
FY2014 & FY2015 Budget Workshop

City of Charlotte

April 10, 2013
3:00 p.m. – 6:00p.m.
Room 267

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Distribution: Mayor and City Council
Ron Carlee, City Manager
Leadership Team
Department Directors
Budget and Evaluation Staff

General Capital Investment Plan

FY2014-2018 General Government Capital Investment Plan

****The draft General Fund Capital Investment Plan presentation will be provided at the April 10th Budget Workshop. This will include the CIP scenario requested by Council at their March 20th Budget Workshop, along with the associated tax rate.****

The City of Charlotte recognizes the importance of long-range capital investment planning to maintain the growth and vitality of the community. The City's General Government Capital Investment Plan (CIP) is a five-year infrastructure plan, which matches the City's highest priority capital needs with a financing schedule. The plan includes investments in neighborhoods, housing, roads, and government facilities.

The CIP is developed concurrently with the operating budget. Following City Council's annual retreat to establish priorities, Departments and other agencies identify funding needs in support of Council's goals. Revenue projections are finalized for future years and capital needs are matched with resources based on Council Focus Areas and priorities.

In FY2007, City Council adopted a 2.67¢ property tax increase to fund three bond referendums (2006, 2008, and 2010). The three referendums funded a total of \$551 million in transportation, neighborhood improvement, and affordable housing bond projects. The FY2007 property tax increase did not provide a funding source for a 2012 or subsequent bond referendum.

HIGHLIGHTS OF THE GENERAL GOVERNMENT FY2014-2018 CIP

This program includes funding for neighborhoods, housing, roads, economic development, environment, and municipal facilities capital projects.

General Government capital projects are funded through a variety of sources:

- ◆ Debt capacity: The property tax rate dedicated to general government debt in FY2014 is 6.50¢, no change from the current year.
- ◆ Pay-As-You-Go (PAYGO): The property tax rate dedicated to the Pay-As-You-Go Fund in FY2014 is 1.20¢, no change from the current year.
- ◆ Capital Fund balances
- ◆ One-time (non-recurring) revenues
- ◆ Interest earnings
- ◆ Asset Management property sales
- ◆ Grant funding

The five-year General Government program totals **\$161.6 million**. Funding highlights of the program are as follows:

Housing and Neighborhoods (\$72.6 million)

- ◆ \$62.0 million for Grant and PAYGO-funded housing programs
- ◆ \$9.0 million in remaining 2010 bonds for the Neighborhood Improvement Program
- ◆ \$1.6 million for PAYGO-funded Neighborhood Matching Grants

Transportation (\$14.8 million)

- ◆ \$6.8 million in PAYGO funding for Road Planning/Design/ROW
- ◆ \$2.8 million in PAYGO funding for Sidewalk, Curb, and Gutter repairs
- ◆ \$5.2 million in PAYGO funding for Streetcar Starter Project Operations

Economic Development (\$11.7 million)

- ◆ \$10.9 million in PAYGO funding for Business Corridor Revitalization and Business Grants
- ◆ \$0.8 million in PAYGO funding for the Synthetic Tax Increment Financing Program

Environment (\$16.5 million)

- ◆ \$10.5 million in PAYGO funding for tree removal, replacement, trimming, and cankerworm protection
- ◆ \$6.0 million in PAYGO funding for environmental services

Facility Investments (\$46.0 million)

- ◆ \$34.0 million in PAYGO funding for facility maintenance and fire station renovations
- ◆ \$10.0 million in PAYGO funding for technology investments
- ◆ \$2.0 million in PAYGO funding for facility equipment replacement

PAY-AS-YOU-GO SCHEDULE

PROJECT TITLE	Revised FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
Pay-As-You-Go Revenues							
Property Tax	\$ 10,551,366	\$ 10,521,660	\$ 10,679,485	\$ 10,839,677	\$ 11,002,273	\$ 11,167,307	\$ 54,210,402
Property Tax - Synthetic TIG	77,713	105,498	114,074	256,090	321,800	400,353	1,197,815
PAYG Fund - Interest Income	450,000	344,000	344,000	430,000	602,000	903,000	2,623,000
Sales Tax	13,220,000	13,821,022	14,304,757	14,805,424	15,323,614	15,859,940	74,114,756
Auto Tax	13,094,700	13,511,225	13,916,562	14,334,059	14,764,080	15,207,003	71,732,928
Vehicle Rental Tax ^(a)	7,308,000	7,159,999	7,303,199	7,449,262	7,598,248	7,750,213	37,260,920
Capital Fund Balance (FY12 & FY13)	1,059,006	1,040,472	1,694,542	295,099			3,030,112
Capital Fund Balance (FY2014)		851,160	410,330				1,261,490
Capital Reserve (FY13)	394,752	348,840					348,840
Grant Program Income ^(c)	400,000	600,000	600,000	600,000	600,000	600,000	3,000,000
Sale of Land (Central Yard)				1,099,736	714,950	(123,498)	1,691,188
TOTAL REVENUES	46,555,537	48,303,876	49,366,948	50,109,348	50,926,964	51,764,318	250,471,453
EXPENDITURES							
Contribution to MTC (MOE) ^(b)	18,400,000	18,952,000	19,520,560	20,106,177	20,709,362	21,330,643	100,618,742
Contribution to Cultural	5,331,917	5,223,935	5,328,414	5,434,982	5,543,682	5,654,555	27,185,567
County/Towns Share	643,104	630,080	642,681	655,535	668,646	682,019	3,278,961
Road Planning/Design/ROW	1,332,979	1,305,984	1,332,103	1,358,745	1,385,920	1,413,639	6,796,392
Synthetic TIG Projects	64,820	73,700	75,013	135,731	201,177	265,285	750,906
Neighborhood Grants	325,000	325,000	325,000	325,000	325,000	325,000	1,625,000
Innovative Housing ^(c)	4,699,747	4,527,877	4,527,877	4,527,877	4,527,877	4,527,877	22,639,385
HOME Grant Match ^(c)	807,970	865,300	865,300	865,300	865,300	865,300	4,326,500
In Rem Remedy - Residential	550,000	550,000	550,000	550,000	550,000	550,000	2,750,000
Sidewalk and Curb Repairs	550,000	550,000	550,000	550,000	550,000	550,000	2,750,000
Streetcar Starter Project Operations			750,000	1,500,000	1,500,000	1,500,000	5,250,000
Business Corridor Revitalization	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Environmental Services Program	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	6,000,000
Tree Trimming and Removal Program	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	7,000,000
Tree Replacement Program	700,000	700,000	700,000	700,000	700,000	700,000	3,500,000
Building Maintenance	3,550,000	3,650,000	3,650,000	3,650,000	3,650,000	3,650,000	18,250,000
Roof Replacement Program	1,400,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Parking Lot/Deck Repairs	300,000	300,000	300,000	300,000	300,000	300,000	1,500,000
CMGC and Plaza Maintenance	650,000	700,000	700,000	700,000	700,000	700,000	3,500,000
Fire Station Renovations	400,000	400,000	400,000	400,000	400,000	400,000	2,000,000
Landscape and Median Renovation	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
Technology Investments	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Solid Waste Admin Bldg HVAC Replacement		1,200,000					1,200,000
Blumenthal Seat Replacement			800,000				800,000
TOTAL EXPENDITURES	46,555,537	48,303,876	49,366,948	50,109,348	50,926,964	51,764,318	250,471,453

(a) Effective FY2007, Vehicle Rental Tax replaced portion of MOE support from Property/Sales Tax.

(b) Maintenance of Effort (MOE)

(c) Includes annual program income (Innovative = \$200,000; HOME = \$400,000)

The Pay-As-You-Go Schedule above retains a \$5.3M unallocated balance for budgetary flexibility including budget contingency planning.

The below projects are recommended for funding, but would be put on hold pending any contingency or other uses.

REVENUES IN RESERVE	Revised FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
Capital Reserve (FY14)		785,000	4,140,200	400,000			5,325,200
TOTAL REVENUE HELD FOR CONTINGENCY		\$ 785,000	\$ 4,140,200	\$ 400,000	\$ -	\$ -	\$ 5,325,200
EXPENDITURES							
ADA Facility Improvements		485,000	400,000	400,000			1,285,000
CMGC and Plaza Maintenance		300,000					300,000
Potential Contingency for FY15			3,740,200				3,740,200
TOTAL EXPENDITURES		\$ 785,000	\$ 4,140,200	\$ 400,000	\$ -	\$ -	\$ 5,325,200

FY2014-2018 Capital Investment Plan

PROJECT TITLE	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
Housing and Neighborhoods							
Housing							
Affordable Housing	\$ 130,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,500,000
Community Dev BLOCK GRANT	4,666,652	4,295,653	4,295,653	4,295,653	4,295,653	4,295,653	21,478,265
Community Dev HOME GRANT	2,716,967	2,726,501	2,726,501	2,726,501	2,726,501	2,726,501	13,632,505
Innovative Housing Program	4,822,629	4,527,877	4,527,877	4,527,877	4,527,877	4,527,877	22,639,385
In Rem Remedy - Residential	550,000	550,000	550,000	550,000	550,000	550,000	2,750,000
Total Housing	\$ 12,886,248	\$ 12,400,031	\$ 62,000,155				
Neighborhoods							
Neighborhood Improvements	\$ 9,000,000	\$ 9,000,000					\$ 9,000,000
Neighborhood Matching Grants	325,000	325,000	325,000	325,000	325,000	325,000	1,625,000
Area Plan Projects	2,500,000						-
Traffic Calming Program	1,000,000						-
Total Neighborhoods	\$ 12,825,000	\$ 9,325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 10,625,000
TOTAL HOUSING AND NEIGHBORHOOD DEVELOPMENT	\$ 25,711,248	\$ 21,725,031	\$ 12,725,031	\$ 12,725,031	\$ 12,725,031	\$ 12,725,031	\$ 72,625,155
HOUSING AND NEIGHBORHOOD DEVELOPMENT REVENUE SUMMARY							
2010 Street Bonds	\$ 3,500,000						-
2010 Neighborhood Bonds		9,000,000					9,000,000
Pay-As-You-Go Fund	5,982,717	5,668,177	5,668,177	5,668,177	5,668,177	5,668,177	28,340,885
Community Dev Block Grant ^(a)	4,416,652	4,045,653	4,045,653	4,045,653	4,045,653	4,045,653	20,228,265
HOME Grant ^(a)	2,031,879	1,861,201	1,861,201	1,861,201	1,861,201	1,861,201	9,306,005
Innovative Housing Program Income	100,000	200,000	200,000	200,000	200,000	200,000	1,000,000
Community Development Program Income	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
HOME Program Income	300,000	400,000	400,000	400,000	400,000	400,000	2,000,000
Affordable Housing Bonds Program Income	130,000	300,000	300,000	300,000	300,000	300,000	1,500,000
TOTAL REVENUES	\$ 25,711,248	\$ 21,725,031	\$ 12,725,031	\$ 12,725,031	\$ 12,725,031	\$ 12,725,031	\$ 72,625,155

(a) CDBG and HOME grants are each reduced 8.4% beginning in FY2014 in anticipation of Congress approving reduced entitlements

FY2014-2018 Capital Investment Plan

PROJECT TITLE	FY13	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
TRANSPORTATION							
Roads							
Sidewalk and Curb and Gutter Repairs	550,000	550,000	550,000	550,000	550,000	550,000	2,750,000
Road Planning/Design/ROW	1,332,979	1,305,984	1,332,103	1,358,745	1,385,920	1,413,639	6,796,392
Streetcar Starter Project Operations			750,000	1,500,000	1,500,000	1,500,000	5,250,000
Total Roads	\$ 1,882,979	\$ 1,855,984	\$ 2,632,103	\$ 3,408,745	\$ 3,435,920	\$ 3,463,639	\$ 14,796,392
TRANSPORTATION REVENUE SUMMARY							
Pay-As-You-Go Fund	1,882,979	1,855,984	2,632,103	3,408,745	3,435,920	3,463,639	14,796,392
Total Revenue Roads	\$ 1,882,979	\$ 1,855,984	\$ 2,632,103	\$ 3,408,745	\$ 3,435,920	\$ 3,463,639	\$ 14,796,392

FY2014-2018 Capital Investment Plan

PROJECT TITLE	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
ECONOMIC DEVELOPMENT							
<u>Economic Development</u>							
Business Grant Program	180,000	180,000	180,000	180,000	180,000	180,000	900,000
Business Corridor Revitalization Strategy	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Reserved for Economic Initiatives	1,500,000						-
Synthetic Tax Increment Financing (property tax)	64,820	73,700	75,013	135,731	201,177	265,285	750,906
Total Economic Development	\$ 3,744,820	\$ 2,253,700	\$ 2,255,013	\$ 2,315,731	\$ 2,381,177	\$ 2,445,285	\$ 11,650,906
ECONOMIC DEVELOPMENT REVENUE SUMMARY							
Business Grant Program Income	180,000	180,000	180,000	180,000	180,000	180,000	900,000
Pay-As-You-Go Fund	2,064,820	2,073,700	2,075,013	2,135,731	2,201,177	2,265,285	10,750,906
Certificates of Participation	1,500,000						-
Total Revenue General ED	\$ 3,744,820	\$ 2,253,700	\$ 2,255,013	\$ 2,315,731	\$ 2,381,177	\$ 2,445,285	\$ 11,650,906

FY2014-2018 Capital Investment Plan

PROJECT TITLE	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
ENVIRONMENT							
<u>Environmental Services</u>							
Environmental Services Program	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 6,000,000
Tree Trimming & Removal Program	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	7,000,000
Tree Replacement Program	700,000	700,000	700,000	700,000	700,000	700,000	3,500,000
Total Environmental Services	\$ 3,300,000	\$ 16,500,000					
ENVIRONMENTAL SERVICES REVENUE							
General Pay-As-You-Go Fund	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	16,500,000
TOTAL REVENUES	\$ 3,300,000	\$ 16,500,000					

FY2014-2018 Capital Investment Plan

PROJECT TITLE	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
FACILITY INVESTMENTS							
Building Maintenance Program	\$ 3,550,000	\$ 3,650,000	\$ 3,650,000	\$ 3,650,000	\$ 3,650,000	\$ 3,650,000	\$ 18,250,000
Roof Replacement Program	1,400,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Parking Lot and Deck Repairs	300,000	300,000	300,000	300,000	300,000	300,000	1,500,000
CMGC and Plaza Maintenance	650,000	700,000	700,000	700,000	700,000	700,000	3,500,000
Fire Station Renovations	400,000	400,000	400,000	400,000	400,000	400,000	2,000,000
Landscape Maintenance and Renovation	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
Technology Investments	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Solid Waste Admin Bldg HVAC Replacement		1,200,000					1,200,000
Blumenthal Seat Replacement			800,000				800,000
TOTAL FACILITY INVESTMENTS	\$ 8,550,000	\$ 10,000,000	\$ 9,600,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 46,000,000
FACILITY INVESTMENTS REVENUE SUMMARY							
Pay-As-You-Go Fund	8,550,000	10,000,000	9,600,000	8,800,000	8,800,000	8,800,000	46,000,000
TOTAL REVENUES	\$ 8,550,000	\$ 10,000,000	\$ 9,600,000	\$ 8,800,000	\$ 8,800,000	\$ 8,800,000	\$ 46,000,000
revenue over (under) expenditures	-	-	-	-	-	-	-

Preliminary Public Art Schedule

Project Title	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	TOTAL
Neighborhood Improvements - Streetscape	\$900,000	\$900,000					\$900,000
Area Plan Projects	2,500,000						
TOTAL	\$3,400,000	\$900,000	\$0	\$0	\$0	\$0	\$900,000
FY12-16 General Art Allocations							
Neighborhood Improvements - Streetscape	9,000	9,000					\$9,000
Area Plan Projects	25,000						
TOTAL	\$34,000	\$9,000	\$0	\$0	\$0	\$0	\$9,000
REVENUES							
2010 Neighborhood Improvement Bonds	9,000	9,000					\$9,000
2010 Street Bonds	25,000						
Certificates of Participation TBA							
TOTAL	\$34,000	\$9,000	\$0	\$0	\$0	\$0	\$9,000

Aviation public art funding is calculated at year-end. Aviation public art funding at FY12 year-end was \$617,107.

Employee Pay & Benefits



Employee Benefits and Pay

Cheryl Brown, Director of Human Resources

April 10, 2013

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Human Resources Philosophy Adopted by the City Council

- Aggressive cost management for benefits
- Employees expected to fairly share in the cost of benefits
- Moderate level of benefits and pay
- Actively support wellness program to reduce future costs

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BENEFITS

Components of Health Insurance Cost Management

- Cost Sharing
- Prescription Drug Plan Management
- Plan Design
- Vendor Selection
- Wellness
- Chronic Condition Management

- Implemented only minor changes to medical plan design provisions (deductibles/out-of-pocket/out-of-network provisions)
- Second year of no premium increase for participants in PPO Basic Plan
- Minimal increase for participants in PPO Plus Plan
- Integrated diabetes management program into wellness strategy to provide on-site health coaching for diabetes, pre-diabetes and metabolic syndrome

- Implemented voluntary accident and critical illness effective July 1, 2012; voluntary whole life insurance effective July 1, 2013
- Prescription drug trend very favorable for non-specialty drugs (an increase of 0.3%)
- Generic utilization rate continues to increase (81.8%)
- Implemented high/low dental option and changed administrators
- Aggressive vendor management resulted in rate guarantees for multiple years



FY2014 Benefits Actions Under Consideration

- Adjust deductibles, out-of-pocket maximums, co-insurance and Rx copays in alignment with competitive practices
- Implement consumer driven health care plan option in accordance with approval adopted in FY13 budget
- Implement telemedicine program
- Address requirements of the PPACA, including expanded eligibility and additional fees (Transitional Reinsurance fee, CER fee)

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FY2014 Benefits Actions Under Consideration

- Implement additional step therapy requirements
- Continue to focus on aggressive strategies to control specialty drug trend increases
- Integrate tobacco user deductible into overall wellness incentive strategy
- Evaluate incentive for wellness participation and evaluate incentive requirements

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- Approximate annual trend increases for medical and pharmacy:
8 and 10%, respectively
- Health insurance cost increase projection for FY14, made in July 2012:
8%
- As a result of favorable claims experience and aggressive cost management, FY14 benefit increase revised:
3%

PAY

- Emphasis on pay based on two factors: merit and position relative to "market"
- Market rates are established based on extensive data gathered directly from other employers and survey sources
- Nationally market movement is 3%; locally 2.5%
- Pay adjustments under consideration

Source	2009 Actual Market Movement	2010 Actual Market Movement	2011 Actual Market Movement	2012 Actual Market Movement	2013 Projected Market Movement (to date)	5 Year Average Market Movement
National Statistics Provided by World at Work, Hewitt, Mercer	2.1 avg.	2.4 avg.	2.8 avg.	2.9 avg.	3.0 avg.	2.6 avg.
National Municipalities	.8 avg.	.7 avg.	1.6 avg.	1.5 proj. avg.		1.0 avg.
Charlotte Area Municipalities	.3 avg.	.3 avg.	2.0 avg.	3.3 proj. avg.		1.5 avg.
Large Charlotte Employers (private sector)	2.4 avg.	2.2 avg.	2.5 avg.	2.4 avg.	2.5 avg.	2.4 avg.
The Employers Association	2.1 avg.	3.5 avg.	2.1 avg.	2.7 avg.	2.6 avg.	2.6 avg.
City of Charlotte	0 avg.	2 avg.	0 avg. *	3.0 avg.	under review	1.25 avg.

* In the FY12 Budget, City Council authorized the City Manager to grant to employees a one-time lump sum payment, up to 1%, based on meeting organizational savings targets for FY2011, which is not included in average

Public Safety Pay Plan (PSP)

- Includes the positions of Police Officer, Police Sergeant, Firefighter I, II, and Engineer, and Fire Captain
- Step plan structure
- Market adjustment to the steps each year as funding allows

Total Compensation Example

	Broadband Field Operations Supervisor	Public Safety Fire Fighter II	Public Safety Police Officer
Salary	\$53,773	\$53,677	\$53,533
Health Insurance, Life/AD&D, EAP, Short Term Disability	\$6,175	\$6,175	\$6,175
Retirement Plan	\$3,624	\$6,790	\$3,624
401k Contribution	\$1,613	\$1,610	\$2,677
FICA	\$4,114	\$778	\$4,095
Total Average Compensation	\$69,299	\$69,031	\$70,104

Notes:

- Retirement contribution for Sworn Police is state mandated at 6.77%, contribution for Broadband employees is 6.74%
- Retirement contribution to Firefighters' Retirement Plan is 12.65%
- Firefighter wages are exempt from FICA, except for 1.45% Medicare portion, due to participation in the Firefighters' Retirement Plan
- 401k contribution for Sworn Police is state mandated at 5%, all other City employees receive 3%
- Additional compensation: upon retirement, Sworn Police receive state mandated separation allowance up to age 62 (not represented on this table)

- Continue to aggressively manage costs
- Employees and retirees fairly share in the cost of benefits
- Experiencing positive benefits from the on-site coaching component of our wellness plan
- Will continue to feel the financial impact of PPACA for the next several years
- Nationally, salary increases are expected to rise to 3% with 98% of organizations planning to provide increases.

QUESTIONS

General Fund Update



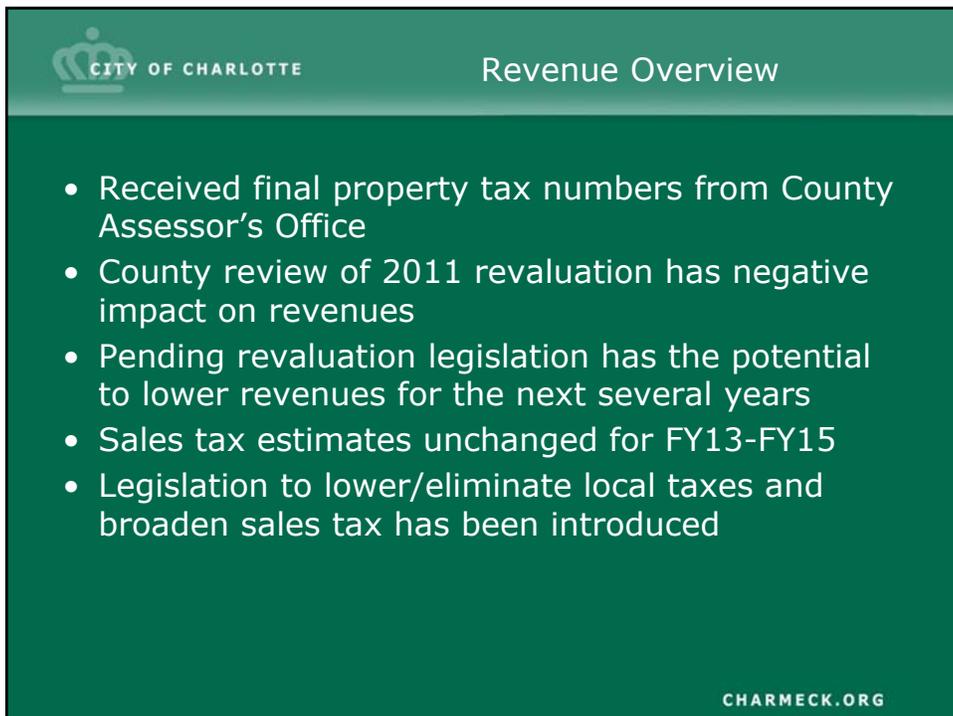

CHARLOTTE
FINANCE

General Fund Revenue Update

Greg Gaskins, CFO

April 10, 2013

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 CITY OF CHARLOTTE

Revenue Overview

- Received final property tax numbers from County Assessor's Office
- County review of 2011 revaluation has negative impact on revenues
- Pending revaluation legislation has the potential to lower revenues for the next several years
- Sales tax estimates unchanged for FY13-FY15
- Legislation to lower/eliminate local taxes and broaden sales tax has been introduced

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Property Tax Estimates (in millions)

FY2013 Projected	FY2014 Projected	FY2015 Projected
\$315.4	\$314.1	\$318.8

- County 2011 revaluation review is estimated to result in an 1.7% reduction in the City's tax base
- High level of appeals loss to continue
- Refunds apply to prior years
- Severity of impact depends on outcome of pending legislation

General Fund Appeals Loss Estimates (in millions)

Funds Reserved for Refunds	\$22.3
Refunds Paid	(9.2)
Known Refunds Outstanding	(1.9)
Pearson's FY12 Refund Estimate	(5.6)
Pearson's FY13 Refund Estimate	(5.6)
Additional General Fund Refund Loss	\$0.0

For additional questions contact:

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Financial Partner Funding Recommendations

FY2014 & FY2015 FINANCIAL PARTNER RECOMMENDATIONS

At City Council's February 27th Budget Workshop meeting, staff presented the FY2014 & FY2015 Financial Partner summaries and funding requests. This page and the following page summarize the types of Financial Partners, funding requests, and FY2014 & FY2015 funding recommendations.

There are two primary categories of Financial Partners – General Fund and Neighborhood & Business Services

- General Fund – this includes direct discretionary allocations from the General Fund as well as formula-driven, dedicated revenue sources, such as Municipal Service District tax revenue
- Neighborhood & Business Services (N&BS) – funded by Innovated Housing (local PAYGO capital fund), as well as federal CDBG, HOME, and HOPWA grants for the following three types of services: 1) Housing & Community Development, 2) Crisis Assistance, and 3) Out-of-School Time Partners.

General Fund Financial Partners

Direct Discretionary Allocations

Beginning in FY2014, it is recommended that Charlotte International Cabinet (CIC), a former General Fund Financial Partner, transition to a division within the N&BS Department at no additional cost to the General Fund; this recommendation is consistent with that of The Lee Institute and CIC Board of Directors. The remaining General Fund Financial Partners that do not receive formula-driven revenue distributions are held flat:

- Arts & Science Council
- Community Building Initiative
- Safe Alliance (formerly United Family Services – Victim Assistance)
- Charlotte Regional Partnership (note: on April 5th CRP reduced their FY2014 funding request to the FY2013 budget level)

Formula-Driven, Dedicated Revenue Sources

Three General Fund Financial Partners are funded by formula-driven, dedicated revenue sources, such as Municipal Service District tax revenue and the Occupancy Tax. These Financial Partners will receive final distributions based on actual revenue:

- Charlotte Center City Partners
- University City Partners
- Charlotte Regional Visitors Authority

Neighborhood & Business Services Financial Partners

Housing & Community Development and Crisis Assistance

Housing & Community Development and Crisis Assistance Financial Partners are recommended to remain at the current FY2013 level, with the exception of Charlotte Family Housing (formerly WISH). The recommended funding level for Charlotte Family Housing in FY2014 & FY2015 is an increase of \$130,000 to serve an additional 25 households per year. The remaining financial partners held flat; however, the funding levels for all of these financial partners are subject to change based upon actual CDBG, HOME, and HOPWA grant amounts:

- Charlotte-Mecklenburg Housing Partnership, Inc – Affordable Housing
- Charlotte-Mecklenburg Housing Partnership, Inc – House Charlotte
- Community Link
- Crisis Assistance Ministry
- Carolinas Care Partnership
- YMCA Community Development

Out of School Time (OST) Partners

FY2014 is the second year of the Request for Proposals process, which includes the Budget Committee and the Economic Development Committee recommendations approved by Council on November 26, 2012. The FY2014 funding level is \$1.2 million, funded by PAYGO and CDBG; this funding level is \$42,918 less than the prior year in anticipation of reduced federal CDBG grant funding. The 11 applicants that met the eligibility requirements were rated based upon criteria established by the Council for Children's Rights and input from the OST stakeholders. Using the Housing Trust Fund model of funding applicants at the full request level until total funds are expended, the top four applicants received their full funding request and fifth highest rated applicant received a portion of their request. The remaining six applicants did not receive funding. Neighborhood & Business Services is able to provide the score in each of the rating categories for all applicants upon request.

The following page provides the funding requests and recommendations for each of the Financial Partners.

FY2014 & FY2015 Financial Partner Funding Recommendations

General Fund	FY13 Budget	FY14 Request	FY15 Request	FY14 Recommend	FY15 Recommend
Arts & Science Council	2,940,823	3,283,665	3,473,822	2,940,823	2,940,823
Charlotte Regional Partnership	199,034	199,034	218,786	199,034	199,034
Charlotte International Cabinet	156,121	167,046	170,308	0	0
Community Building Initiative	49,000	50,000	50,000	49,000	49,000
Safe Alliance (formerly United Family Services - Victim Assistance)	333,977	389,625	401,313	333,977	333,977
Charlotte Center City Partners**	3,814,743	3,967,333	4,126,026	3,967,333	4,126,026
University City Partners**	638,461	678,934	678,934	678,934	678,934
Charlotte Regional Visitors Authority**	10,892,411	11,499,500	11,850,754	11,499,500	11,850,754
TOTAL	\$19,024,570	\$20,235,137	\$20,969,943	\$19,668,601	\$20,178,548

* FY2014 & FY2015 Recommended Budget includes transitioning Charlotte International Cabinet to a division within the Neighborhood & Business Services department at no increase to the General Fund

**Budget is formula driven; final distributions will be based on actual revenue

Housing and Community Development	FY13 Budget	FY14 Request	FY15 Request	FY14 Recommend	FY15 Recommend
Charlotte-Mecklenburg Housing Partnership, Inc. - Affordable Housing	1,960,000	2,000,000	2,000,000	1,960,000	1,960,000
Charlotte Mecklenburg Housing Partnership - House Charlotte	231,000	231,000	231,000	231,000	231,000
Community Link	450,000	472,500	472,500	450,000	450,000
TOTAL	\$2,641,000	\$2,703,500	\$2,703,500	\$2,641,000	\$2,641,000

Crisis Assistance	FY13 Budget	FY14 Request	FY15 Request	FY14 Recommend	FY15 Recommend
Crisis Assistance Ministry	380,000	380,000	380,000	380,000	380,000
Carolinas Care Partnership	830,903	872,448	916,070	830,903	830,903
Charlotte Family Housing	200,000	330,000	363,000	330,000	330,000
YMCA Community Development	48,699	63,699	84,699	48,699	48,699
TOTAL	\$1,459,602	\$1,646,147	\$1,743,769	\$1,589,602	\$1,589,602

Out of School Time	FY13 Budget	FY14 Request	FY15 Request*	FY14 Recommend	FY15 Recommend*
Above and Beyond Students	0	124,158	n/a	124,158	n/a
YWCA	158,826	307,000	n/a	307,000	n/a
Greater Enrichment Program (GEP)**	605,854 [†]	400,000	n/a	400,000	n/a
Police Activities League	282,145	287,410	n/a	287,410	n/a
First Baptist Church West	0	131,339	n/a	81,432	n/a
CMS After School Enrichment Program	350,012	350,001	n/a	0	n/a
YMCA	0	400,000	n/a	0	n/a
Bethlehem Center	170,357	191,000	n/a	0	n/a
BELL	0	400,000	n/a	0	n/a
Youth Development Initiatives	0	114,949	n/a	0	n/a
Kennedy Foundation	0	243,700	n/a	0	n/a
St. Paul Baptist Church	70,476	0	n/a	n/a	n/a
TOTAL	\$1,637,670	\$2,949,557	\$0	\$1,200,000	\$1,200,000

*Request for Proposals process is conducted annually

**For FY13, Council approved a one-time appropriation from General Fund fund balance of \$394,752 to fund GEP at their FY12 funding level

Budget Calendar Adjustment Options Referral

**Budget Calendar Adjustment Options Referral
Council Budget Workshop
Wednesday, April 10, 2013**

March 20 Budget Workshop Referral

At the March 20, 2013 Budget Workshop, Council referred to the Budget Committee review of potential adjustments to the Budget Calendar that would shift Budget Adjustments, Straw Votes, and Budget Adoption to later in June when potential legislative actions that could impact the City are better known.

April 3 Budget Committee Discussion

At the April 3, 2013 Budget Committee meeting members received optional adjustments to the Budget Calendar. Committee members discussed two options for date changes, both of which delay budget adoption to June 24th. Budget Committee members felt the current Budget Calendar should be used (with the possibility of adjustments to be determined as needed), given three primary concerns:

1. Requirement that a balanced budget must be adopted by July 1 and cutting it close to this date.
2. The likelihood of having to prepare an interim budget if adoption is scheduled at the end of June and Council is unable to approve a budget.
3. Revenue reduction impacts to the Charlotte Mecklenburg Utility Department and Storm Water due to the delay of implementing any rate changes for bills in July.

Because full Council has already approved the current Budget Calendar, a motion to change the Budget Calendar was not made.

April 10 Budget Workshop Materials

The following page provides material from the April 3rd Budget Committee meeting.

FY2014 & FY2015 Budget Process Calendar

Adjustment Options

Purpose	Current Date & Time	Alternative Date & Time		Location
		Option A	Option B	
Budget Workshop	Feb. 27, 2013, 3:00-5:30 p.m.	n/a	n/a	Room 267
Budget Workshop	March 20, 2013, 3:00-6:00 p.m.	n/a	n/a	Room 267
Budget Workshop	April 10, 2013, 3:00-6:00 p.m.	n/a	n/a	Room 267
Recommended Budget Presentation	May 6, 2013, 7:00 p.m.	May 6, 2013, 7:00 p.m.	May 13, 2013, 7:00 p.m.	Council Chamber (televised)
Public Hearing on the recommended budget (including storm water)	May 13, 2013, 7:00 p.m.	May 13, 2013, 7:00 p.m.	May 28, 2013, 7:00 p.m.	Council Chamber (televised)
Budget Adjustments Meeting: <ul style="list-style-type: none"> • Council makes adjustments to Manager's recommended budget. Adjustments receiving 5 or more votes move on to Straw Votes meeting • Council may refer alternative budget proposals to the Budget Committee for recommendation prior to straw votes 	May 15, 2013, 3:00 – 6:00 p.m.	May 29, 2013, 3:00 – 6:00 p.m.*	May 29, 2013, 3:00 – 6:00 p.m.*	Room 267
Straw Votes Meeting: <ul style="list-style-type: none"> • Lunch and straw votes on items from Budget Adjustments meeting. • Changes receiving 6 or more votes are included in the budget ordinance for final vote at Budget Adoption 	May 29, 2013, 12:00 – 4:00 p.m.	June 12, 2013, 12:00 – 4:00 p.m.*	June 12, 2013, 12:00 – 4:00 p.m.*	Room 267
Budget Adoption	June 10, 2013, 7:00 p.m.	June 24, 2013 7:00 p.m.	June 24, 2013 7:00 p.m.	Council Chamber (televised)

*New date not currently on Council Calendar

School Resource Officer Referral

**School Resource Officer Referral
Council Budget Workshop
Wednesday, April 10, 2013**

March 25 Council Dinner Briefing Referral

At the March 25, 2013 Council Dinner Briefing, Council referred the topic of School Resource Officers (SROs) to the Budget Committee, specifically:

1. Review the current Council-approved SRO cost-sharing between the Charlotte Mecklenburg Police Department and Charlotte Mecklenburg Schools and potential considerations associated with changing the increased FY2014 reimbursement from CMS
2. Review the "Governor's North Carolina Center for Safer Schools" evaluation that is currently underway

April 3 Budget Committee Discussion

At the April 3, 2013 Budget Committee meeting, members received an overview from Budget & Evaluation and Charlotte-Mecklenburg Police Department staff about the SRO program, current Council-approved cost-sharing plan between the City and Charlotte-Mecklenburg Schools, and the Governor's North Carolina Center for Safer Schools. Additionally, Board of Education member Eric Davis spoke to Council about budget constraints that Charlotte-Mecklenburg Schools are facing due to uncertainty in funding levels from the federal government, state government, and Mecklenburg County.

Budget Committee members did not take action on a recommendation to full Council, but requested additional information to be provided at the April 10th Budget Workshop.

April 10 Budget Workshop Materials

The following pages include:

- Materials for the April 3rd Budget Committee meeting:
 - Summary of the current SRO program and Council-approved SRO funding reimbursement schedule
 - Detailed write-up on the current SRO program and Council-approved SRO funding reimbursement schedule
 - Summary of the North Carolina Center for Safer Schools
- Materials requested for the April 10th Budget Workshop
 - Questions & Answers from the April 3rd Budget Committee meeting

School Resource Officer Program and Funding Summary

Background

The School Resource Officer (SRO) program began in 1968 to prevent juvenile delinquency and to maintain a safe environment on school grounds. The primary responsibility areas for SROs are:

- Point of contact for all police related issues
- Assist in developing security and emergency response plans
- Coordinate CMPD services to schools

Reasons for Increasing the CMS SRO Payment Formula

Prior to FY2012, Charlotte Mecklenburg Schools (CMS) reimbursed the City for 50% of 80% of the costs – this represented half of the costs (50%) while school was in session (80% of the year); therefore, the City was funding half of the costs during the school year, and the entirety of the costs when school was not in session. The FY2011 adopted budget included one year’s notification that beginning in FY2012, costs would transition over two years to a reimbursement level of 80% by CMS. The goal of the two-year reimbursement transition was two-fold: 1) CMS would reimburse the City for actual SRO services rendered during the school year, while the City would fund the officers when school was not in session, and 2) the additional, reimbursed funding from CMS allowed the City to fund the 50 stimulus police officers, which come off final grant funding in FY2014. During the FY2012 budget process, Council deferred increasing the proposed reimbursement transition for one additional year but would “catch-up” the reimbursement schedule in FY2013 (see table below).

Council Vote History and Approved SRO Funding Reimbursement Schedule

- June 7, 2010: Council voted 8-3 (Barnes, Burgess, Cannon, Carter, Howard, Kinsey, Mitchell, Turner for; Cooksey, Dulin, Peacock against) in favor of the manager’s recommended budget which included the manager’s proposed increased changes to the SRO reimbursement.
- June 1, 2011: Council voted unanimously to defer SRO reimbursement increase for one year; vote directed Manager to follow the same reimbursement timeline with goal of 80% of 100% by FY2014
- June 25, 2012: Council voted unanimously to approve the Manager’s recommended General Fund budget which included the increase of SRO reimbursement rate to 70% of 100% in FY2013

Council Adopted SRO Funding Reimbursement Schedule

Year	SRO Total Cost	CMS % Cost Share	CMS \$ Cost Share	CMS \$ Diff. from Prior Yr
FY2011	\$6,098,025	50% of 80%	\$2,439,210	-
FY2012	\$6,291,919	50% of 80%	\$2,439,210	-
FY2013	\$6,454,198	70% of 100%	\$4,517,939	\$2,078,729
FY2014	\$6,644,118	80% of 100%	\$5,315,294	\$797,355
FY2015	\$6,839,735	80% of 100%	\$5,471,788	\$156,494

Current Funding and Service Level

Currently (FY2013), CMS reimburses the City 70% of 100% of the fully allocated total cost of the 49 police officers and one sergeant for the SRO assignment, which equates to \$4.5 million of the City’s \$6.45 million total cost. Per the current Council-adopted reimbursement schedule, in FY2014 the CMS reimbursement level will increase to 80% of the total cost. CMPD provides 49 SROs (plus one sergeant) and has a security presence at 100% of all CMS middle and high schools in their jurisdiction. The exceptions are the newly created K-8 schools, where there are SRO’s assigned to four schools and Charlotte Mecklenburg Schools Police Department (CMSPD) has officers assigned to the remaining seven (11 total K-8 schools). CMSPD has a total force of 18 sworn officers and 126 school security associates.

Potential considerations associated with changing the increased FY2014 reimbursement from CMS

The FY2014 budget assumes an increase in SRO reimbursements from CMS by approximately \$800,000. Key considerations associated with any change include:

- FY2014 budget development currently contemplates lower property tax revenues than in FY2013
- Few, if any new General Fund operating expenditure increases are anticipated for FY2014; Any reallocation of General Fund operating funds would require expenditure reductions to base level services
- Any use of fund balance or capital reserves would need to be applied for one-time uses and would mitigate the City’s capacity for capital expenditures and/or potential budget contingency planning for revaluation appeals or other potential State legislative impacts

School Resource Officer Program and Funding Detail Write-Up

Program Background

The School Resource Officer (SRO) program began in 1968 with six officers being assigned to six local schools to prevent juvenile delinquency and to maintain a safe environment on school grounds.

Over time the program has grown as the number of schools and students have grown within the school system. The mission has evolved over time as well. While classroom instruction remains a part of the officers' duties, promoting public safety within the schools has become the primary task. The SRO's primary areas of responsibility are the following:

- Point of contact for all police related issues
- Assist in developing security and emergency response plans
- Coordinate CMPD services to schools

During the 1980s, Charlotte-Mecklenburg Schools (CMS) eliminated its security officers, who patrolled school property after school hours. The resulting salary savings paid for 13 CMPD SROs, which made it possible to assign an officer at some middle schools. CMPD provided officers for the remaining middle schools. In addition to CMPD's support, Davidson, Huntersville, Matthews, Mint Hill, and Pineville provide SRO services for schools within their respective jurisdictions.

Funding Background

Prior to FY2012, Charlotte Mecklenburg Schools (CMS) reimbursed the City for 50% of 80% of the costs – this represented half of the costs (50%) while school was in session (80% of the year); therefore, the City was funding half of the costs during the school year, and the entirety of the costs when school was not in session. The cost sharing calculation was based on the fully allocated total cost of 49 police officers and one sergeant assigned to CMS schools.

The FY2011 adopted budget included one-year notification that beginning in FY2012, costs would transition over two years to a reimbursement level of 80% by CMS. The goal of the two-year reimbursement transition was two-fold:

1. CMS would reimburse the City for actual SRO services rendered during the school year, while the City would fund the officers when school was not in session (during the school year 100% of an SRO's workday is focused on the SRO assignment), and
2. The additional, reimbursed funding from CMS was part of the strategy to offset lost grant revenue for the 50 police officers funded through a 2009 stimulus grant, which come off final grant funding in FY2014.

One June 7, 2010, Council voted 8-3 (Barnes, Burgess, Cannon, Carter, Howard, Kinsey, Mitchell, Turner for; Cooksey, Dulin, Peacock against) in favor of the manager's recommended budget which included the one-year notification and two-year transition for increased SRO reimbursement.

During the FY2012 budget process, Council voted unanimously to defer the reimbursement transition for one additional year but would "catch-up" the reimbursement schedule in FY2013 (i.e. following the same reimbursement timeline with goal of 80% of 100% by FY2014). Council voted to fund the deferral of the proposed SRO payment formula increase by decreasing reserves. Council passed the following amendment:

- Defer the first year implementation of increasing the SRO payment formula from Charlotte-Mecklenburg Schools (CMS) to the City. The impact on the General Fund budget in FY2012 is \$958,426, and in the FY2013 Plan is \$0.
- Use funding from the General Fund Operating Budget Reserves (\$1 million). The Manager's FY2012 Recommended budget included \$1 million in FY2012 and \$1 million in FY2013 for possible budget impacts from the State legislative and budgetary actions. The reserves were not needed and were applied to the gap in SRO payment schedule.

The budget amendment continued to contract with CMS for 50% of 80% of total costs for SRO Program for FY2012 (same reimbursement level as FY2011). Under this amendment, the FY2013 formula payment would be the same as the FY2012 Manager's Recommended Budget of 70% of 100%. In other words, the amendment "skips" the first year and continues the formula cost sharing phasing by FY2014 without extending the time period. CMS would not pay an increase for FY2012, but would pay \$2 million more beginning in FY2013.

Below are two charts comparing the FY2012 City Manager's Recommended Budget Proposal and the FY2012 Council Adopted SRO Funding Reimbursement Schedule:

City Manager's FY2012 Recommended Budget Proposal (did not pass):

Year	SRO Total Cost	CMS % Cost Share	CMS \$ Cost Share	CMS \$ Diff. from Prior Yr
FY2011	\$6,098,025	50% of 80%	\$2,439,210	-
FY2012	\$6,291,919	60% of 90%	\$3,397,636	\$958,426
FY2013	\$6,454,198	70% of 100%	\$4,517,939	\$1,120,303
FY2014	\$6,644,118	80% of 100%	\$5,315,294	\$797,355
FY2015	\$6,839,735	80% of 100%	\$5,471,788	\$156,494

Council Adopted FY2012 SRO Funding Reimbursement Schedule

Year	SRO Total Cost	CMS % Cost Share	CMS \$ Cost Share	CMS \$ Diff. from Prior Yr
FY2011	\$6,098,025	50% of 80%	\$2,439,210	-
FY2012	\$6,291,919	50% of 80%	\$2,439,210	-
FY2013	\$6,454,198	70% of 100%	\$4,517,939	\$2,078,729
FY2014	\$6,644,118	80% of 100%	\$5,315,294	\$797,355
FY2015	\$6,839,735	80% of 100%	\$5,471,788	\$156,494

Current Program and Funding

At the FY2013 Budget Adoption (June 25, 2012), Council voted unanimously to approve the Manager's recommended General Fund budget which included CMS's increase of the SRO reimbursement rate to 70% of 100% in FY2013. By contract, the FY2013 CMS reimbursement continues to be calculated based on the fully allocated total cost of the 49 police officers and one sergeant. In FY2013, CMS will reimburse the City \$4.5 million for SRO services in the schools, roughly equivalent to paying the full cost of 35 of the 50 SRO officers. Per the reimbursement schedule, in FY2014 CMS is scheduled to reimburse the CMPD for 80% of 100% of the total SRO cost. The estimated FY2014 contribution is \$5,471,788, an increase of \$797,355.

CMPD, through the SRO program, has a security presence at 100% of all CMS middle and high schools in their jurisdiction. The one exception is the newly created K-8 schools, where there are SROs assigned to four schools and Charlotte Mecklenburg Schools Police Department (CMSPD) has officers assigned to the remaining seven (11 total K-8 schools). CMSPD has a total force of 18 sworn officers and 126 school security associates.

The chart on the following page reflects the FY2013 SRO school assignments. Each school has one assigned SRO (49 total SROs) that is partially funded by CMS. One sergeant manages the SRO program and is not assigned to a particular school.

SRO Assignment School	CMPD Division	School Address
Eastway Middle School	Eastway	1501 Norland Dr.
Garinger High School	Eastway	1100 Eastway Drive
Hawthorne High School	Eastway	1411 Hawthorne Lane
Piedmont Open Middle	Eastway	1241 E. 10 th Street
Northridge Middle School	University	7601 The Plaza
Vance High School	University	7600 IBM Drive
James Martin Middle	University	7800 IBM Drive
Turning Point Alternative	University	2300 West Sugar Creek Rd
Mallard Creek High School	University	3825 Johnston Oehler Rd.
Ridge Road Middle School	University	7260 Highland Creek Pkwy.
Cochrane Middle School	North Tryon	6200 Starhaven Drive
Martin Luther King Middle	North Tryon	500 Bilmark Ave.
West Charlotte High School	Metro	2219 Senior Drive
Northwest School of Art	Metro	1415 Beatties Ford Rd
Phillip O'Berry High	Metro	1430 Alleghany St
Right Choices Alternative	Metro	3114 Bank St
Ashley Park K-8	Metro	2401 Belfast Drive
Walter G. Byers K-8	Metro	1415 Hamilton Street
Burns Avenue K-8	Metro	
Morgan Exceptional School	Metro	700 E Martin Luther King Blvd
Harding University High	Freedom	2001 Alleghany St.
Coulwood Middle School	Freedom	500 Kentberry Drive
West Mecklenburg High	Freedom	7400 Tuckaseegee Rd.
Whitewater Academy	Freedom	11600 White Rapids Rd.
Westerly Hills K-8	Freedom	4420 Denver Avenue
Kennedy Middle School	Steele Creek	4000 Gallant Lane
Waddell Language Academy	Steele Creek	7030 Nations Ford Rd.
Southwest Middle School	Steele Creek	13624 Steele Creek Rd
Olympic High School	Steele Creek	4301 Sandy Porter Rd.
Ranson Middle School	North	5850 Statesville Rd.
Myers Park High School	Providence	2400 Colony Rd
Alexander Graham Middle	Providence	1800 Runnymede Rd
Randolph Middle School	Providence	4400 Water Oak Rd.
South Mecklenburg High	South	8900 Park Rd.
Ardrey Kell High School	South	10220 Ardrey Kell Rd
Community House Middle	South	9500 Community House Rd.
South Charlotte Middle	South	8040 Strawberry Lane
Quail Hollow Middle	South	2901 Smithfield Church Rd
Carmel Middle School	South	5001 Camilla Dr.
James Robinson Middle	South	5925 Ballantyne Commons Pky
Providence High School	South	1800 Pineville-Matthews Rd
McClintock Middle School	Independence	2101 Rama Rd
East Mecklenburg High	Independence	6800 Monroe Rd
Northeast Middle School	Hickory Grove	5960 Brickstone Drive
Independence High School	Hickory Grove	1967 Patriot Drive
Albemarle Road Middle	Hickory Grove	6900 Democracy Drive
Sedgefield Middle School	Westover	2700 Dorchester Place
Military Leadership Academy	Westover	3351 Griffith Street

*CMPD has two officers assigned to Garinger High School in Eastway Division



MEMORANDUM

To: Randy Harrington

From: Sherie E. Pearsall, Major, Charlotte-Mecklenburg Police Department

Date: March 27, 2013

Subject: North Carolina Center for Safer Schools

On March 19, 2013, Governor McCrory unveiled the North Carolina Center for Safer Schools. The center will evaluate school safety best practices across the state and nation, make possible recommendations to the General Assembly, evaluate the role of police officers serving in schools, assist schools with the vetting of emergency response plans and create a comprehensive strategy related to school safety. The center is planning to conduct eight forums across North Carolina during the month of April to obtain input prior to making any recommendations to Governor McCrory in May.

Related to school safety, The Charlotte-Mecklenburg Police Department currently provides school resource officers at all CMS high schools, middle schools, and K-8 alternative and special needs schools. CMPD SRO's provide a visible and positive image for law enforcement and work to protect the school environment by serving as confidential sources of counseling to students, maintaining a safe atmosphere for instruction and learning, providing guidance to school administration and teachers using their specialized school-based and educational law training and by maintaining ongoing working relationships with school administration.

The CMPD has also obtained/ created/ developed/ provided:

- School Location Maps by Division
- School Aerial Maps (CMS and private schools)
- School 360 Virtual Video Tours
- School CPTED's (stadiums, gymnasiums, private schools)
- Rapid Deployment Operational Plan (Rescue, Perimeter, Evacuation Exercise)
- Rapid Deployment Operational Plan, Scenario-based exercises, Simulator exercises
- Mental Health Training for School Resource Officers
- Youthful offender diversion programs
- Daily communication with CMS Police Department
- Security for extracurricular school events
- Crisis Intervention Training to a number of SRO's with others to be trained

The CMPD's proactive school safety efforts did not begin with the Newtown incident, but with Columbine, and school safety is not solely the responsibility of the SROs but all officers. The CMPD has not ceased its proactive efforts and continues to research best practices for school safety and make adjustments as needed. The anticipated recommendations from the North Carolina Center for Safer Schools will aid the CMPD by providing additional information necessary to evaluate and enhance current efforts. We are confident that our efforts thus far exceed industry standards for best practices. However, we are always looking for opportunities for improvement and hope that the North Carolina Center for Safer Schools will make recommendations that assist us in that endeavor.

School Resource Officers (SROs) Questions and Answers From April 3rd Budget Committee

Question 1: *Based on the planned cost reimbursement transition for FY2014, if City Council did not transition the final reimbursement increase of \$800,000 to Charlotte Mecklenburg Schools (CMS), what would be the impacts to the City's General Fund going forward?*

During the FY2012 and FY2013 budget processes, Council adopted the following reimbursement schedule for the cost of SROs:

Year	SRO Total Cost	CMS % Cost Share	CMS \$ Cost Share	CMS \$ Diff. from Prior Yr
FY2011	\$6,098,025	50% of 80%	\$2,439,210	-
FY2012	\$6,291,919	50% of 80%	\$2,439,210	-
FY2013	\$6,454,198	70% of 100%	\$4,517,939	\$2,078,729
FY2014	\$6,644,118	80% of 100%	\$5,315,294	\$797,355
FY2015	\$6,839,735	80% of 100%	\$5,471,788	\$156,494

Figures above are based on estimates; final costs could differ based on actual expenditures

The Council-approved reimbursement transition formula began in FY2013, with CMS contributing an additional \$2.1 million towards SROs. This FY2013 amount represents 70% of the full cost of the SROS. FY2014 is the final year of the reimbursement formula transition. The planned formula increase in FY2014 achieves the goal of 80% of the full SRO cost, an incremental amount of \$800,000 above FY2013. There are two purposes of increasing the CMS reimbursement formula for SROs as originally proposed in 2010:

1. CMS would reimburse the City for actual SRO services rendered during the school year, while the City would fund the officers when school was not in session (i.e. 80% of 100% of the SRO total cost funded by CMS)
2. The additional, reimbursed funding from CMS allowed the City to allocate the funds towards the 50 sworn officers added through the 2009 COPS Hiring Grant (ARRA), which the General Fund fully covers beginning in FY2014.

FY2014 budget development currently contemplates lower property tax revenue than in FY2013, which is unprecedented in the City's history. As a result, the FY2014 budget will likely include few, if any operating expenditure increases. If the final year of the reimbursement formula transition is not implemented in FY2014, any one or more of the following General Fund impacts could occur:

- Reallocation/reprioritization of existing General Fund resources to cover the cost of the 50 ARRA funded police officers
- Reduced level of employee compensation increases for public safety and non-public safety employees
- Reduced budget capacity to address base budget operating needs in the largest General Fund service departments (i.e. Police, Fire, Transportation, and Solid Waste), including fuel cost increases, vehicle maintenance and repairs, and purchasing power erosion due to inflation
- Reduced capacity to set aside budget contingency funding options as safeguards against potential budget impacts resulting from the current Mecklenburg County revaluation appeals review process, future State Tax reforms, or other legislative actions.

Question 2: *What potential funding sources could fund the planned \$800,000 CMS reimbursement transition cost increase for SROs in FY2014?*

There are several funding sources from which Council could direct a partial or full offset of the SRO reimbursement transition cost increase for FY2014, which are provided in the table below.

Funding Sources	Notes
Council Discretionary	<ul style="list-style-type: none"> • FY2013 balance remaining of \$63,192 • FY2014 anticipated budget of \$200,000
Assets Forfeiture*	<ul style="list-style-type: none"> • Prohibited to use for existing salaries
General Fund - fund balance	<ul style="list-style-type: none"> • Use of Fund Balance below the 16% policy target is generally considered for emergency or unique opportunities • Each 1% below the current 16% policy equals approximately \$5.5M • Rating agencies may take an interest if 16% policy target is not maintained
Capital Reserves	<ul style="list-style-type: none"> • General Fund fund balance over 16% is considered Capital Reserves and is available for appropriation to the PAYGO capital program • Currently \$5.3M of Capital Reserves • Potential other uses of the \$5.3M Capital Reserves include other capital needs or contingency needs from potential Mecklenburg County Revaluation Appeals or other State actions • FY2013 Capital Reserve amounts not known at this time; typically confirmed in the fall pending audit
Reallocate other, current PAYGO program funding	<ul style="list-style-type: none"> • Reductions to other programs would result in reduced maintenance of City facilities, reduced technology investments, reduced tree canopy investments, or reduced local support of the City's CDBG and HOME programs
Reallocate FY2014 General Fund priorities	<ul style="list-style-type: none"> • Council could direct the City Manager to reprioritize General Fund operating funding • Reprioritization could lead to reduced levels of employee compensation increases for public safety and non-public safety employees, reduced capacity to address base operating needs (e.g. fuel, vehicle maintenance and repairs, and cost inflation pressures), and reduced capacity to set aside contingency funding options as safeguards against external budget impacts to the City.

*Assets forfeiture funds are not an option due to the federal regulations regarding use of these funds. Assets forfeiture funds cannot be used to replace or supplant appropriated budget resources. Since the SROs are already allocated to the Police Department through the City's operating budget, it would be prohibited to use those funds towards the salaries and benefits of those currently allocated officers.

Question 3: *What other considerations or budget reduction options are available within the Charlotte Mecklenburg Police Department's budget to absorb the \$800,000 reimbursement transition cost in FY2014?*

The Charlotte Mecklenburg Police Department (CMPD) anticipates a tight operating budget for FY2013 and FY2014. Police expects to end the current fiscal year on target for operating and personnel expenses. To absorb an \$800,000 reimbursement transition cost in FY2014, it would be necessary for CMPD to reduce the number of new officers that transition through the Police training academy, which would allow CMPD to build up salary savings to cover the \$800,000 cost.

Reducing existing police officer positions is not an option to offset the \$800,000 reimbursement transition due to the City's receipt of the 2009 COPS Hiring Grant (ARRA) which added 50 sworn officers. The terms of the grant specifically prohibit any reduction in the City's budgeted allocations through FY2014 (one full budget cycle after the grant ends).

Any cuts to CMPD's operating budget could have a negative impact on the department's mission. If the department had to absorb an \$800,000 reduction, recruitment efforts would be slowed down and CMPD would not be able to keep the department at its full allocated personnel strength. This would ultimately affect CMPD's presence and performance on the street, which could hamper crime reduction efforts.

Question 4: *What would be the potential SRO staffing impact under a scenario where the number of SROs is reduced to match an \$800,000 reduction in future, planned transition cost reimbursement?*

Under a scenario where the number of SROs is reduced to match the \$800,000 planned transition cost reimbursement, the total staffing impact would be a reduction of an equivalent of seven SROs.

Question 5: *What interest would the County have to fund \$400,000 of the \$800,000 reimbursement transition cost increase planned for FY2014 if the City covered the other \$400,000?*

City staff has received communication that the County Manager has considered the proposal and he will not be including it as part of his FY2014 Recommended Budget.

Question 6: *What has been the history of the State's final budget allocations to CMS vs. what was anticipated during the CMS budget development process?*

City staff has contacted CMS for additional information, which had not been received at the time of this printing. The information will be provided to Council when received.

Question 7: *Can existing school resource officers be redeployed to elementary schools?*

Yes, the Charlotte-Mecklenburg Police Department would defer to the Charlotte-Mecklenburg School System on allocation and deployment of SROs to the various schools.

It would be possible to redeploy existing school resource officers to elementary schools; however, CMPD and CMS would face some difficult decisions on which middle or high schools would lose their SRO. Currently, SROs are deployed in schools where CMS has identified the greatest need. It is important to understand that the definition of "need" has traditionally been based on identifying schools where students were more likely to become involved in criminal activity, including gangs and disruptive behavior. Generally, this behavior has been directly linked to age which is why the SROs have concentrated on middle school and high school.

Rental Assistance Funding Referral

**Rental Assistance Referral
Council Budget Workshop
Wednesday, April 10, 2013**

April 1 Council Workshop Referral

At the April 1, 2013 Council Workshop, Council referred the topic of Rental Assistance funding to the Budget Committee. Prior to the April 1st Council Workshop, the program topic was discussed by the Housing & Neighborhood Development Committee at their February 27, 2013 and March 18, 2013 meetings.

April 3 Budget Committee Discussion

At the April 3, 2013 Budget Committee, members received an overview and description of potential funding sources for a \$10 million contribution for a Rental Assistance Endowment Program with the Foundation for the Carolinas.

Budget Committee members did not take action on a recommendation to full Council, but requested additional information to be provided at the April 10th Budget Workshop. Budget Committee members requested a list of current discretionary PAYGO programs with FY2014-2018 proposed funding as well as planned uses for Innovating Housing funds.

April 10 Budget Workshop Materials

The following pages include:

- Materials for the April 3rd Budget Committee meeting:
 - Rental Assistance presentation from the April 1st Council Workshop
 - Rental Assistance program funding options
- Materials requested for the April 10th Budget Workshop
 - PAYGO Discretionary Programs with FY2014-FY2018 proposed funding
 - Innovative Housing Program Uses, Discretionary Programs
 - FY2013 PAYGO schedule





City Council Workshop
Local Rental Assistance Program
Serving Families

April 1, 2013

CHARMECK.ORG


Proposed Program Design

Mission:
 To provide homeless families, including veterans, a structured program that values personal accountability resulting in self-sufficiency

Structure:

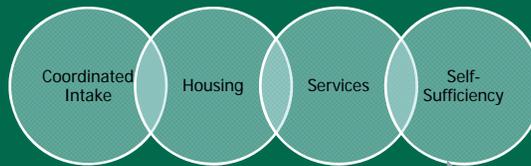
- Endowment funded by the City and Private Sector
- Supportive Services funded by Mecklenburg County
- Program model based on national best practices





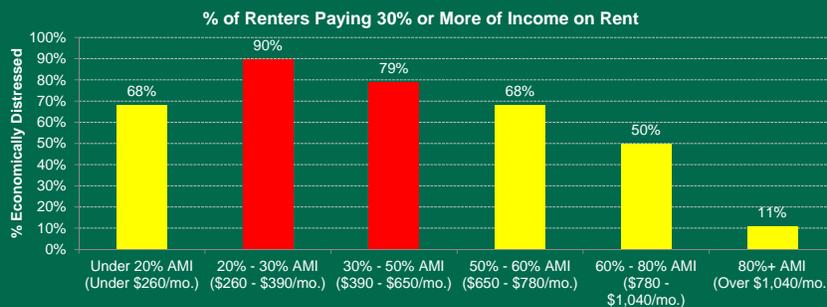
CHARMECK.ORG

Population Served
 Families
 0-50% (\$0-\$32,550) Area Median Income
 With an Emphasis on 20% to 50% (\$13,050 to \$32,550) of AMI



CHARMECK.ORG

- Significant number of renters below 60% AMI are economically-distressed (paying more than 30% of their incomes in rent)
- High level of competition with renters earning more than 60% of AMI and "renting down"--paying under 30% of income for housing



CHARMECK.ORG

Benefits:

- Provides geographical dispersion and choice
- Provides a short-term subsidy that will lead to long-term self sufficiency
- Leverages funding from the business and philanthropic community
- Builds a long-term funding mechanism that will serve the community for many years

Housing

- Number of individuals housed and able to maintain housing
- Length of time it took to provide housing

Employment

- Consistent employment
- Increased wages

Financial Stability

- Personal savings

Child Wellness

- Consistent and improved school attendance and performance

Proposed Program Funding

\$20M Endowment to generate 4.5% or \$900,000 annual return on investment

Entity	\$ Commitment
Private Sector	\$10M (\$3M committed to date)
City	\$10M (\$2M annually for 5 yrs) <i>*Proposed funding Source Pay-Go</i>
Mecklenburg County	\$1.4M recommended in FY14 budget for all housing stability programs (includes a portion for rental assistance program)

Next Steps

Confirm Council's commitment to participate in a rental subsidy endowment and discuss a proposed funding model at the April 10, 2013 Budget Workshop.

Develop Program:

- Finalize Program administration and metrics
- Collaborate with FFTC to ensure overall outcomes
- Solidify commitment from faith community and other affordable housing advocates
- Continue to gain Community commitment for the endowment
- Engage City and County in budget consideration

Rental Assistance Program Funding Consideration (Potential Funding Options)

Funding Consideration: \$10 million to support (complimented by private sector and Mecklenburg County funding) a Rental Assistance Endowment Program with the Foundation for the Carolinas

Potential Funding Options:

Alternative	Comments
Redirect future, annual Business Corridor Revitalization funding of \$2M/year	<ul style="list-style-type: none"> At \$2M/year, Rental Assistance Program would require 5 years of appropriations to reach \$10M
Business Corridor Revitalization account balance	<ul style="list-style-type: none"> Since creation in 2007, the account has expended \$7.2M Current balance is \$13.4M
General Fund fund balance	<ul style="list-style-type: none"> Use of Fund Balance below the 16% policy target is generally considered for emergency or unique opportunities Each 1% below the current 16% policy equals approximately \$5.5M Rating agencies may take an interest if 16% policy target is not maintained
Capital Reserves	<ul style="list-style-type: none"> General Fund fund balance over 16% is considered Capital Reserves and is available for appropriation to the PAYGO capital program Currently \$5.3M of Capital Reserves Potential other uses of the \$5.3M Capital Reserves include other capital needs or contingency needs from potential Mecklenburg County Revaluation Appeals or other State actions FY2013 Capital Reserve amounts not known at this time; typically confirmed in the fall pending audit
Reallocate other, current PAYGO program funding*	<ul style="list-style-type: none"> Reductions to other programs would result in reduced maintenance of City facilities, reduced technology investments, reduced tree canopy investments, or reduced local support of the City's CDBG and HOME programs
Delay a decision until post budget adoption	<ul style="list-style-type: none"> Funding availabilities and options may be clearer post budget adoption A delayed decision may put private funds at risk

Notes:

- 1) Use of debt and project savings from debt-funded projects are not eligible to fund endowments
- 2) Use of Federal HOME and CDBG grant funding is not permitted by the Federal government

* See next page for list of Pay-As-You-Go Discretionary Programs

**Rental Assistance Program Funding Consideration
Pay-As-You-Go Discretionary Programs**

The list below shows current discretionary PAYGO programs and the proposed funding amounts for the FY2014 - FY2018 CIP. Funding for these programs is subject to City Council approval, and is not tied to any additional requirements or mandates, other than Council's CIP Program Policies (1).

PROJECT TITLE	FY14-FY18 5-YEAR TOTAL	COMMENT
Neighborhood Grants	\$ 1,625,000	Support for neighborhood organizations undertaking improvement projects
Innovative Housing	12,760,165	Supports discretionary housing assistance programs as shown on the following page
In Rem Remedy - Residential	2,750,000	Supports repair or elimination of deteriorated housing
Sidewalk and Curb Repairs	2,750,000	Maintenance and repair of existing sidewalks throughout City
Business Corridor Revitalization	10,000,000	Funds investments to support business corridor revitalization, expand tax base, and grow jobs
Environmental Services Program	6,000,000	Supports environmental cleanup of underground storage tanks, landfills, etc per federal regulations
Tree Trimming and Removal Program	7,000,000	Supports tree removal and tree banding to control cankerworms
Tree Replacement Program	3,500,000	Funds the replanting and replacement of removed trees
Building Maintenance	18,250,000	Maintenance for all City facilities except CMGC
Roof Replacement Program	7,500,000	Maintenance, leak repairs and replacement of over 100 roofs
Parking Lot/Deck Repairs	1,500,000	Maintenance and repair of City-owned parking decks and parking lots
CMGC and Plaza Maintenance	3,500,000	Maintenance and repair of CMGC facility and surrounding Plaza
Fire Station Renovations	2,000,000	Funds the renovation, updating, & structural modifications of fire stations
Landscape and Median Renovation	1,250,000	Funds roadway median renovation and other landscaping maintenance renovation
Technology Investments	10,000,000	Provides for continuing and stable investment in technology infrastructure
Solid Waste Admin Bldg HVAC Replacement	1,200,000	One-time funding to correct mechanical failures to the HVAC system at Solid Waste Administration
Blumenthal Seat Replacement	800,000	One-time funding to replace aging and structurally failing seats at Blumenthal
TOTAL PROPOSED EXPENDITURES	\$ 92,385,165	

(1) City Council CIP Program Policies include the goal to "Evaluate capital projects requests according to the following priorities":

- 1st priority: Maintenance and/or retrofitting of existing structures
- 2nd priority: Replacement of existing infrastructure
- 3rd priority: Expansion of existing infrastructure
- 4th priority: New infrastructure

**Neighborhood & Business Services
Innovative Housing Planned Uses FY14 - FY18
Discretionary Programs**

	FY14	FY15	FY16	FY17	FY18	FY14-18 Total
<u>Uses:</u>	<u>Innovative Housing</u>					
<u>HOUSING DEVELOPMENT:</u>						
Charlotte-Mecklenburg Housing Partnership	490,000	490,000	490,000	490,000	490,000	2,450,000
Down Payment Assistance (House Charlotte loans)	492,014	492,014	492,014	492,014	492,014	2,460,070
CMHP - House Charlotte Contract	57,750	57,750	57,750	57,750	57,750	288,750
	1,039,764	1,039,764	1,039,764	1,039,764	1,039,764	5,198,820

<u>HOUSING SUPPORT SERVICES:</u>						
Crisis Assistance Ministry Rental Assistance	200,000	200,000	200,000	200,000	200,000	1,000,000
Crisis Assistance Ministry Energy Assistance	180,000	180,000	180,000	180,000	180,000	900,000
Pre-Purchase Counseling	210,000	210,000	210,000	210,000	210,000	1,050,000
Postownership Counseling	240,000	240,000	240,000	240,000	240,000	1,200,000
Non-Profit Industries	35,000	35,000	35,000	35,000	35,000	175,000
	865,000	865,000	865,000	865,000	865,000	4,325,000

<u>PUBLIC SERVICES CONTRACTS:</u>						
Out of School Partners	598,570	598,570	598,570	598,570	598,570	2,992,850
Strengthening Families Program	48,699	48,699	48,699	48,699	48,699	243,495
	647,269	647,269	647,269	647,269	647,269	3,236,345
TOTAL	2,552,033	2,552,033	2,552,033	2,552,033	2,552,033	12,760,165

Pay-As-You-Go Schedule

<u>PROJECT TITLE</u>	<u>Revised FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>TOTAL</u>
Pay-As-You-Go Revenues							
Property Tax	\$ 9,860,583	10,551,366	10,656,880	10,763,449	10,924,901	11,088,774	53,985,370
Property Tax - Synthetic TIG	69,161	77,713	83,356	121,650	173,394	216,951	673,063
PAYG Fund - Interest Income	722,000	450,000	450,000	585,000	810,000	1,170,000	3,465,000
Sales Tax	12,232,500	13,220,000	13,814,900	14,367,496	14,942,196	15,539,884	71,884,476
Auto Tax	13,014,650	13,094,700	13,192,910	13,291,857	13,391,546	13,491,983	66,462,996
Vehicle Rental Tax *	6,961,887	7,308,000	7,600,320	7,904,333	8,220,506	8,549,326	39,582,485
Capital Fund Balance (FY2012)	18,016,318	506,894	423,308				930,202
Capital Fund Balance (FY2013)		552,112	636,835	1,475,744	110,871	383,354	3,158,916
Capital Reserve		394,752				348,840	743,592
Grant Program Income***	370,000	400,000	300,000	300,000	300,000	300,000	1,600,000
Sale of Land (Central Yard)					1,671,814	328,186	2,000,000
TOTAL REVENUES	\$ 61,247,099	46,555,537	47,158,509	48,809,529	50,545,227	51,417,298	244,486,099
EXPENDITURES							
Contribution to MTC (MOE) **	\$ 18,400,000	18,400,000	18,952,000	19,520,560	20,106,177	20,709,362	97,688,099
Contribution to Cultural	5,079,393	5,331,917	5,545,193	5,767,001	5,997,681	6,237,589	28,879,381
County/Towns Share	612,646	643,104	668,828	695,581	723,405	752,341	3,483,259
Road Planning/Design/ROW	1,269,848	1,332,979	1,386,298	1,441,750	1,499,420	1,559,397	7,219,845
Synthetic TIG Projects	62,247	64,820	68,224	96,671	180,580	210,165	620,459
Neighborhood Grants	200,000	325,000	325,000	325,000	325,000	325,000	1,625,000
Innovative Housing ***	4,233,108	4,699,747	4,304,995	4,304,995	4,304,995	4,304,995	21,919,727
HOME Grant Match ***	974,857	807,970	707,970	707,970	707,970	707,970	3,639,850
In Rem Remedy - Residential	550,000	550,000	550,000	550,000	550,000	550,000	2,750,000
Sidewalk and Curb Repairs	550,000	550,000	550,000	550,000	550,000	550,000	2,750,000
Streetcar Starter Project Operations				750,000	1,500,000	1,500,000	3,750,000
Business Corridor Revitalization	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Environmental Services Program	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	6,000,000
Tree Trimming and Removal Program	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	7,000,000
Tree Replacement Program	700,000	700,000	700,000	700,000	700,000	700,000	3,500,000
Building Maintenance	3,400,000	3,550,000	3,650,000	3,650,000	3,650,000	3,650,000	18,150,000
Roof Replacement Program	1,300,000	1,400,000	1,500,000	1,500,000	1,500,000	1,500,000	7,400,000
Parking Lot/Deck Repairs	300,000	300,000	300,000	300,000	300,000	300,000	1,500,000
Government Plaza Maintenance	650,000	650,000	700,000	700,000	700,000	700,000	3,450,000
Fire Station Renovations	400,000	400,000	400,000	400,000	400,000	400,000	2,000,000
Louise Ave Equipment Maintenance Shop	915,000						
Landscape and Median Renovation	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
Technology Investments	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	1,910,479	9,910,479
Enterprise Resource Planning (ERP)	14,800,000						
TOTAL EXPENDITURES	\$ 61,247,099	46,555,537	47,158,509	48,809,528	50,545,227	51,417,298	244,486,099

* Effective FY2007, Vehicle Rental Tax replaced portion of MOE support from Property/Sales Tax.

** Maintenance of Effort (MOE)

*** Includes annual program income (Innovative = \$100,000; HOME = \$300,000 in FY2013, \$200,000 in FY2014-FY2017)

Questions & Answers

Questions and Answers

March 20th Budget Workshop

Charlotte Mecklenburg Utility Budget

Question 1: What factors typically drive rate increases? What are the projections for future rate increases?

Rate increases are driven primarily by the capital program. The primary funding source for the capital program has been debt financing. Rate increases are needed to cover those debt payments and maintain debt coverage requirements to Utility revenue bond holders. Maintenance of debt coverage is important in order to maintain AAA bond rating, enabling CMUD to borrow at the lowest interest rates available, and thus lessening future rate increases. CMUD's long term financial plan calls for a decrease on the dependence of debt financing and increased pay-as-you-go financing to fund capital projects. As CMUD continues to transition to less debt financing, future rate increases should be less than recent historical rate increase trends.

Drought and decreased consumer consumption patterns also have a significant effect on rate increases. These issues were incorporated in the rate methodology study that was completed two years ago. The rate methodology study called for more of CMUD's revenue to be fixed. An increased fixed availability fee was approved by Council and implemented in FY2012. As a result of increasing the fixed rate, issues of drought and changes in customer behavior will have a much smaller impact on future rate increases.

Future rate increases in the ten year financial plan are projected to be less than 6% on an annual basis. The long term financial plan is reevaluated each year. An unexpected surge in consumption growth could force CMUD to borrow more than expected to meet infrastructure needs and result in increased debt service. Consumption is also monitored closely and a major unexpected decrease or increase in consumption could affect these projections as well.

Storm Water

Question 2: What is the frequency of reported sinkhole issues? What is the City's approach to sinkhole requests? What has been the staff level in Storm Water over the past 10 years?

Sinkholes

Sinkholes in the Charlotte area are typically created in two ways:

1. The first type of sinkhole is caused when a deficiency occurs within an existing storm drainage system creating a separated/failing joint in the pipe system or a crack or hole in the pipe or drainage structure. As the system receives runoff during a storm event, the water may loosen and remove surrounding dirt through the deficient joint, crack, or hole which over time will cause a sinkhole at the ground surface. If the pipe or structure that has the sinkhole receives runoff from a publicly maintained roadway, the sinkhole would qualify for Storm Water Services assistance.

2. A second type of sinkhole is caused from bury pits that are created when property is developed. Bury pits are generally holes that stumps, rocks or other construction debris are dumped into and then covered during grading operations. Over time, the stumps or other debris may break down and the ground may then settle causing a sinkhole. These sink holes do not qualify for Storm Water Services assistance.

On average, Storm Water Services receives approximately 110 qualifying requests for sinkholes annually. This is about 4% of all Storm Water Service requests received and 8% of the requests that qualify for service.

In an effort to manage all service requests fairly and chronologically, Storm Water Services uses a classification and prioritization system to perform efficient and effective drainage system maintenance and repairs. The classification categories are as follows:

- **A1 – Highest Priority:** Failing or collapsed City-maintained streets posing a threat to public safety. This category is represented by sinkholes that are in or very close to a roadway or house.
- **A – High Priority:** Street flooding, living space flooding, driveway flooding and sinkholes within 10 feet of a road or building posing a threat to public safety.
- **B – Medium Priority:** Crawlspace flooding, sinkholes farther than 10 feet from a road or building and HVAC flooding.
- **C – Low Priority:** General repair problems, including channel/ditch/stream erosion and debris buildup.

Staffing Levels

The chart below provides the staffing levels for Storm Water Services over the past 10 years. As shown in the chart, the number of FTE has fluctuated over the past 10 years as Storm Water Services has balanced high levels of operating and capital needs with mitigating annual rate increases as much as possible.

Fiscal Year	# of Positions	Notes
FY2004	77	
FY2005	84	7 positions were added to implement a local stream restoration/impact mitigation program, meet the Clean Water Act requirements, maintain compliance with the National Pollution Discharge Elimination System Permit, and to continue to eliminate the backlog of service requests.
FY2006	92	In FY2006, Storm Water had 17 vacant positions. To effectively
FY2007	85	manage its operating and capital budgets, Storm Water eliminated 12
FY2008	80	positions over a two year period.
FY2009	86	6 positions were added for inspection of storm water work by third party contractors, system-wide inventory of the drainage infrastructure, and landscape inspection of drainage work performed on private and public properties.
FY2010	83	3 positions were eliminated to adjust resources needed to implement the storm water capital program.
FY2011	84	1 position was added to respond to increased workloads associated with flood control projects.
FY2012	84	N/A
FY2013	95	Beginning in FY09, qualified service requests began increasing faster than staff could address. In FY13, 11 positions were added to help with backlogs (8 of the 11 positions were transferred from Engineering & Property Management and the remaining 3 positions were new).

Other questions from Council members asked after the March 20th Budget Workshop

Question 3: In the current fiscal year (FY2013) how much funding has/will the City receive in CDBG and HOME grants? How much is the City’s match for these grants and where is the City’s match budgeted? What programs are funded with the FY13 CDBG and HOME allocations?

FY2013				
Grant Type	Amount Awarded to City	Required City Match	City Match Source	Programs funded
CDBG	\$4,416,652	None	N/A	Neighborhood Revitalization, Charlotte-Mecklenburg Housing Partnership for Affordable Housing, Emergency Temporary Housing Program, Afterschool Programs, and Administration and Program Delivery Costs
HOME	\$2,031,879	25% = \$507,970	General CIP (PAYGO)	Tenant Based Rental Assistance, HOME Consortium Projects, Community Housing Development Organization Housing Projects, House Charlotte Down Payment Assistance, and Charlotte-Mecklenburg Housing Partnership Contract to administer the House Charlotte Program

Question 4: What have been the fiscal year-end operating savings and associated year-end fund balances for FY2011 and FY2012 for University City Partners (UCP) and Charlotte Center City Partners (CCCP)? For what purpose(s) are fund balance reserves maintained by UCP and CCCP?

The chart on the following page provides prior two-year, year-end operating savings and fund balances, as well as the purposes of those fund balance reserves.

Municipal Service Districts:	University City Partners (UCP)	Charlotte Center City Partners (CCCP)
FY2011 Operating Savings:	(\$84,234)	\$0
FY2011 Fund Balance:	\$358,785.71 ¹	\$899,061 ²
FY2012 Operating Savings:	(\$42,674)	\$264,830.30 ³
FY2012 Fund Balance:	\$327,872.95 ¹	\$893,751 ²
Fund Balance Reserves Policy Range:	\$115,000 - \$150,000	\$900,000 - \$1,000,000
Purposes for Fund Balance Reserves:	<ul style="list-style-type: none"> • To establish a Capital Reserve Fund per UCP Board discussions • To cover expenses between July 1st and when the first City check is received • To anticipate any changes from property re-evaluation • To anticipate potential shortfalls in final revenue allocation • To offset expensive projects that begin in one fiscal year and expand into the second fiscal year • For economic development marketing and research for expansion projects, such as expanding to include the University Research Park • For needed enhancements, such as lighting, area identification, signage, and other infrastructure improvements 	<p>Approximately \$325,000 is held to meet CCCP's reserve obligation to the City.</p> <p>The remaining balance is reserved for Board directed investments in projects, such as:</p> <ul style="list-style-type: none"> • The 2020 Vision Plan • \$264,830.30 earmarked as part of \$280,041.90 contractual funding commitment to construction of the Knights baseball stadium

¹UCP experienced several project delays during both FY2011 and FY2012, which produced UCP's largest year-end surpluses in FY2011 and FY2012.

²CCCP carries a reserve account that was created through a gift from Bank of America in 1996, which is a Board directed account.

³\$264,830.30 earmarked as part of \$280,041.90 contractual funding commitment to construction of the Knights baseball stadium