 & 2016 Bonds) = $65.0M
- Programmed Funding: for 2018 Bonds = $45.0M; for 2020 Bonds = $20.0M
- Program Status: (Various Phases)
  - Sunset/Beatties Ford CNIP: 1 project under construction; 5 projects in Planning, Design, or concept; 1 project on hold; Council will be asked to take action on 1 project on March 26th (Handout, Page 2)
  - Prosperity Village CNIP: 1 project complete; 4 projects in Planning and Design; 1 project in Real Estate (Handout, Page 4)
  - Central/Albermarle/ Shamrock CNIP: 6 projects in Planning & Design (handout, Page 6)
  - West Trade/ Rozelles Ferry CNIP: 3 projects under construction; 3 projects in Planning and Design (Handout, Page 8)
  - Whitehall/Aysley CNIP: 3 projects in Planning and Design, 2 projects in Bid Process (Handout, Page 10)
  - SouthPark CNIP: Planning and community engagement are ongoing. Planning Contract approved by Council on 6-26-2017 (Handout, Page 12)
- Future Funding Needed: To Be Determined

Project Images Handout, Pages 2 - 13
2018 CIP Projects
Livable Communities

Housing Diversity
- Previous Funding: (2014 & 2016 Bonds) = $30.0M
- Programmed Funding: for 2018 Bonds = $15.0M; for 2020 Bonds = $15.0M
- Program Status: (Various Phases) Commitments on 14 projects totaling 1,527 units. (these number of units include only those funded with Housing Bonds through the Housing Trust Fund); 7 projects are under construction. 7 projects are pending construction/closing.
- Future Funding Needed: Yes, if Program is to be continued in the 2022 Bond Referendum and beyond

Two Police Stations (University City and Independence Divisions)
- Previous Funding: (2016 COPs) = $6.0M for Land
- Programmed Funding: for 2018 COPs = $15.9M
- Program Status: (Land Acquisition/Design) Council to be asked to approve site acquisition for Independence in April/May; Design Services contract for University City on Council’s 2-26-18 Agenda
- Future Funding Needed: CMPD’s Facilities Master Plan does identify the need for additional new Division Stations beyond the six stations currently funded

Northeast Equipment Maintenance Facility
- Previous Funding: (2016 COPs) = $2.1M
- Programmed Funding: for 2018 COPs = $6.5M
- Program Status: (Planning) An architect for the project has been selected and a contract with the firm is under development. A request to approve the contract is expected to be on Council’s agenda in April or May.
- Future Funding Needed: Yes, due to construction cost escalation and scope changes.

Sweden Road Fleet Maintenance Yard Replacement
- Previous Funding: None
- Programmed Funding: for 2018 COPs = $3.1M; for 2020 COPs = $19.5M
- Program Status: (Advance Planning)
- Future Funding Needed: No additional funding needs are anticipated at this time
2018 CIP Projects
Getting Around

2018 Programmed Investments:
• Sidewalk & Pedestrian Safety Program ($15.0M) (3rd of four allocations)
• Northeast Corridor Infrastructure ($27.3M) (3rd of four allocations)
• Park South Drive Extension ($4.6M) (2nd of two allocations)
• Cross Charlotte Trail ($5.0M) (3rd of three allocations)
• Southeast Corridor Sidewalk & Bikeway Improvements ($4.0M) (2nd of three allocations)
• Repair & Replace Bridges ($3.0M) (3rd of four allocations)
• Traffic Control Devices & Signal Systems ($7.0M) (3rd of four allocations)

Sidewalk & Pedestrian Safety Program
• Previous Funding: (2014 & 2016 Bonds) = $30.0M
• Programmed Funding: for 2018 Bonds = $15.0M; for 2020 Bonds = $15.0M
• Program Status: (Ongoing) 25 projects completed; 32 active sidewalk & pedestrian projects currently in various phases, with 5 projects now under construction.
• Future Funding Needed: Yes, if Program is to be continued in the 2022 Bond Referendum and beyond

Northeast Corridor Infrastructure (NECI)
• Previous Funding: (2014 & 2016 Bonds) = $52.0M
• Programmed Funding: for 2018 Bonds = $27.3M; for 2020 Bonds = $27.3M
• Program Status: (ROW Acquisition/Design) A total of 10 projects; 3 projects in real estate acquisition; design and utility coordination efforts ongoing for the remaining 7. Planning contracts being developed for projects programmed to receive funding in 2018 and 2020 bond referenda. Council approval of these contracts will be requested in May or June.
• Future Funding Needed: To Be Determined

Project Images Handout, Pages 18 - 19
**2018 CIP Projects**

**Getting Around**

**Park South Drive Extension**
- **Previous Funding:** (2016 Bonds) = $4.0M
- **Programmed Funding:** for **2018 Bonds** = $4.6M
- **Program Status:** (Planning) Planning and community engagement are ongoing. Council approved a planning and design contract on 7-24-2017.
- **Future Funding Needed:** No additional funding needs are anticipated at this time

**Cross Charlotte Trail**
- **Previous Funding:** (2014 & 2016 Bonds) = $33.0M
- **Programmed Funding:** for **2018 Bonds** = $5.0M
- **Program Status:** (Various Phases) Cordelia Park Segment completed April 2017; Brandywine Road to Tyvola Road Segment in Design; six other segments are in planning, including public engagement and collaboration with developers.
- **Future Funding Needed:** Yes, Current project funds enable a continuous trail from Pineville to Matheson Avenue. Additional funds over next three bond cycles would be needed to complete remaining trail segments

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**Southeast Corridor Sidewalk & Bikeway Improvements**
- **Previous Funding:** (2016 Bonds) = $2.0M
- **Programmed Funding:** for **2018 Bonds** = $4.0M; for 2020 Bonds = $2.0M
- **Program Status:** (Pre-Planning) Planning and community engagement efforts are ongoing for four projects. Council approved planning contracts for two of the projects on 5-22-2017, and for the other two on 6-26-2017.
- **Future Funding Needed:** No additional funding needs are anticipated at this time

**Repair and Replace Bridges**
- **Previous Funding:** (2014 & 2016 Bonds) = $7.0M
- **Programmed Funding:** for **2018 Bonds** = $3.0M; for 2020 Bonds = $4.0M
- **Program Status:** (Ongoing) 4 Bridge Replacement projects currently in progress - 2 in design; 1 in bid process; 1 under construction
- **Future Funding Needed:** Yes, if Program is to be continued in the 2022 Bond Referendum and beyond

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Project Images Handout, Pages 20 - 22

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Project Images Handout, Pages 23 - 24
2018 CIP Projects
Getting Around

Traffic Control Devices and Traffic Signal Systems

- Previous Funding: (2014 & 2016 Bonds) = $17.0M
- Programmed Funding: for 2018 Bonds = $7.0M; for 2020 Bonds = $10.0M
- Program Status (Ongoing) Upgrades on traffic control devices and coordinated traffic signal systems currently in progress throughout the City
- Future Funding Needed: Yes, if Program is to be continued in the 2022 Bond Referendum and beyond

2018 CIP Projects
Job Growth

Community Investment Plan

2018 Programmed Investments:
- Applied Innovation Corridor (AIC) ($29.0M) (3rd of three allocations)
- Public-Private Redevelopment (Independence/Central/Estland Corridor) ($20.0M) (2nd of two allocations)
- Monroe Road Streetscape ($10.4M) (2nd of two allocations)
- Southeast Corridor Land Acquisition & Street Connections ($25.0M) (3rd of three allocations)
- Dixie Berryhill Area Roads ($44.7M) (2nd of two allocations)
Applied Innovation Corridor (North End Smart District)
- **Previous Funding:** (2014 & 2016 Bonds) = $15.2M
- **Programmed Funding:** for 2018 Bonds = $13.8M
- **Program Status:** (Planning) Planning ongoing for 6 projects. 2 are coordinated with planned ATCO development. $15M Infrastructure Reimbursement Agreement for Camp North End in conjunction with ATCO developers was approved September 2017. Planning complete and design has begun on remaining 4 projects.
- **Future Funding Needed:** To Be Determined

Public/Private Redevelopment (Independence Corridor/Central Eastland Corridor)
- **Previous Funding:** (2016 Bonds) = $10.0M
- **Programmed Funding:** for 2018 Bonds = $10.0M
- **Program Status:** (Planning) Funds from this program will be used to support design and construction of infrastructure needed for the redevelopment of the Eastland Mall site. Evaluation of proposals for redevelopment is expected to occur in the coming months.
- **Future Funding Needed:** No additional funding needs are anticipated at this time

Monroe Road Streetscape
- **Previous Funding:** (2016 Bonds) = $2.1M
- **Programmed Funding:** for 2018 Bonds = $8.3M
- **Program Status:** (Planning) Planning and community engagement efforts are ongoing. Council approved the planning and design contract for the project on 10-23-2017.
- **Future Funding Needed:** No additional funding needs are anticipated at this time

Southeast Corridor Land Acquisition & Street Connections
- **Previous Funding:** (2014 & 2016 Bonds) = $20.0M
- **Programmed Funding:** for 2018 Bonds = $5.0M
- **Program Status:** (Planning) Planning and community engagement efforts continue for five projects.
- **Future Funding Needed:** No additional funding needs are anticipated at this time
2018 CIP Projects

Job Growth

Dixie Berryhill Area Roads

- **Previous Funding:** (2016 Bonds) = $16.2M
- **Programmed Funding:** for **2018 Bonds = $28.5M**
- **Program Status:** (Planning) P3 with River District Development. On 9-25-2017, Council authorized the City Manager to negotiate agreements in support of the proposed River District development. One of the agreements involves reimbursement from the General Community Investment Plan, in an amount not to exceed the $16.2 M approved by voters in 2016 for this program, while the remaining two agreements involve reimbursement from other sources. The Agreements are being finalized.
- **Future Funding Needed:** No additional funding needs are anticipated at this time.

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2018 CIP Projects

- **18 Programs/Projects** are currently programmed to receive additional funding in **2018 Bonds and Certificates of Participation (COPs)**
- **17** have already received partial funding in **2014 and 2016** and are in various stages of planning, design, Right-of-Way Acquisition, and construction.
- Continued funding in 2018 and 2020 will be necessary to continue existing programs and complete specific projects previously approved by voters and City Council.
Values shown for all categories are FY15-FY21 (4 Bond Cycles)

Does not include Pay-as-You-Go Funding

General CIP Funding Needs for Existing Projects

156 Active Projects

Underfunded Projects

Adequately Funded Projects
Factors Driving Need for Additional Funding

General Causes

- Continuing economic recovery is creating unusually high rate of construction cost escalation
- Land is becoming more challenging to find and more expensive to purchase; upcoming property revaluation could impact this further.

The busy construction market, shortage of skilled labor and the impact of natural disasters on material production and demand are putting upward pressure on construction costs.

+12%-15%

Unfortunately, the industry could experience double digit (+12-15%) escalation comparing 2017 vs 2019 construction costs. Current workload in the construction market and future work will present a strain on the subcontract market to keep up with demands.

Projects Requiring More Funds to Complete

<table>
<thead>
<tr>
<th>#</th>
<th>Project</th>
<th>Current Budget</th>
<th>Estimated Funds Needed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Joint Communications Center</td>
<td>$86,300,000</td>
<td>$20,000,000</td>
<td>$106,300,000</td>
</tr>
<tr>
<td>2</td>
<td>North I-85 Bridge</td>
<td>$15,480,000</td>
<td>$10,200,000</td>
<td>$25,680,000</td>
</tr>
<tr>
<td>3</td>
<td>Northeast Equipment Maint. Facility</td>
<td>$8,580,000</td>
<td>$5,000,000</td>
<td>$13,580,000</td>
</tr>
<tr>
<td>4</td>
<td>Oakdale Road Farm-to-Market</td>
<td>$9,100,000</td>
<td>$4,500,000</td>
<td>$13,600,000</td>
</tr>
<tr>
<td>5</td>
<td>Idlewild / Monroe Road Intersection</td>
<td>$6,100,000</td>
<td>$3,500,000</td>
<td>$9,600,000</td>
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<tr>
<td>6</td>
<td>Innovation &amp; Technology Relocation</td>
<td>$5,450,000</td>
<td>$2,500,000</td>
<td>$7,950,000</td>
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<tr>
<td>7</td>
<td>Fire Station #43</td>
<td>$5,880,000</td>
<td>$1,300,000</td>
<td>$7,180,000</td>
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<tr>
<td>8</td>
<td>Mc Kee Road / Providence Road</td>
<td>$8,113,000</td>
<td>$800,000</td>
<td>$8,913,000</td>
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<tr>
<td>Total</td>
<td></td>
<td>$145,003,000</td>
<td>$47,800,000</td>
<td>$192,803,000</td>
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</table>
#1) Joint Communication Center (JCC)

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds Approved</th>
<th>Budget</th>
<th>Functions included</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>$4,000,000</td>
<td></td>
<td>Police and Fire 911, 311, Emergency Operations Center, MEDIC 911, Sheriff, Data Center, CDOT Camera Monitoring</td>
</tr>
<tr>
<td>FY12</td>
<td>$6,000,000</td>
<td>78,000,000</td>
<td>Police and Fire 911, 311, Emergency Operations Center, Real Time Crime Center</td>
</tr>
<tr>
<td>FY14</td>
<td>$24,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>$44,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td>$8,300,000</td>
<td>86,300,000</td>
<td>Police and Fire 911, 311, Emergency Operations Center</td>
</tr>
<tr>
<td>Present</td>
<td>$20,000,000 (Needed)</td>
<td>106,300,000</td>
<td></td>
</tr>
</tbody>
</table>

**Description:** Co-locate emergency communications for Police and Fire

**Reason:** Change in project design and corresponding need for building hardening; cost escalation

**Status:** Project design is being reevaluated to reduce cost.

#2) North I-85 Bridge

**Project Description:** Relieve congestion at I-85 interchanges by connecting University Research Park and Retail Services with a multi-modal bridge over I-85

**Funds Approved:** $15.48M

**Funds Needed:** $10.2M

**Primary Reason:** Scope changes (added roundabout, protected bike lanes and realignment of intersection); Cost escalation
#3) Northeast Equipment Maintenance Yard

**Project Description:** Construct a new equipment maintenance facility off of Orr Road in northeast Charlotte. The Northeast Maintenance Facility will be the first combination (heavy & light vehicles) maintenance shop constructed by the City.

**Funds Needed:** $5M
**Primary Reason:** Cost Escalation - Scope Change (Heated & Cooled Bays)

---

#4) Oakdale Road Farm-to-Market Road Improvement

**Project Description:** Various infrastructure improvements (sidewalk, curb & gutter, drainage, etc.) to Oakdale Road from Old Plank Road (near Brookshire Boulevard) to Dale Avenue.

**Approved Budget:** $9.1M
**Funds Needed:** $4.5M
**Primary Reasons:** Utility delays caused resubmittal / redesign to meet permits and standards; Cost escalation
**#5) Idlewild / Monroe Intersection Project**

**Project Description:** Enhance conditions for all users including vehicles, pedestrians, bicyclists, and transit users.

**Funds Needed:** $3.5M  
**Primary Reasons:** Scope change – addition of buffered bike lanes, cost escalation

---

**#6) Innovation & Technology Consolidation**

**Project Description:** Purchase and renovate the office building at 5516 Central Avenue as needed to house the City Innovation and Technology Department.

**Funds Needed:** $2.5M  
**Primary Reasons:** Unknown building conditions, low cost estimate

**Status:**  
City is still in due diligence period to acquire property.
#7) Fire Station 43

**Project Description:** This project will provide a new infill fire station at 435 Clanton Road.

**Funds Needed:** $1.3M

**Primary Reasons:** Construction Cost Escalation

---

#8) Providence Road / McKee Road Intersection

**Project Description:** Improve capacity and relieve congestion to the intersection of McKee Road, Ballantyne Commons Parkway and Providence Road by constructing a second southbound left turn lane, widening of McKee Road to Alderbrook Lane, adding pedestrian refuge islands, wider sidewalks, and bicycle lanes.

**Funds Needed:** $0.8M

**Primary Reasons:** Cost escalation
Projects Requiring Future Funds to Complete as Originally Envisioned

<table>
<thead>
<tr>
<th>#</th>
<th>Project</th>
<th>Current Budget</th>
<th>Funds Needed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cross-Charlotte Trail</td>
<td>$38M</td>
<td>$62M*</td>
<td>$100M*</td>
</tr>
<tr>
<td>2</td>
<td>Police Stations</td>
<td>$60.9M</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>3</td>
<td>Animal Care &amp; Control</td>
<td>$21M</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

* Cross-Charlotte funding need assumes funding occurs over next 3 bond cycles. Funding is approximate.

Cross-Charlotte Trail

**Project Description:** Partnering with Mecklenburg County to create a 30+ mile trail and greenway facility from Pineville to the Cabarrus County line, allowing residents to travel seamlessly from one end of Charlotte to the other.

- **Total Project Cost:** $100M
- **Current Budget:** $38M
- **Funds to Complete:** $62M

**Explanation:** Current project funds enables a continuous trail from Pineville to Matheson Avenue.

Does not include a signature bridge over Independence Blvd.
Future Project Needs

Police Stations

Description: 2014 Plan was to build six (6) stations for a total of $60.9M funded over four bond cycles. Anticipated funding is expected to complete five (5) stations and acquire land for a sixth (6th).

Animal Care & Control Facility:

Description: Provides a new Animal Care and Control Facility, replacing the existing facility, which will be demolished to make way for airport runway construction. The CIP includes $21M; however land has not yet been acquired and a programming study will need to be completed to determine the total project cost.

Other Considerations

- Projects described in this presentation represent all known funding needs; while cost estimates are routinely updated, it is possible other projects could need funds in the future.

- There is a high level of cost uncertainty in the market for construction making all cost estimating difficult.

- Real Estate costs could be impacted by upcoming property revaluation.
Community Investment Plan

Council Budget Workshop
2018 Bond and COPs
Programmed Investments

Project Images
February 21, 2018
Beatties Ford Rd
Pedestrian Crossings
• Construction

Hornet’s Nest Park
Pedestrian Improvements
• Planning

Oakdale/Miranda/Sunset
Intersection
• Planning

Oakdale
Farm-to-Market Phase 2
• Oakdale Rd- On-hold
• Sidewalks- Design

Firestone Park
Revitalization
• Concept Idea

Lakeview Rd Upgrades
• Design

Oakdale/Nevin Trail
• On Hold
Sunset / Beatties Ford CNIP

Firestone Park Cleanup

Lakeview/Reames Intersection Improvements

City Council Budget Workshop
February 21, 2018
Prosperity Village CNIP

- Ridge Rd Extension • Planning
- Craven Thomas Rd / Robert Helms Rd Streetscape • Planning
- DeArmon Rd Complete Street Improvements • Planning
- Prosperity Church Rd Pedestrian Crossings • Design
- Jimmy Oehler Rd Sidewalk • Construction complete
- Ridge Rd Sidewalk Gap • Real Estate

City Council Budget Workshop
February 21, 2018
Central / Albemarle / Shamrock CNIP

Proposed interim crossing by Garinger High School

Central Pop-up Park

Weldon Avenue/Citiside Drive

Proposed traffic signals, ADA ramps and truncated domes

City Council Budget Workshop - February 21, 2018
West Trade / Rozzelles Ferry CNIP

- West Trade/Rozzelles Ferry Connectivity
  - Planning and Design

- Frazier Ave Realignment
  - Construction

- West 4th Street Ext
  - Construction

- Five Point Plaza Improvements
  - Design

- I-77/West Trade Underpass Enhancements
  - Design

- Morehead Projects
  - Construction
Whitehall/Ayrsley CNIP

- Sandy Porter Rd Upgrades: Design
- Brown-Grier Rd Upgrades: Design
- S Tryon/Whitehall Park/Ayrsley Intersection Pedestrian Safety Improvements: Bid
- Westinghouse Blvd Multi-Use Path: Design
- Ayrsley Town Blvd Traffic Calming: Bid
Ayrsley Pop-Up Meeting

City Council Budget Workshop
February 21, 2018
Cross Charlotte Trail (not CNIP)

Park South Dr Extension (2016 Bonds; not CNIP)

Status Update:

- Public meeting on 1/23/18 to get public feedback on over 45 identified potential projects.
- Selected projects will be identified in February 2018.
- Selected projects will be presented to the public in mid-March.
- Projects will begin planning in Fall 2018.
Housing Diversity Program

Program Goals

› Focus improvements in targeted geographic areas
› Create diverse housing types
› Leverage other City investments
› Encourage private investment

Program Tools

1. Land Acquisition (Locational Policy)
2. Tax Credit Set-Aside
3. Supportive Services Housing
4. Incentive-Based Inclusionary Housing
5. Single-Family Rehabilitation and Acquisition (Foreclosure/Blighted)
6. Multi-Family Rehabilitation and Acquisition
Affordable Housing

- Affordable housing is an important component of the Community Investment Plan.
- Housing Trust Fund is funded by bond funds.
- City works in partnership with developers and non-profits to build units.
- 2018 Bonds = $15.0 million
- 2020 Bonds = $15.0 million
Facilities

- Sweden Road Fleet Maintenance Yard Replacement
- Northeast Equipment Maintenance Facility
Northeast Corridor Infrastructure (NEC I)

Tom Hunter Streetscape Rendering

Econ Development Example
Cross Charlotte Trail

Freedom Park Trail

Brandywine Concept

Matheson Bridge

Cordelia Park
Southeast Corridor Sidewalk and Bikeway Improvements

North Ped / Bike Boulevard (Independence Area)
Project Overview and Alternatives Map

Sidewalk and Bikeway Public Meeting
Repair and Replace Bridges
Applied Innovation Corridor/North End Smart District

**Program Goals**

- Creating revitalized urban community as a “foundation”
- Improve connectivity, including bike/ped, and aesthetic streetscapes
- Enhance place-making and gateway features to/from Uptown
- Improve perception of the surrounding area
- Complement and leverage public and private investment

**P3 Opportunity**

- ATCO Mixed-use Development
- Adaptive reuse of existing building stock
- $15M Infrastructure Reimbursement Agreement approved by Council in September 2017
EXHIBIT X

PROPOSED CRESCENT DEVELOPMENT (WEST OF DIXIE RIVER ROAD)

PROPOSED LINCOLN HARRIS DEVELOPMENT (EAST OF DIXIE RIVER ROAD)

PROPOSED WEST BOULEVARD EXTENSION

PROPOSED GARRISON REALIGNMENT
Charlotte Area Transit System Budget
FY2019 Priorities

- **2030 Transit System Plan**
  - CityLYNX GoldLine Phase 2
  - West & North Corridor Analysis
  - Charlotte Gateway Station Phase 1

- **LYNX Blue Line Extension**
  - 9.3 miles light rail
  - 11 new stations
  - 3 multi-story parking garages
  - 118 new full-time employees
  - 48 contracted security officers
  - 18,000 daily riders
  - Partnership with UNCC

- **Response to Community Need**
  - Increased STS Drivers
    - Additional 8 new full-time
    - Converted 8 part-times to full-time
  - Re-design of bus routes to better serve the region, through *Envision My Ride*

**FY2019 Ridership**

<table>
<thead>
<tr>
<th>FY2019 Ridership</th>
<th>15.3 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019 Revenue Hours</td>
<td>836,814</td>
</tr>
<tr>
<td>FY2019 Revenue Hours</td>
<td>262 thousand</td>
</tr>
<tr>
<td>FY2019 Revenue Hours</td>
<td>13.0 million</td>
</tr>
</tbody>
</table>

**FY19 GOALS**

<table>
<thead>
<tr>
<th>FY19 GOALS</th>
<th>Customer Satisfaction</th>
<th>85%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cost</td>
<td>$6.60 per mile</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>1.5 per mile</td>
<td></td>
</tr>
<tr>
<td>90%</td>
<td>$4.15 per mile</td>
<td></td>
</tr>
<tr>
<td>2.0 per hour</td>
<td>$29.75 per mile</td>
<td></td>
</tr>
<tr>
<td>88%</td>
<td>10 per mile</td>
<td></td>
</tr>
</tbody>
</table>

**New Initiatives**

- Private Sector Partnerships
- First/Last Mile Mobility Options
- Converting to Compressed Natural Gas

**Bus Re-Branding**

Motor Coaches with Upgraded Amenities

**FY2019 Budget Summary**

- **$153.7 million Operating Budget**
  - Sales Tax Growth by 1.0%
  - Fuel hedged at $1.90/gallon
  - 534.75 City Full-Time Equivalents
  - 828.00 Contract Full-Time Equivalents
  - No Fare Increase

- **$125.9 million Debt Service Budget**
  - No new debt issuance
  - Partial Payback of BLE Debt

- **$190.3 million Five-Year Capital Budget**
  - Completes BLE Project
  - Replace 110 buses, 85 STS buses
  - State of Good Repair
  - Studies to Support 2030 Plan
FY2019 PRELIMINARY OPERATING & DEBT
SERVICE BUDGETS
FY2019-23 COMMUNITY INVESTMENT PLAN

City Council Budget Workshop
February 21, 2018

John M. Lewis, Jr. CATS CEO
Charlotte Area Transit System

ACCOMPLISHMENTS

CityLYNX GoldLine
- Phase I Opened July 2015 (1.5 miles)
- Phase II Projected completion August 2020 (add’l 2.5 miles)

Charlotte Gateway Station
- Multi-modal Transit Center
- Funding Partnerships with federal, state, and City of Charlotte (local)
- Phase I underway
ACCOMPLISHMENTS

- New Initiative to Redesign Current Bus System
- Cross-town and Suburb-to-Suburb Service
- Bus-Rail Connectivity
- Frequency of Services
- More Direct Services

ACCOMPLISHMENTS

- Bus Re-Branding
  - Motor Coach Buses with Upgraded Amenities

- Mobile Payment Application
  - Electronic payment option to purchase transit fare via phones and maintain cash balances on individual customer accounts for future use.

- New Ticket Vending Machines
  - Replacement of aged ticket vending machines along the South Corridor LYNX Blue Line light rail.

- Welcome UNCC Student Riders
  - 23,000 Students will have access to unlimited transit rides
  - Ability for overnight parking in CATS multi-story decks
CEO FY2019 Recommended Budget

- Structurally Balanced Budget
  - No Fare Increase
- Accountability: Financial and Business Performance Objectives
- Economic Development
  - New and Proposed Development On BLE Corridor
  - 2020 Incremental Property Value Around Stations
- Mobility options for safe, affordable access to jobs and other destinations
- Positions CATS For Future Regional Growth

CATS TRAX

- CATS Performance Outcomes
- Assigns Importance Scoring
- Industry Metrics
### FY2019 Budget Summary

<table>
<thead>
<tr>
<th>FY2018 Adopted Budget</th>
<th>FY2019 Preliminary Budget</th>
<th>% Variance</th>
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<tbody>
<tr>
<td>Operating Revenues</td>
<td>$151.6 million</td>
<td>$153.7 million</td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>$148.2 million</td>
<td>$153.2 million</td>
</tr>
<tr>
<td>Transfer to Capital</td>
<td>$3.4 million</td>
<td>$0.5 million</td>
</tr>
<tr>
<td>Total Operating Expenditures and Transfers to Capital</td>
<td>$151.6 million</td>
<td>$153.7 million</td>
</tr>
<tr>
<td>Debt Service Budget</td>
<td>$21.3 million</td>
<td>$125.9 million</td>
</tr>
<tr>
<td>Capital Budget</td>
<td>$163.4 million</td>
<td>$56.2 million</td>
</tr>
</tbody>
</table>

### FY2019-23 Capital Program

- **$190.3 million Funds 5-Year Capital Program**
- **Debt Service Funding for BLE Project**
- **State of Good Repair**
  - Replaces 110 buses; 85 STS Buses; 48 Vanpool Vans
  - Repair & Maintain Rail and Bus Assets
  - New Equipment
- **2030 Plan**
  - Alternatives Analysis
  - West & Center City Corridor
  - North – Red Line (LPA & Mobility Study)
Operating Key Decisions
Becoming an Employer of Choice
February 21, 2018
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Becoming an Employer of Choice
Compensation and Benefits

Council Budget Workshop

February 21, 2018

1993
Adopted Philosophy

- Current philosophy needs to be reviewed
  - “Competitive pay and moderate benefits”
- Compensation Strategy
  - Benchmark at the 50th percentile
- Benefits
  - The benefit plan will provide a moderate level of income protection
- Comprehensive compensation review has begun
  - Develop a philosophy that promotes a competitive and employer of choice environment
  - Multiple employee engagement and feedback sessions planned
  - Identify best practices
Becoming an Employer of Choice

• Targeted focus on six inter-connected facets of organizational culture

Pathway to Employer of Choice: Core Areas

Recruitment  Compensation  Benefits  Professional Development  Employee Engagement  Ownership of Performance

Today We will Focus on Two Areas

• Targeted focus on six inter-connected facets of organizational culture

Pathway to Employer of Choice: Core Areas

Recruitment  Compensation  Benefits  Professional Development  Employee Engagement  Ownership of Performance
Compensation

• FY 2018 Actions:
  o $15/hour minimum
    ▪ accelerated two years ahead of schedule
  o Implemented second year of Public Safety Pay Plan increase
  o Implemented Lateral Entry Recruitment Incentive Program
  o Step adjustments in Fire

<table>
<thead>
<tr>
<th>Council Approved Compensation Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>2014</strong></td>
</tr>
<tr>
<td>Non-Exempt</td>
</tr>
<tr>
<td>Public Safety Pay Plan</td>
</tr>
<tr>
<td>Broadbanding</td>
</tr>
</tbody>
</table>

Compensation

Market Movement Trends

<table>
<thead>
<tr>
<th>Market Movement Summary</th>
<th>(Average Percent Change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Statistics Provided by World at Work, Hewitt, Mercer</td>
<td>2.9%</td>
</tr>
<tr>
<td>National Municipalities 400K-1.6 M Population</td>
<td>2.4%</td>
</tr>
<tr>
<td>Charlotte Area Municipalities</td>
<td>2.6%</td>
</tr>
<tr>
<td>Large Charlotte Area Private Sector Employers</td>
<td>2.5%</td>
</tr>
<tr>
<td>The Employers Association</td>
<td>3.1%</td>
</tr>
<tr>
<td>City of Charlotte Broadbanding</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
Options to Consider

- Assessing the current compensation structure
  - Areas of focus:
    - Public Safety:
      - Competitive pay
      - Retention
      - Recruitment
    - General Employees
      - General wage increase
      - Pay for performance
      - Retention
      - Competitive pay
  - Incentive Pay
  - Leave policies and administration practices

Benefits

Healthcare    Retirement
Paid Leave Options    Insurance
Professional Development    Wellness
Today’s Focus: Healthcare

Healthcare

Benefits

- Paid Leave Options
- Retirement
- Professional Development
- Insurance
- Wellness

Healthcare Changes Over the Years

  - Offer high deductible plans
  - Equalize premiums ratios across all tiers
  - Separate claims experience for active employees and retirees
- Average healthcare costs change annually
- July 1, 2009
  - Retiree healthcare no longer offered to new employees
- January 1, 2015
  - Only the basic plan is offered to new employees (only one option provided)
- October 2017
  - Employees may select any of (5) medical plan options
Employer Healthcare Contribution Rises Every Year

Percentage Increase Per Employee Year
Over Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012</td>
<td>3.0%</td>
</tr>
<tr>
<td>FY 2013</td>
<td>2.0%</td>
</tr>
<tr>
<td>FY 2014</td>
<td>3.0%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>2.0%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>4.0%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>7.0%</td>
</tr>
<tr>
<td>FY 2018</td>
<td>3.0%</td>
</tr>
<tr>
<td>FY 2019 (Projected)</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

FY 2018 Health Insurance Contributions

- Employer payment exceeds 66 percent of the total contribution
- Employer health insurance contribution increased 7.6%
- Employee health insurance contribution decreased 3.9%

Total Cost $106 million

Total Employer Contribution $71
Total Employee Contribution $35
City Offers Low-cost Medical Plan Options Compared to State and Other Localities

<table>
<thead>
<tr>
<th></th>
<th>City of Charlotte PPO D</th>
<th>City of Charlotte PPO E</th>
<th>Mecklenburg County PPO</th>
<th>State of North Carolina 70/30</th>
<th>State of North Carolina 80/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Only</td>
<td>$13</td>
<td>$37</td>
<td>$29</td>
<td>$5</td>
<td>$11</td>
</tr>
<tr>
<td>Employee/Children</td>
<td>$54</td>
<td>$115</td>
<td>$66</td>
<td>$50</td>
<td>$70</td>
</tr>
<tr>
<td>Employee/Spouse</td>
<td>$75</td>
<td>$157</td>
<td>$85</td>
<td>$136</td>
<td>$161</td>
</tr>
<tr>
<td>Employee/Family</td>
<td>$100</td>
<td>$240</td>
<td>$136</td>
<td>$138</td>
<td>$166</td>
</tr>
</tbody>
</table>

*Based on the 2018 medical plans weekly rate estimates

- PPO D is lower than the County's PPO
- PPO D employee/children tier is lower than the State's 80/20
- PPO E employee/spouse tier is lower than the State's 80/20
- PPO E tiers are more expensive than County and State medical plans; but PPO D is lower than County PPO tiers and most State 80/20 tiers

2018 Healthcare Plan Enrollment

- Research indicates employees value healthcare plan options
  (Source: PricewaterhouseCoopers, 2011)
- Increased plan options from two to five
  ✓ Three preferred provider organization plans
  ✓ Two Health Savings Account plans

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>PLAN A HSA</th>
<th>PLAN B HSA</th>
<th>PLAN C PPO-HRA</th>
<th>PLAN D PPO</th>
<th>PLAN E PPO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11%</td>
<td>3%</td>
<td>3%</td>
<td>56%</td>
<td>27%</td>
</tr>
</tbody>
</table>

14% 86%
Benefits Wellness – My Clinic

Member Utilization increased to **53 percent** from **48 percent** in 2017

- **Lab Costs:** Decreased by **33.6 Percent**
- **Emergency Room Visits:** Decreased by **9.5 percent**
- **Urgent Care Visits:** Decreased by **3.8 percent**
- **Patient Care Visits:** **26,281**
- **Health and Life Coaching:** **6,136**
- **Public Safety Physicals:** **500**

City Council approved the city’s first paid parental leave in FY 2018

- Allows employees to take up to six weeks of paid leave after birth, adoption or placement, to care for a new child
- Male and female employees are eligible
- Works in conjunction with Family Medical Leave
- As of February 2018, 43 employees have taken advantage of the new paid leave
Discussion

- Discussion of compensation and benefit philosophy changes
- Provide direction to City Manager for incorporation into the FY 2019 Budget

Appendix
Depending on the Selection Employees **Can Save Money**

- Employees may collect annual premium savings by selecting HSA A, HRA C, or PPO D when compared to the 2017 Basic Plan.

### 2017 Basic → Plan A Health Savings Account

<table>
<thead>
<tr>
<th>Tier</th>
<th>Employee Weekly Contributions</th>
<th>Change from 2017 Basic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 Basic</td>
<td>2018 HSA A</td>
</tr>
<tr>
<td>Employee Only</td>
<td>$17</td>
<td>$8</td>
</tr>
<tr>
<td>Employee/ Spouse</td>
<td>$95</td>
<td>$70</td>
</tr>
<tr>
<td>Employee/Children</td>
<td>$75</td>
<td>$44</td>
</tr>
<tr>
<td>Employee/Family</td>
<td>$106</td>
<td>$80</td>
</tr>
</tbody>
</table>

### 2017 Basic → Plan B Health Savings Account

<table>
<thead>
<tr>
<th>Tier</th>
<th>Employee Weekly Contributions</th>
<th>Change from 2017 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 Basic</td>
<td>2018 HSA B</td>
</tr>
<tr>
<td>Employee Only</td>
<td>$17</td>
<td>$37</td>
</tr>
<tr>
<td>Employee/ Spouse</td>
<td>$95</td>
<td>$154</td>
</tr>
<tr>
<td>Employee/Children</td>
<td>$75</td>
<td>$112</td>
</tr>
<tr>
<td>Employee/Family</td>
<td>$106</td>
<td>$205</td>
</tr>
</tbody>
</table>

Depending on the Selection Employees **Can Save Money** (continued)

### 2017 Basic → Plan C PPO Health Reimbursement Account

<table>
<thead>
<tr>
<th>Tier</th>
<th>Employee Weekly Contributions</th>
<th>Change from 2017 Basic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 Basic</td>
<td>2018 HRA C</td>
</tr>
<tr>
<td>Employee Only</td>
<td>$17</td>
<td>$13</td>
</tr>
<tr>
<td>Employee/ Spouse</td>
<td>$95</td>
<td>$74</td>
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<tr>
<td>Employee/Children</td>
<td>$75</td>
<td>$54</td>
</tr>
<tr>
<td>Employee/Family</td>
<td>$106</td>
<td>$95</td>
</tr>
</tbody>
</table>

### 2017 Basic → PPO Plan D

<table>
<thead>
<tr>
<th>Tier</th>
<th>Employee Weekly Contributions</th>
<th>Change From 2017 Basic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 Basic</td>
<td>2018 PPO Plan D</td>
</tr>
<tr>
<td>Employee Only</td>
<td>$17</td>
<td>$13</td>
</tr>
<tr>
<td>Employee/ Spouse</td>
<td>$95</td>
<td>$75</td>
</tr>
<tr>
<td>Employee/Children</td>
<td>$75</td>
<td>$54</td>
</tr>
<tr>
<td>Employee/Family</td>
<td>$106</td>
<td>$100</td>
</tr>
</tbody>
</table>

### 2017 Plus → PPO Plan E

<table>
<thead>
<tr>
<th>Tier</th>
<th>Employee Weekly Contributions</th>
<th>Change From 2017 Basic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 Plan</td>
<td>2018 PPO Plan E</td>
</tr>
<tr>
<td>Employee Only</td>
<td>$32</td>
<td>$37</td>
</tr>
<tr>
<td>Employee/ Spouse</td>
<td>$141</td>
<td>$157</td>
</tr>
<tr>
<td>Employee/Children</td>
<td>$112</td>
<td>$115</td>
</tr>
<tr>
<td>Employee/Family</td>
<td>$151</td>
<td>$240</td>
</tr>
</tbody>
</table>