AGENDA

Meeting Type:	SPECIAL
Date.	03/17/1998
	BUDGET RETREAT

City of Charlotte, City Clerk's Office

City of Charlotte
FY99 Budget Half-day Retreat

March 17, 1998
3·00 p m - 6 00 p m
Room 267

3 00 p m	Financial Partners Overview - Financial Partners Overview - Joint Marketing of the Charlotte Convention Center	 Curt Walton Keith Haywood - CCVB Frank McPherson - HTA Stan Vaughn - Coliseum Authority
4 00 p m	City Technology Update	Susan Johnson
5 00 p m	Employee Compensation - FY99 Pay Recommendations - Police Recruitment and Compensation	 Bill Wilder/Ken Wallace Bill Wilder/Jack Boger
6 00 p m	Adjourn	

FY99 Budget Half-day Retreat
March 17, 1998

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Financial Partners

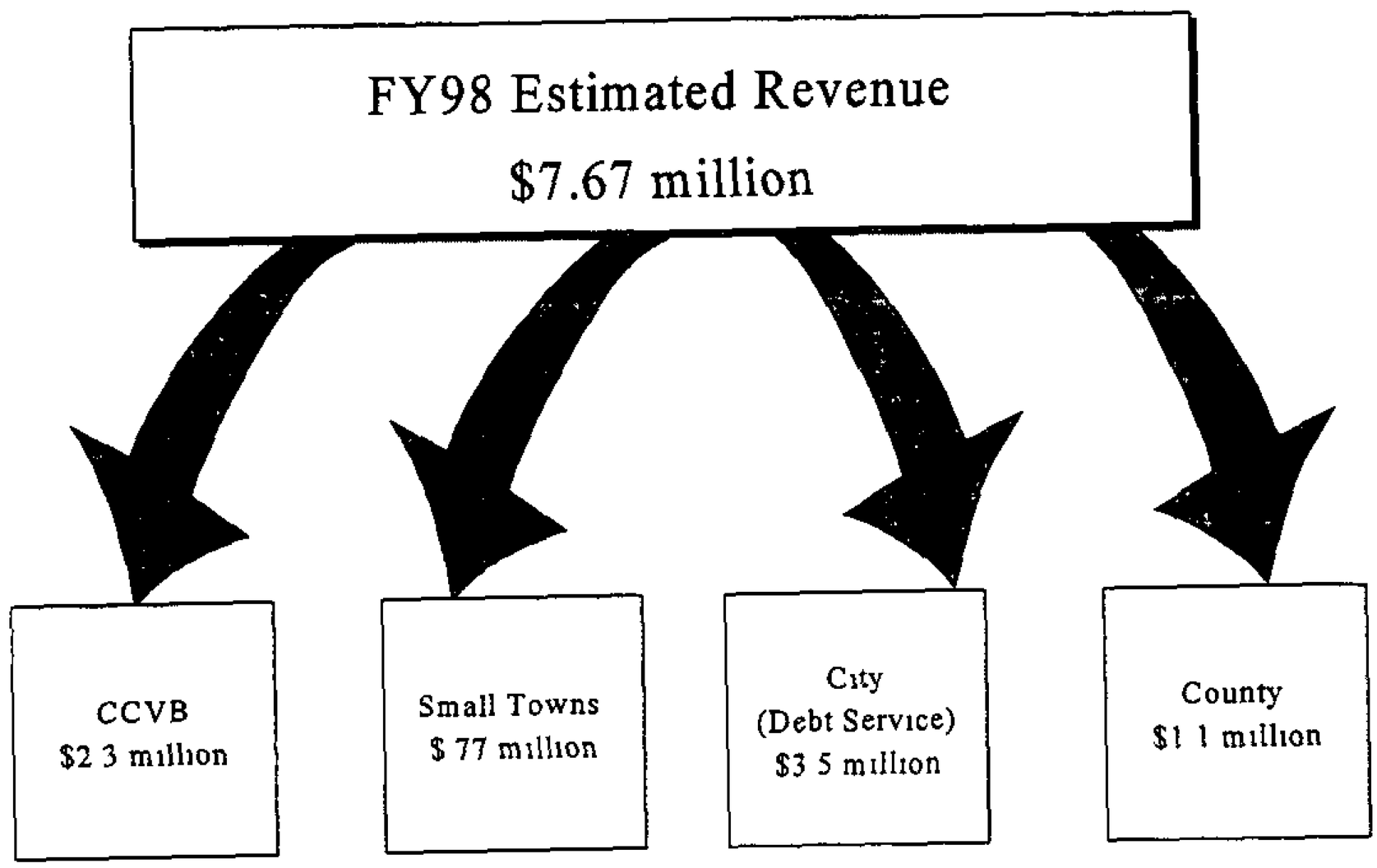
The financial partners presentation will include a review of the Financial Partners Companion Book distributed with your material This information includes a summary of all of the City's financial partners, the accountabilities City Council has established that all partners must meet, and the performance monitoring process with which the partners must comply

The presentation will also include a brief review of the Charlotte Convention and Visitors Bureau (CCVB), its primary funding source, and the contract between CCVB and the City Following the presentation, staff would like direction from Council on the following question

> **Does Council wish to change its current policy for the portion of the 1st 3% of the Occupancy Tax which is currently dedicated to CCVB?**

On the following page is a distribution of the 1st 3% of the Occupancy Tax

City of Charlotte
Estimate of FY98
Original Occupancy Tax Distribution



50% First Million

35% Second Million

25% Above $2 million

120% Actual Collections

72 62% of Remaining Distribution

27 38% of Remaining Distribution

Convention Center Marketing

The purpose of this presentation is to address the following questions

Why should we not have one group marketing the Convention Center?

What are the complaints from the hospitality industry and how are they being addressed?

These questions were raised by City Council late last fall when the Coliseum/Convention Center/Auditorium Authority and the Convention and Visitors Bureau made a presentation on the joint marketing agreement for the Convention Center The Board Chairs from CCVB, the Hospitality and Tourism Alliance and the Coliseum Authority will be addressing these two questions

City of Charlotte
Technology Update
March 17, 1998

Technology Investment Status

- Today's presentation
  - Process
  - Priorities
  - Business Cases
  - Funding Recommendation

Technology Funds Allocation Process

- IT Investment Review Team
  - Manager's Office and 5 Key Business Executives
- Charter: provide city wide coordination of information technology initiatives, policies and investments.

Funding Plan

FY97	FY98	FY99*
$5.0m	$5.0m	$5.0m

*included in budget tentatively approved by Council 6/97.

Technology Funds Allocation Process

- Multiple steps in process
  - identify all technology related projects
  - identify technology funding resources
  - prioritize projects
  - allocation of available resources
  - prioritization of upcoming technology needs

Technology Priorities

Top Priorities

- Year 2000
- Computer Infrastructure
- Neighborhood Based Problem Solving

High Priorities

- Human Resources Management System
- Fire Computer Aided Dispatch and Records

Year 2000 Project

Project Scope: 4,500 programs/2.5m lines of code

Project Plan	Target	Status
- Conduct Inventory	- 2/11/98	-complete
- Issue RFP for Code Fixes	- 4/98	-pending
- Council aware of contract	- 5/98	-$4.5m
- Year 2000 Fix Goal	- 6/99	-internal staff

Computer Infrastructure Project

- Network Analysis
  - $2m in lost staff time due to down time last year
  - city wiring needs to be replaced
- Network Server Study
  - replace all core servers with Windows NT technology- adopt open standards
- Baseline Performance
  - New infrastructure can reduce cost of ownership by 30%

Computer Infrastructure Project, con't

- What the City can expect

  better access to customer service systems

  network reliability and speed

  computer disaster recovery plan

  service contracts with performance guarantees

  Intranet opportunities

  ongoing monitoring and planning

Funding Allocation Recommendation

Project	FY99 Needs
Computer Infrastructure	$ 3.0m
Year 2000	$ 4.5m
Requested:	$7.5M

FY99 Pay Recommendations
Executive Summary

PAY RECOMMENDATIONS

Broadbanding Pay Plan

- Recommend 4 2% total increase budgets for Key Business Units This increase is based on 1998 projected market movement in Charlotte, the Southeast and the nation This 4 2% increase budget will be segmented into

  - 3 7% merit increase budget

  - 0 5% career development increase budget This increase over the 0 3% budget for FY98 is needed, in part, to deal with recruitment and retention difficulties in labor and trades jobs

- FY99 Merit Increase Guidelines

  Merit increases will range from 0% to 8% based on market position and performance, any merit increase above 8% requires City Manager approval Total increases in each business unit cannot average more than 4 2% Increases may be awarded as base pay or lump sums

- Recommend 3% increase to minimum and maximum rates in the Broadbanding pay structure This is only a structural change and no employees will receive an increase due to this change

Public Safety Pay Plan

- It is recommended that full funding for all steps in the Public Safety Pay Plan be continued Employees who have not yet reached the top step of their pay range will receive a 5% step increase at the time of their merit increase

  No structural adjustment is recommended for the Public Safety Pay Plan based on market data collected for police and fire employees in other cities surveyed This decision is consistent with the provisions of the Public Safety Pay Plan that market adjustments would generally occur only during the first year of the two-year budget cycle These structures were adjusted by 4% for FY98

  The Human Resources Department is currently working with Police management to assess recruitment concerns for Police Officers and pay implications related to this issue and will come back to City Council with any recommended changes later in the budget process

FY99 Pay Recommendations

The FY99 pay recommendations are based on local, regional and national compensation trend data A review of national and regional compensation trends and projections indicates that merit budgets for 1998 will average 4 0-4 2%% Eighty-four Charlotte area employers responding to an annual compensation planning survey conducted by The Employer's Association reported 1998 increase budgets slightly above the national average, with increases averaging 4 1% for hourly nonexempt employees and 4 4% for exempt employees A total increase budget of 4 2% is recommended for FY99

Broadbanding Pay Plan

The City's Broadbanding Pay Plan covers all City employees with the exception of non-managerial Police and Fire employees In this plan, pay increases are based on the employee's performance and relation to market Increases may be made as base pay or as lump sums

Based on compensation trend data and market data on individual job classes, it is recommended that a 4 2% total increase budget for positions in the Broadbanding Pay Plan be approved for FY99 This will provide a 3 7% merit budget and 0 5% career development budget The career development budget will be used for promotions, to recognize increased job responsibilities and acquisition of additional skills, and to make equity or market adjustments

The recommendation for a 0 5% career development budget exceeds our 0 3% career development budget for FY98 This increase is critically needed to help us deal with recruitment and retention of labor and trades employees due to the boom economy and building frenzy in the Charlotte area The Human Resources Department is working actively with Budget and Evaluation and Key Business Units to address these difficulties and will be proposing additional measures to help ameliorate the problem Any additional funds needed for this purpose can be accommodated within the original salary budget funds approved for the second year of the budget cycle (FY99)

Based on average range structure adjustments being made by other employers, a 3% increase is recommended in the current band minimum and maximum rates in the Broadbanding pay structure The only impact of this recommendation will be to change the minimum and maximum rates in our six bands, no employees will receive an increase as the result of this recommendation

Merit Increase Guidelines (Broadbanding Pay Plan)

It is recommended the Merit Increase Guidelines of 0% to 8% be continued for FY99 Key Business Executives may grant merit increases of 0% to 8%, but will be held accountable for ensuring that total increases do not exceed 4 2% Pay decisions will be based on an employee's level of performance and on comparison of current salary to the market rate for their specific job Any increases above 8% must be approved by the City Manager

Public Safety Pay Plan

It is recommended that full funding for all steps in the Public Safety Pay Plan be continued Employees who have not yet reached the top step of their pay range will receive a 5% step increase at the time of their merit increase

No structural adjustment is recommended for the Public Safety Pay Plan based on market data collected for police and fire employees in other cities surveyed This decision is consistent with the provisions of the Public Safety Pay Plan that market adjustments would generally occur only during the first year of the two-year budget cycle These structures were adjusted by 4% for FY98

The Human Resources Department is currently working with Police management to assess recruitment needs for officers and pay implications related to this issue

Attachments

The following attachments support the pay recommendations or provide related information

Attachment A - **Projected 1998 Market Movement**
An overview of 1998 compensation trend data, including data from major national compensation consulting firms, as well as information on the Consumer Price Index

Attachment B - **Cities Surveyed in the Charlotte Human Resources Department's Police/Fire Survey (December 1997)**
Includes Southeastern cities over 100,000 population and national cities between 175,000-1 million population

Attachment C - **Police Pay Data - 1998 - Range Minimums**
A graphical comparison of median pay range minimums from the Charlotte Human Resources Department's Police/Fire Survey

Attachment D - **Police Pay Data - 1998 - Range Maximums**
A graphical comparison of median pay range maximums from our Police/Fire Survey

Attachment E - **Police Pay Data - 1998 - Average Actual Pay Rates**
A graphical comparison of median average actual pay rates from our Police/Fire Survey

Attachment F - **Non-Supervisory Police Officer Pay Data - 1998**
A graphical comparison of median range minimums, maximums and average actual pay rates for non-supervisory Police Officers from our Police/Fire Survey Includes respondent data for recruit level (minimums) to highest level of non-supervisory officer, including Master

and Senior Police Officer ranks and Detectives (maximums) Average is based on all non-supervisory officers in the responding city

Attachment G - **Comparison of Regional and National Police Data to Charlotte**
A spreadsheet comparison of median range minimums, maximums and average actual rates to Charlotte (shown as a percentage) A percentage above 100% indicates that Charlotte is higher than the median in our survey

Attachment H - **Police Pay Comparisons by City Size (Regional Cities)**
A spreadsheet comparison from our survey of median range minimums, maximums and average actual rates by city size for cities in the Southeast Population data is based on 1990 Census

Attachment I - **Police Pay Comparisons by City Size**
A spreadsheet comparison of median range minimums, maximums and average actual rates by city size for all cities responding to our survey Population data is based on 1990 Census

Attachment J - **Average salary of Non-Supervisory City of Charlotte Police Officers by Years of Experience**
A graphical comparison of average salaries of Charlotte Police Officers between 0-10 years of experience

Attachments K & L - **Key Points of Fact** and **Recruitment Strategies**
Materials presented by the Charlotte-Mecklenburg Police Department to the City Council Budget Committee on March 2, 1998 The Key Points of Fact document includes total turnover for all sworn positions in the department in 1997, current allocations for all sworn positions, application rates for entry level officers during 1996 and 1997, and the proposed recruit class schedule for 1998 The Recruitment Strategies document includes strategies under consideration to cope with the reduction in application rates for entry level officers

Projected 1998 Market Movement

Type of Increase	Data Source	Scope	No of Orgs	Execs	Exempts	Salaried NonEx	Hourly NonEx
Total Increase	Amer Compensation Assn	U S	2800+	4 4%	4 3%	4 2%	4 0%
		South	631	4 4%	4 2%	4 1%	4 0%
		Government	45	4 6%	4 2%	4 3%	4 0%
	Hewitt Associates	U S	1030	4 3%	4 1%	4 0%	3 8%
		Government	8	4 1%	4 0%	4 0%	3 6%
		South	149	4 3%	4 1%	4 0%	3 8%
	William M Mercer Inc	U S	1600+	4 3%	4 2%	4 1%	4 1%
	The Employer s Association	Charlotte	84	4 35%	4 44%	4 25%	4 10%
Merit Budgets	Amer Compensation Assn	U S	2062	4 3%	4 1%	4 0%	3 9%
		South	601	4 3%	4 1%	4 0%	3 9%
		Government	34	3 4%	2 8%	3 0%	2 9%
	Coopers & Lybrand	U S	688	4 2%	4 0%	3 9%	3 9%
		Fortune 500	60	4 2%	3 9%	3 8%	3 8%
		Southeast	116	4 1%	4 0%	4 0%	3 9%
		Government	23	3 1%	3 1%	3 1%	3 1%
	Hewitt Associates	U S	832	4 2%	4 0%	3 9%	3 7%
Structure	Amer Compensation Assn	U S	1624	2 7%	2 8%	2 7%	2 6%
		South	471	2 8%	2 9%	2 8%	2 5%
		Government	43	2 7%	2 7%	2 5%	2 6%
	Coopers & Lybrand	U S	688	3 1%	3 0%	2 9%	2 9%
		Fortune 500	60	3 1%	3 2%	3 0%	3 0%
		Government	23	2 8%	2 9%	2 8%	2 8%
	Hewitt Associates	U S	846	2 9%	2 9%	2 8%	2 7%
		South	125	2 8%	2 9%	2 8%	2 7%
	William M Mercer Inc	U S	1600+	3 0%	3 0%	2 9%	2 9%

Consumer Price Index

During the period 1989 through 1998 (estimated) pay increase budgets nationally have averaged 4 7% the Consumer Price Index-Urban (CPI U) during this ten year period has averaged 3 6%

CPI*	U S	All Urban Consumers	1 6%
		Wage Earners	1 3%
	South	All Urban Consumers	1 2%
		Wage Earners	1 0%

* Data for period Jan 1997 Jan 1998

Attachment B

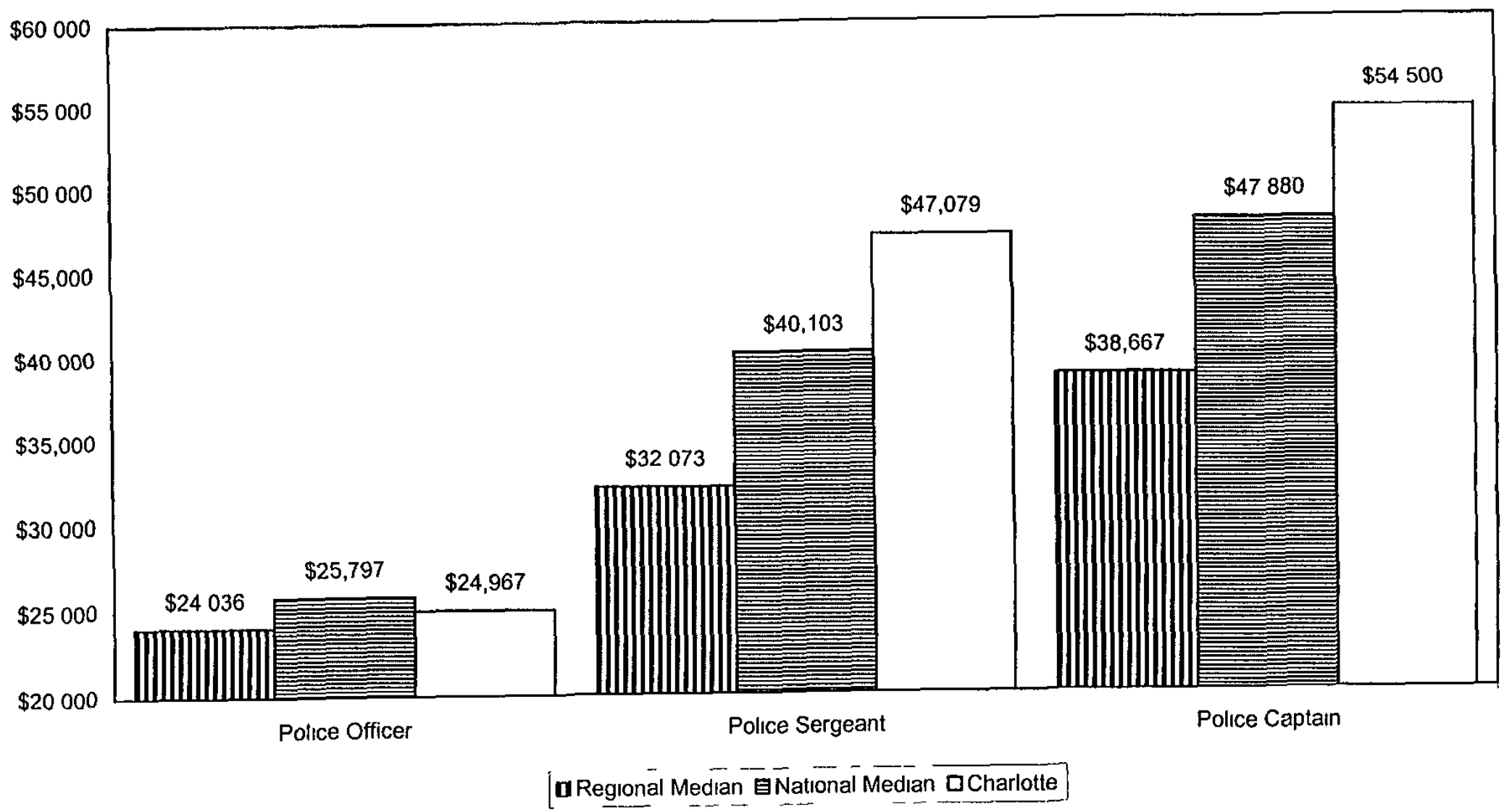
Cities Surveyed in the Charlotte Human Resources Department's Police/Fire Survey (December 1997)

Akron
Albuquerque
Arlington
Atlanta *
Aurora *
Austin *
Bakersfield
Baton Rouge
Birmingham
Buffalo *
Chattanooga
Chesapeake
Cincinnati
Cleveland *
Colorado Springs *
Columbia *
Columbus, GA
Columbus, OH
Corpus Christi *
Dayton
Denver
Des Moines
Durham
El Paso *
Fort Worth
Fresno
Ft Lauderdale *
Garland *
Grand Rapids
Greensboro
Hampton *
Hollywood
Huntsville
Indianapolis
Jackson
Jacksonville
Kansas City
Knoxville
Las Vegas
Lexington
Lincoln *
Little Rock *
Louisville
Lubbock
Macon *
Memphis
Mesa
Miami
Milwaukee *
Minneapolis *
Mobile
Montgomery
Nashville
New Orleans
Newport News
Norfolk
Oklahoma City
Omaha
Orlando
Phoenix
Pittsburgh
Portland
Portsmouth
Raleigh
Richmond
Roanoke
Rochester
Sacramento
San Antonio
Savannah
Seattle
Shreveport
Spokane *
St Louis
St Paul *
St Petersburg
Tacoma
Tallahassee
Tampa *
Toledo
Tucson
Tulsa
Virginia Beach
Wichita
Winston Salem

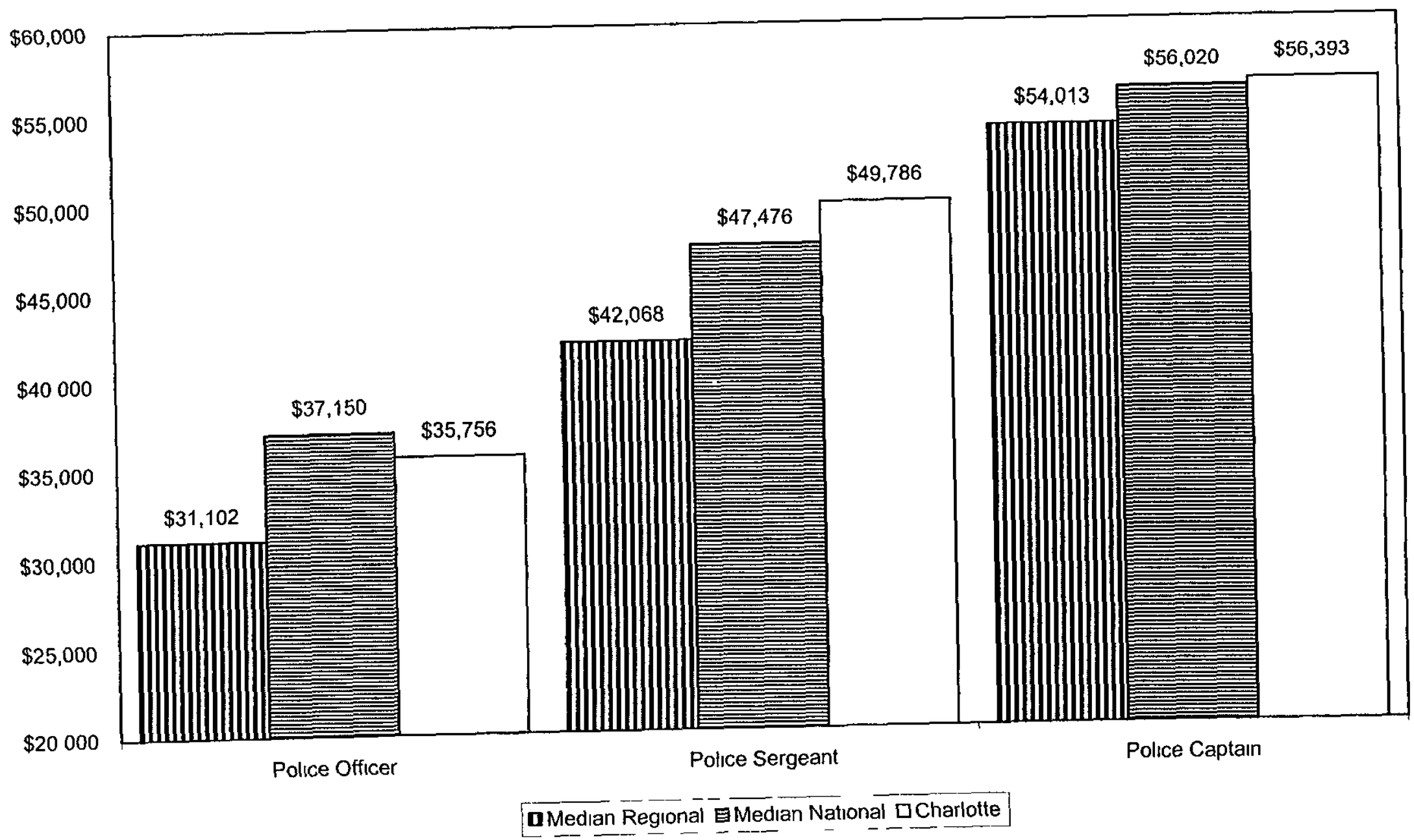
** Did not respond to survey*

Attachment C

Police Pay Data - 1998
Range Minimums

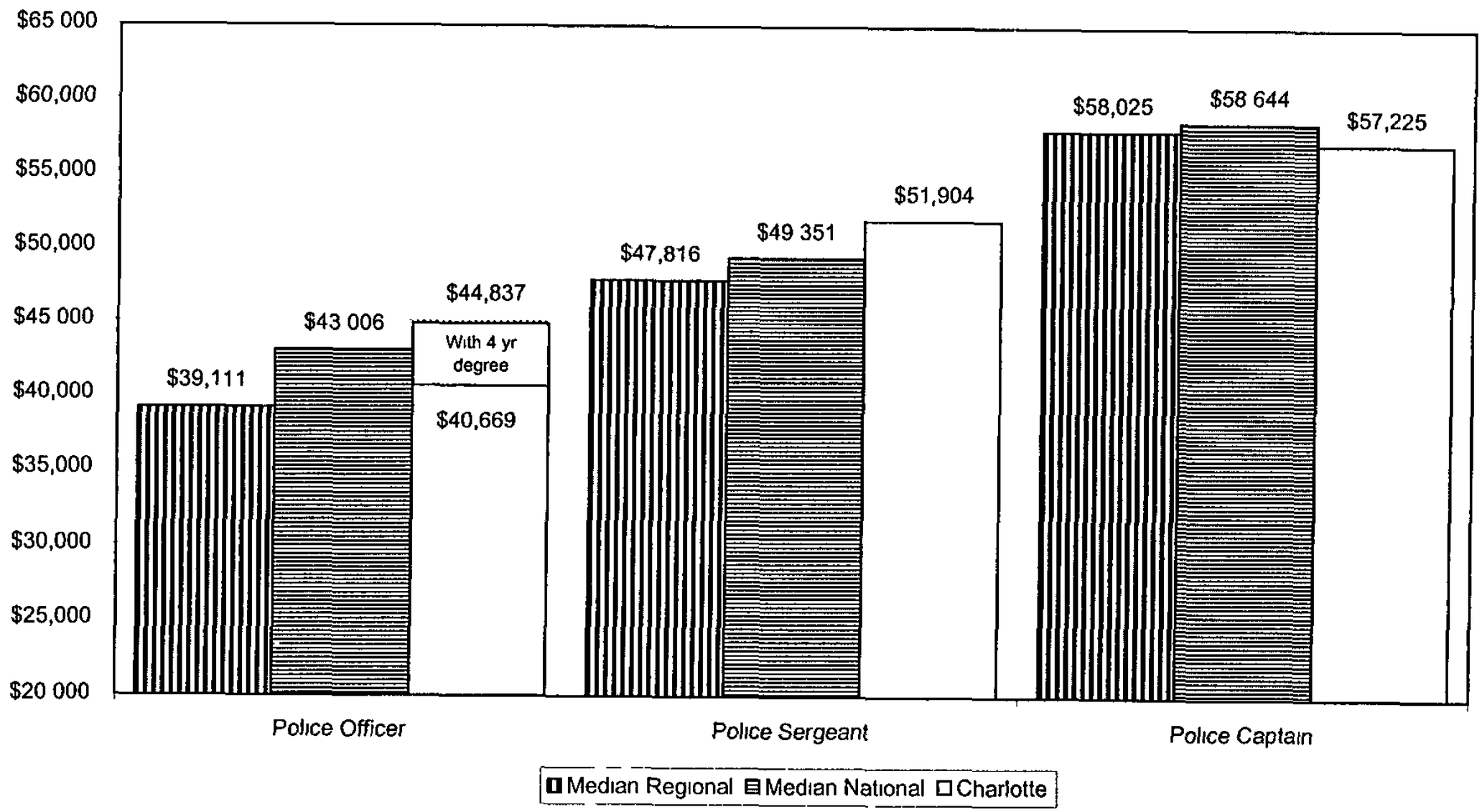


Attachment E



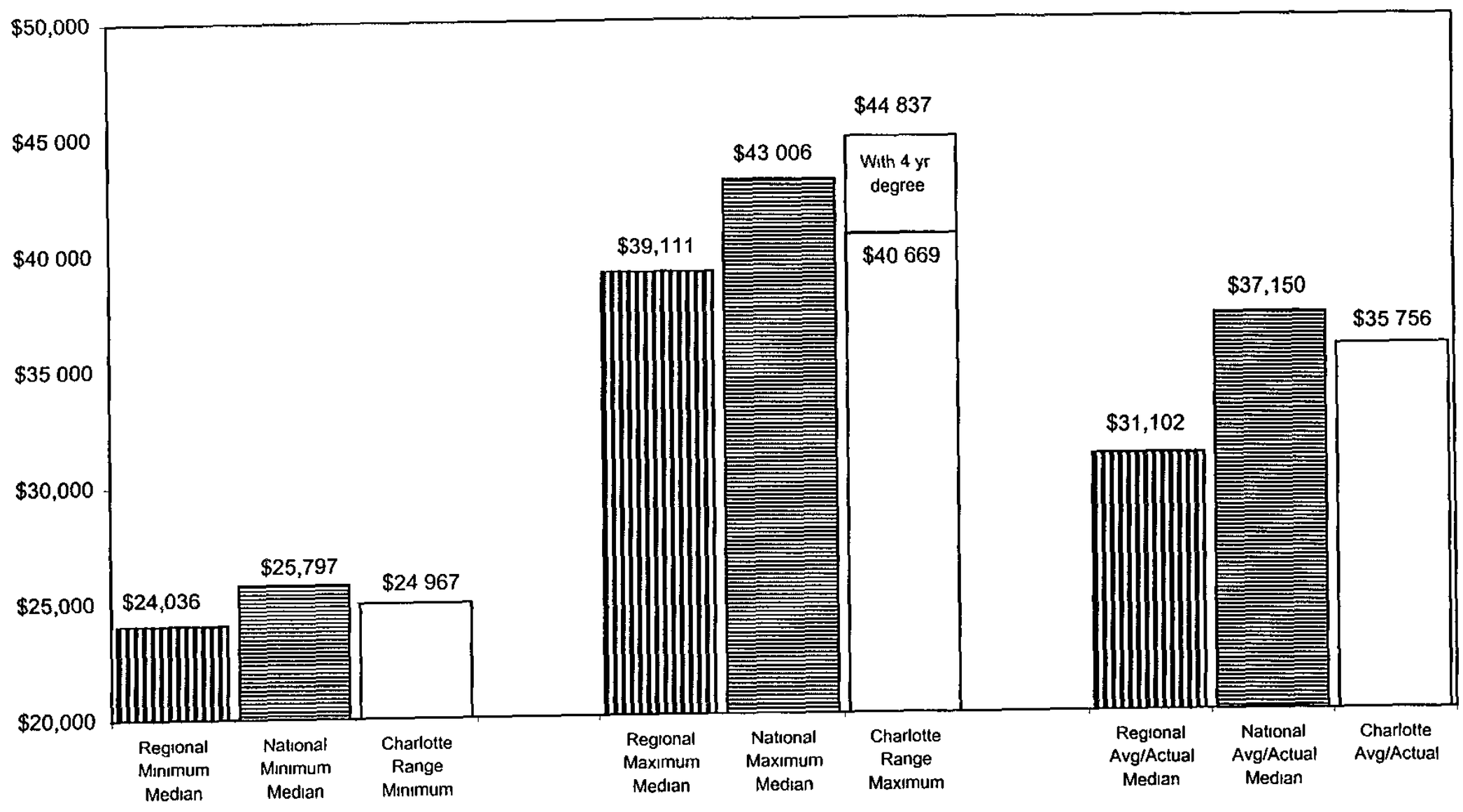
Attachment D

Police Pay Data - 1998
Range Maximums



Attachment F

Non-Supervisory Police Officer Pay Data 1998



Survey respondents are asked to include data for all non supervisory police officers including Senior and Master Police Officers and Detectives

Attachment G

Comparison of Regional and National Police Data to Charlotte

	Regional Median Minimum	National Median Minimum	Regional Median Maximum	National Median Maximum	Regional Median Avg/Actual	National Median Avg/Actual
Police Officer	$24,036	$25 797	$39 111	$43 006	$31,102	$37 150
Police Sergeant	$32 073	$40,103	$47 816	$49 351	$42,068	$47,476
Police Captain	$38 667	$47 880	$58 025	$58 644	$54,013	$56 020

	Regional Minimums to Charlotte	National Minimums to Charlotte	Regional Maximums to Charlotte	National Maximums to Charlotte	Regional Avg Actuals to Charlotte	National Avg Actuals to Charlotte
Police Officer	103 9%	96 8%	104 0%	94 6%	115 0%	96 2%
Police Sergeant	146 8%	117 4%	108 5%	105 2%	118 3%	104 9%
Police Captain	140 9%	113 8%	98 6%	97 6%	104 4%	100 7%

Attachment H

Police Pay Comparisons by City Size (Regional Cities)

Median Range Minimums

	Cities 100K + Pop	Cities 200K + Pop	Cities 250K + Pop	Cities 350K + Pop	Cities 500K + Pop
Police Officer	$24,036	$23 414	$24 264	$25 472	$24 675
Police Sergeant	$32 073	$33 768	$33 768	$36 715	$39 871
Police Captain	$38 667	$40 235	$40 664	$44 190	$50 420
Police Major	$46 188	$47 069	$47 562	$54 627	$58 902
Deputy Police Chief	$54 759	$56 576	$55 337	$59 580	$59 580
Police Chief	$64 148	$68 621	$69 919	$74 861	-----

Median Range Maximums

	Cities 100K + Pop	Cities 200K + Pop	Cities 250K + Pop	Cities 350K + Pop	Cities 500K + Pop
Police Officer	$39 111	$39 027	$39 027	$39 077	$40 512
Police Sergeant	$47,816	$45 427	$45,196	$45 196	$44 609
Police Captain	$58 025	$55 900	$55 866	$58 747	$58 747
Police Major	$68,952	$68 952	$69 573	$71 343	$69 849
Deputy Police Chief	$80,721	$81 612	$82 736	$82 639	$82 471
Police Chief	$97,091	$98 590	$102 932	$102 932	-----

Median Average Actual Pay

	Cities 100K + Pop	Cities 200K + Pop	Cities 250K + Pop	Cities 350K + Pop	Cities 500K + Pop
Police Officer	$31 102	$33 377	$33 377	$33 853	$34 354
Police Sergeant	$42,068	$42 200	$42 200	$44 879	$42 200
Police Captain	$54 013	$54 013	$54 013	$55 007	$54 013
Police Major	$62 226	$61 138	$60 566	$63 281	$62,741
Deputy Police Chief	$72 386	$75 436	$76 301	$77 166	$77 166
Police Chief	$91,263	$91,263	$91 831	$96 590	$89 805

Attachment I

Police Pay Comparisons by City Size

Median Range Minimums

	Cities 250K + Pop	Cities 300K + Pop	Cities 350K + Pop	Cities 400K + Pop	Cities 500K + Pop
Police Officer	$26,032	$26 032	$25 797	$25 471	$26,268
Police Sergeant	$43 701	$43,701	$43 589	$45 348	$45,348
Police Captain	$53,403	$53 403	$53 396	$52 395	$53 448
Police Major	$58,989	$59 977	$58 986	$57 996	$61,440
Deputy Police Chief	$65 367	$67,200	$66 456	$69 720	$65,712
Police Chief	$74 012	$75 702	$76 543	$74,861	$74 012

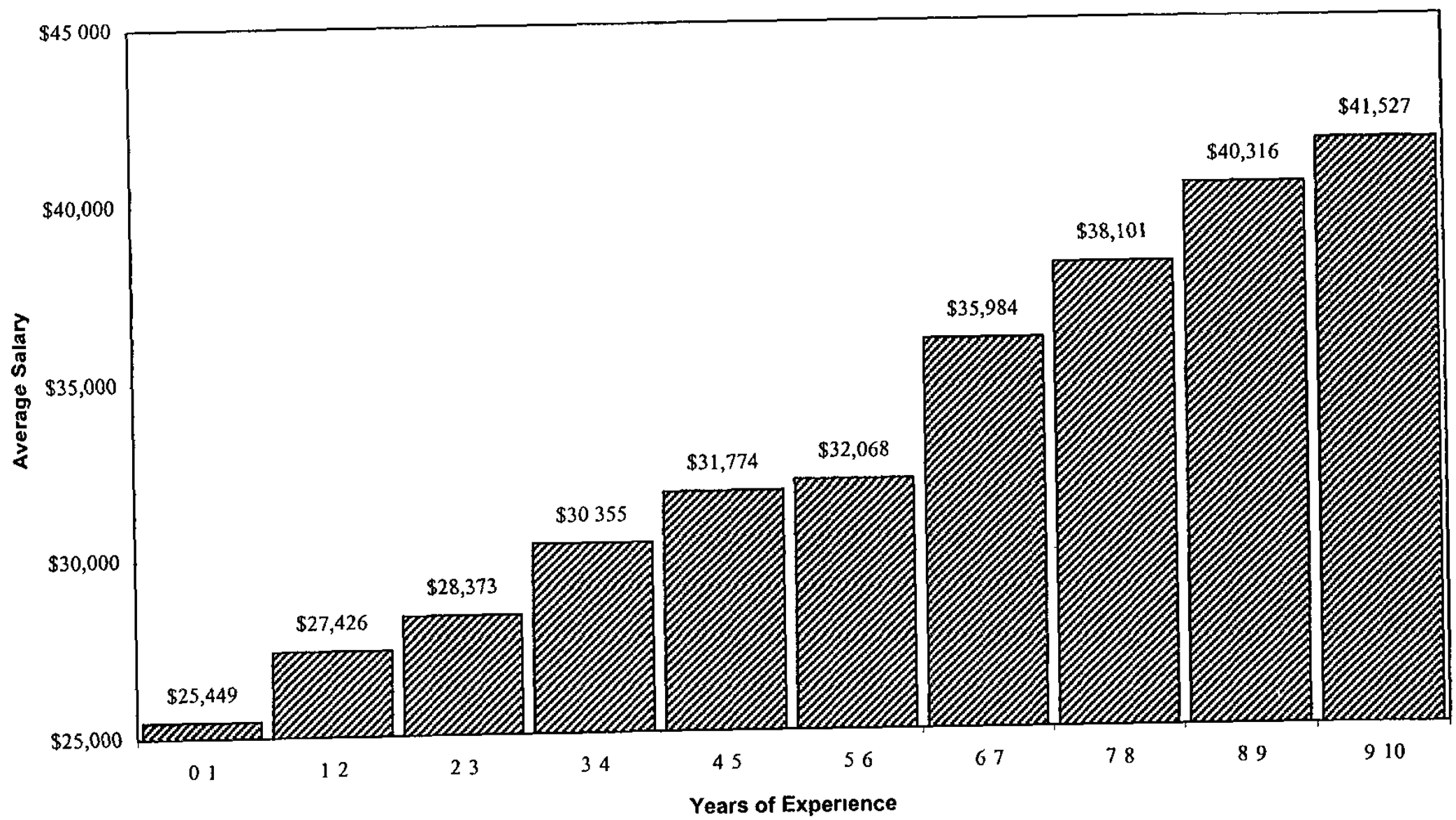
Median Range Maximums

	Cities 250K + Pop	Cities 300K + Pop	Cities 350K + Pop	Cities 400K + Pop	Cities 500K + Pop
Police Officer	$44 189	$44,522	$44 848	$45 996	$43 329
Police Sergeant	$50 588	$50,195	$49,316	$53 435	$50,477
Police Captain	$58 859	$59,508	$63 045	$63 316	$60,896
Police Major	$69,950	$70,052	$71 521	$73 104	$73 104
Deputy Police Chief	$83,178	$82,471	$82 543	$84 519	$84,608
Police Chief	$102 925	$101,650	$102 928	$103 262	$105,360

Median Average Actual Pay

	Cities 250K + Pop	Cities 300K + Pop	Cities 350K + Pop	Cities 400K + Pop	Cities 500K + Pop
Police Officer	$39 509	$39 597	$39 558	$39 530	$39 530
Police Sergeant	$49 513	$49 485	$48 521	$52 879	$53 036
Police Captain	$57,456	$57 735	$57 456	$61 425	$61,580
Police Major	$64,572	$65 181	$64 876	$68 633	$69,514
Deputy Police Chief	$76,388	$77,166	$77 446	$81 301	$82,337
Police Chief	$97,739	$97,739	$99 224	$99 372	$100,261

Average Salary of Non-Supervisory City of Charlotte Police Officers by Years of Experience



KEY POINTS OF FACT

1997 Total Separations:	**72**	**6 %**
Retirements.	24	2 %
Involuntary:	7	.6 %
Voluntary·	41	3.4 %
(Average tenure 29 months)		
Resigned to join other law enforcement organizations	16	1.3 %

Current Sworn Allocations:	**1386**	
Current Vacancies:	**136**	**9.8 %**
New Allocations Received in 1997	103	75.7 % of current vacancies

Application Rates:	**1996**	**1997**
Submitted·	898	739
Percentage Change	-	18 %
Total Hired.	85	40
Percentage Hired	9 5 %	5.4%

1998 Recruit Class Schedule

January May August November

Attachment L

RECRUITMENT STRATEGIES

1 Strengthen partnerships with colleges and universities, especially through the use of police officer alumni from targeted institutions, with an emphasis on minority institutions and minority candidates

2 Improve contacts with the military to target qualified candidates

3. Increase the use of academic internships

4. Implement an early hire program for fully qualified applicants

5 Increase the use of the Uptown Guide program

6. Implement an incentive program for officers who recruit and mentor qualified applicants

7 Establish initiatives in area high schools to identify and mentor prospective candidates

8 Implement a lateral entry hiring program

9 Increase the emphasis on regional recruitment and hiring

10 Implement a recruitment steering/management committee

11 Design and implement a comprehensive marketing plan to attract qualified applicants

FY99 Preliminary Recommendations
Employee Benefits

Medical Insurance

In September 1993 the City implemented a Point-of-Service managed health care plan for employees In December 1996 two Health Maintenance Organizations were added Both the City and its employees have experienced cost savings through these plans, and there have been **no medical insurance premium changes since 1993.** Due to projected health care inflation, it is anticipated that a moderate increase in medical insurance rates will be recommended for FY99 Again, while the City has continued to provided appropriate levels of benefits, this will be the first time in approximately five years that there has been an increase to the medical insurance rates Actuarial analyses are currently being conducted to determine the exact rates for FY99, but it is anticipated that the percentage increase will be in the 6% - 9% range

Dental Insurance

Based on projected increases in dental care costs, it is anticipated that a moderate premium increase of 6% - 9% will be recommended for FY99

Life Insurance

There will be no change to group life insurance rates for FY99

Stop-Loss Insurance, Short-Term Disability Insurance, Long-Term Disability Insurance

The City purchases stop-loss insurance to cover the costs if a individual's medical claims exceed $200,000 in a year The City also purchases short-term and long-term disability insurances for its employees It is not known at this point whether there will be any changes in premiums for these coverages, but any increases in premiums are anticipated to be minimal

Questions and Answers

Council's questions from the previous half-day budget retreat are answered below and in the attached materials

Q1. What was the impact on the number of positions in the FY98 Water and Sewer Utilities Budget from Optimization?

Optimization of the lessons learned from Utility Department's competition successes at the Vest and Irwin Creek Treatment Plants resulted in the reduction of 35 positions from Utilities' FY98 Budget However, 9 new positions were added in FY98 for various needs including increased system protection requirements of the EPA and the Safe Drinking Water Act, operation of new and expanded plant facilities that came on line in FY98, and additional customer demands for meter reading The net change to positions in the Utilities Department in FY98 was a reduction of 26 positions

Q2. How is property that is designated within a "flood plain" treated in property valuations?

Flood plain property is valued differently for different characteristics Lots considered to be single family- building lots where a portion of the lot lies within a flood plain are appraised and valued based on the overall value of the lot as a single unit Larger tracts of land that are not single family-construction sites are divided as to their "flood plain" and "non-flood plain" status The flood plain land is valued at 10-to-20% of the non-flood plain property Per the Mecklenburg County Tax Office, the percentage is based on market data from actual land sales The following examples illustrate possible scenarios

Property Owner A owns a 2 ½ acre lot on which a single family home is located None of the acreage is within the flood plain The market valuation of this lot is $30,000

Property Owner B owns a three acre tract of land on which a single family home is located Property Owner B lives next door to Property Owner A The back yard includes ½ acre which is within the flood plain The valuation of the three acres is $30,000 based on recent market data

Property Owner C owns a thirty-acre tract of land Ten acres are designated as being within a flood plain The value of the twenty non-flood plain acres is $20,000 per acre The "flood plain" acreage is valued at 20% of $20,000, or $4,000 per acre Property Owner C's tax basis is $440,000

Q3. Why did Discovery Place choose to accept the collections and facility operations of the Museum of Coastal Carolina and what are the expansion plans for Discovery Place?

Please see the attached information from Discovery Place in response to this question

MUSEUM OF COASTAL CAROLINA Discovery Place, Inc

Many of the collections at Discovery Place came as a direct donation from a private citizen of the city of Charlotte, Stuart Ingram The collection of North American mammals, including the large bears on display at Discovery Place, were contributed by Mr Ingram as well as a majority of birds in our Collections Gallery Over the years, Mr Ingram has been very interested in natural sciences He has acquired a major collection of artifacts and specimens related to the coastal Carolinas

Approximately five years ago, Stuart Ingram created a private, not for profit museum at Ocean Isle Beach Through contributed funds a building was constructed and a large number of his privately-held collection was placed in the building The facility has operated for five years at a breakeven financial level Mr Ingram then made the decision, due to his age and his wife's health problems, to put this collection and the building in the hands of Discovery Place

The collection is of great value to Discovery Place, Inc and increases our overall collections substantially, especially of the coastal Carolina area These collections were given in total to Discovery Place, Inc as well as the building which houses the collections

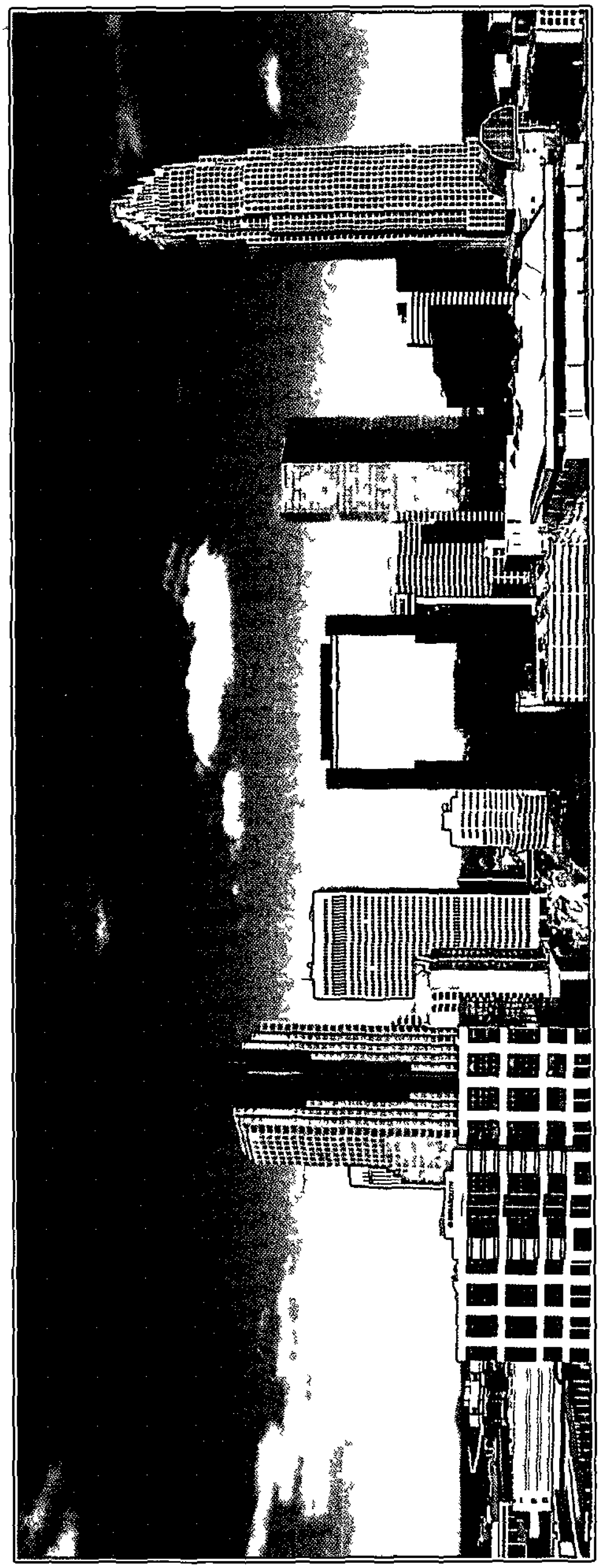
The private, not for profit Board of Discovery Place accepted the building and the collections just as the museum currently accepts collections from a variety of sources It was a decision of the Board to accept the collection and keep it on display at the Museum of Coastal Carolina The facility continues to operate without cost to the Discovery Place facility or its members The private gifts and donations, as well as local funding from the coastal area, provide the funds to continue to operate the facility Many volunteers are used in its operation and Discovery Place acts as an advisor to the current operations

At the present time the specimens are on display for all people wishing to pay an admission fee to the institution, just as exhibits and specimens are currently on display to the public here at Discovery Place It is the intention of Discovery Place to increase the exposure of the collection to school students throughout the state of North Carolina

Discovery Place 301 North Tryon Street Charlotte NC 28202 704 372 6261 Fax 704 337-2670
Nature Museum 1658 Sterling Road Charlotte NC 28209 704-337-2660

Discovery Place accepts collections from all parts of the country and has a policy in place to ensure these collections are within the guidelines of the mission of the institution Collections are accepted if they add to the overall scientific integrity of the institution and if the museum's financial situation can afford to care for the collections

The Discovery Place facility in the city of Charlotte serve people from a wide region (essentially five states on a regular basis) and carries out its not for profit mission through the use of specimens, collections and exhibitions.



CHARLOTTE.

FY99

PAY AND BENEFITS RECOMMENDATION REPORT

Mayor
Patrick McCrory

Mayor Pro Tem
Lynn Wheeler

City Council
Rod Autrey
Charles Baker
Patrick D Cannon
Malachi Greene
Michael J Jackson
Nasif Rashad Majeed
Don D Reid
Al Rousso
Tim Sellers
Sara Spencer

City Manager
Pamela A Syfert

CHARLOTTE.

FY99

PAY AND BENEFITS RECOMMENDATION REPORT

FY 99 PAY AND BENEFITS RECOMMENDATIONS
Executive Summary

PAY RECOMMENDATIONS

Broadbanding Pay Plan

• Recommend 4 2% total increase budgets for Key Business Units This increase is based on 1998 projected market movement in Charlotte, the Southeast and the nation This 4 2% increase budget will be segmented into

• 3 7% merit increase budget

• 0 5% career development increase budget This increase over the 0 3% budget for FY98 is needed, in part, to deal with recruitment and retention difficulties in labor and trades jobs

• FY99 Merit Increase Guidelines

Merit increases will range from 0% to 8% based on market position and performance, any merit increase above 8% requires City Manager approval Total increases in each business unit cannot average more than 4 2% Increases may be awarded as base pay or lump sums

• Recommend 3% increase to minimum and maximum rates in the Broadbanding pay structure This is only a structural change and no employees will receive an increase due to this change

Public Safety Pay Plan

• It is recommended that full funding for all steps in the Public Safety Pay Plan be continued Employees who have not yet reached the top step of their pay range will receive a 5% step increase at the time of their merit increase

No structural adjustment is recommended for the Public Safety Pay Plan based on market data collected for police and fire employees in other cities surveyed This decision is consistent with the provisions of the Public Safety Pay Plan that market adjustments would generally occur only during the first year of the two-year budget cycle These structures were adjusted by 4% for FY98

Funding for the completion of full implementation of the Public Safety Pay Plan is also recommended and will be completed during FY99 In addition, the Human Resources Department is continuing to work with Police management to address recruitment needs

Executive Summary (Cont.)

BENEFITS RECOMMENDATIONS

Medical Insurance

- Recommend 7% increase to premiums paid by both employees/retirees and the City (see Attachments D-F)

Dental Insurance

- Recommend no change to premiums for either employees or the City

- Recommend increasing the annual maximum benefit per covered member from $1,000 to $1,500

Life Insurance

- Recommend no change to premiums for either employees or the City

- Recommend premium billing change for a limited number of retirees

Short -Term Disability Insurance

- Recommend no change to premiums for the City

Long - Term Disability Insurance

- Recommend no change to premiums for the City

Mental Health Parity Act

- Recommend compliance with the federal Mental Health Parity Act

FY99 PAY RECOMMENDATIONS

The FY99 pay recommendations are based on local, regional and national compensation trend and on market data for individual job classes This market data includes information from the Human Resources Department's annual surveys, as well as surveys conducted by national compensation consulting firms, professional organizations and other employers market data A review of national and regional compensation trends and projections indicates that merit budgets for 1998 will average 4 0-4 2%% Eighty-four Charlotte area employers responding to an annual compensation planning survey conducted by The Employer's Association reported 1998 increase budgets slightly above the national average, with increases averaging 4 1% for hourly nonexempt employees and 4 4% for exempt employees A total increase budget of 4 2% is recommended for FY99

Broadbanding Pay Plan

The City's Broadbanding Pay Plan covers all City employees with the exception of non-managerial Police and Fire employees In this plan, pay increases are based on the employee's performance and relation to market Increases may be made as base pay or as lump sums

Based on compensation trend data and market data on individual job classes, it is recommended that a 4 2% total increase budget for positions in the Broadbanding Pay Plan be approved for FY99 This will provide a 3 7% merit budget and 0 5% career development budget The career development budget will be used for promotions, to recognize increased job responsibilities and acquisition of additional skills, and to make equity or market adjustments

The recommendation for a 0 5% career development budget exceeds our 0 3% career development budget for FY98 This increase is needed to help us deal with recruitment and retention of labor and trades employees due to the boom economy and building frenzy in the Charlotte area The Human Resources Department is working actively with Key Business Units to address these difficulties and will be proposing additional measures to help ameliorate the problem Any additional funds needed for this purpose can be accommodated within the original salary budget funds approved for the second year of the budget cycle (FY99)

Based on average range structure adjustments being made by other employers, a 3% increase is recommended in the current band minimum and maximum rates in the Broadbanding pay structure The only impact of this recommendation will be to change the minimum and maximum rates in our six bands, no employees will receive an increase as the result of this recommendation

Merit Increase Guidelines (Broadbanding Pay Plan)

It is recommended the Merit Increase Guidelines of 0% to 8% be continued for FY99 Key Business Executives may grant merit increases of 0% to 8%, but will be held accountable for ensuring that total increases do not exceed 4 2% Pay decisions will be based on an

employee's level of performance and on comparison of current salary to the market rate for their specific job Any increases above 8% must be approved by the City Manager

Public Safety Pay Plan

It is recommended that full funding for all steps in the Public Safety Pay Plan be continued Employees who have not yet reached the top step of their pay range will receive a 5% step increase at the time of their merit increase

No structural adjustment is recommended for the Public Safety Pay Plan based on market data collected for police and fire employees in other cities surveyed This decision is consistent with the provisions of the Public Safety Pay Plan that market adjustments would generally occur only during the first year of the two-year budget cycle These structures were adjusted by 4% for FY98

Funding for the completion of full implementation of the Public Safety Pay Plan is also recommended and will be completed during FY99 Also, the Human Resources Department is continuing to work with Police management to address recruitment needs for officers

Attachments

The following attachments support the pay recommendations or provide related information

Attachment A - **Projected 1998 Market Movement**
An overview of 1998 compensation trend data, including data from major national compensation consulting firms, as well as information on the Consumer Price Index

Attachment B - **Response Results of 1998 Employee Compensation Market Surveys**
Response results of 1998 surveys conducted by the City of Charlotte Human Resources Department

Attachment C - **Recommended FY98 Broadbanding Pay Plan Structure**
New minimum and maximum rates in the Broadbanding Pay Plan based on the 3% structural adjustment recommended for FY98

FY 99 BENEFITS RECOMMENDATIONS

The Human Resources Philosophy adopted by the City Council provides that the City's benefits plan will provide a moderate level of income protection to employees against unexpected health, life and disability risks It also provides that the City will aggressively manage health care costs and that employees will be expected to share fairly in the cost of their benefits Significant changes to employee insurance benefits were approved by the City Council and implemented in FY 97, as a result of competitive bidding processes for all insurance coverages The FY 99 benefits recommendations continue to reflect the positive results of the competitive bidding processes in FY 97 and are consistent with the Human Resources Philosophy adoped by the City Council The FY 99 benefits recommendations are also reflective of analyses conducted by the benefits consulting firm of Towers Perrin

Medical Insurance

In September 1993, the City implemented a Point-of-Service managed health care plan In FY 97 (December 1996) two Health Maintenance Organizations were added Both the City and its employees have experienced significant cost savings through these plans, and there have been **no medical insurance premium changes since 1993.** Due to projected health care inflation, it is recommended that premiums for both employees/retirees and the City be increased by 7% effective July 1, 1998 Attachments D-F show the current medical insurance premiums and the recommended premiums While the City has continued to provided appropriate levels of benefits, this will be the first time in approximately five years that there has been an increase to the medical insurance premiums

The weekly premium increase amounts will vary, based upon the type of coverage which has been chosen Approximately 82% of employees have chosen coverage in one of the two Health Maintenance Organizations, and their increase will range from $ 10/week (employee only coverage) to $1 71/week (employee plus family coverage) The remaining 18% of employees have chosen coverage in one of the two Point-of-Service Plans, and their increase will range from $ 00/week (Plan B, employee only coverage) to $1 86/week (Plan A, employee plus family coverage)

Dental Insurance

It is recommended that there be no change to dental insurance premiums for either employees or the City This recommendation is based on analysis of recent dental claims experience and projected claims experience for FY 99

Since July 1, 1992 the dental plan has paid up to a maximum of $1,000 per calendar year for employees and each covered family member for preventive, diagnostic, basic and major restorative expenses combined It is recommended that the maximum be increased to $1,500 per calendar year This recommended change is consistent with the practice of many employers and can be implemented without increasing dental insurance premiums

Life Insurance

As a result of the competitive bidding process in FY 97, the City Council approved premiums for a period covering FY 99 The FY 99 premiums are the same as for FY 98

It is recommended that one relatively minor change to the group life insurance program be approved The City provides term life insurance in the amount of $1,000 to City retirees who were hired prior to April 1, 1961 There are currently 366 retirees covered by this insurance, and they each are billed by the City for the entire premium of $2 28 annually to maintain this coverage (therefore, the City receives annual premiums from retirees totaling approximately $834) While there is no City-paid premium for this coverage, the City's administrative costs for billing each retiree and collecting and accounting for the premium payments is greater than the total premiums collected Therefore, it is recommended that the City discontinue billing retirees who have this coverage and that the City pay for the coverage

Short - Term Disability Insurance

It is recommended that there be no change to short-term disability insurance premiums

Long - Term Disability Insurance

It is recommended that there be no change to long-term disability insurance premiums

Compliance with Mental Health Parity Act

The Federal Mental Health Parity Act of 1996 (MHPA) was passed by Congress with an effective date for plan years beginning after January 1, 1998 The City's plan year is set up on a fiscal year basis, so compliance would begin on July 1, 1998 The intention of the MHPA is to prohibit group health plans from applying dollar limits on mental health benefits that are more restrictive than limits placed on medical and surgical benefits under the same plans There are two exceptions for compliance with the MHPA (1) Employers may have coverage waived if their compliance results in an increase in medical insurance costs by 1% or more, or (2) State and local governments may elect, on an annual basis, to either comply with the MHPA or waive compliance

It is recommended that the City comply with the MHPA It is anticipated that compliance will not impact our medical insurance premiums Also, compliance should provide for a benefits structure which is consistent with the Human Resources Philosophy of providing a moderate level of benefits and is consistent with the benefits provided by other employers However, the Human Resources Department will monitor the impact of compliance, and if appropriate, make alternative recommendations in the future It is recommended that the following changes be made to comply with the MHPA

1 Currently under each of the City's health plans there is a $40,000 combined lifetime maximum for mental health and substance abuse It is recommended

that the separate lifetime maximum for mental health services be removed and that such services be included in the current medical and surgical lifetime maximums of $1,000,000 for the Point of Service Plans and Out of Area Plan and $1,500,000 for the HMO type plans It is also recommended that there be a $20,000 lifetime maximum for substance abuse

2 Currently there is a $1,000 annual maximum for outpatient mental health care that is considered out-of-network under the Point of Service Plan It is recommended that this be eliminated and replaced with a 20 visit limit per year The MHPA requires that dollar limits cannot be imposed A 20 visit per year limit will approximate the current $1,000 annual maximum

Medical Stop-Loss Insurance

Although the City is self-insured for medical claims, insurance is purchased to cover claims which exceed $200,000 per year for any individual covered under the plan As a result of the competitive bidding process in FY 97, this coverage is provided by Lexington Insurance Company The FY 99 premium for this coverage is still being negotiated, but it is anticipated that there will either be no premium increase or a very minimal premium increase Additional costs resulting from a minimal premium increase would be covered in the self-insurance fund A final recommendation on this premium will be presented to City Council when completed

Attachments

The following attachments provide related information

Attachment D - **City of Charlotte Medical Premium Structure (Monthly Rates)**
A comparison of current and FY99 medical premium rates for the City's Point of Service (A and B) plans

Attachment E - **City of Charlotte Medical Premium Structure (Monthly Rates)**
A comparison of current and FY99 medical premium rates for the City's HMO type plans

Out of Area Plan Medical Premium Structure (Monthly Rates)
A comparison of current and FY99 rates for the out of area plan

Attachment F - **City of Charlotte Dental Premium Structure (Monthly Rates)**
FY99 dental premium rates, showing no increase from FY98

City of Charlotte Employee Weekly Medical and Dental Rates
A comparison of current and FY99 weekly employee costs for medical and dental coverage

Attachment A

Projected 1998 Market Movement

Type of Increase	Data Source	Scope	No of Orgs	Execs	Exempts	Salaried NonEx	Hourly NonEx
Total Increase	Amer Compensation Assn	U S	2800+	4 4%	4 3%	4 2%	4 0%
		South	631	4 4%	4 2%	4 1%	4 0%
		Government	45	4 6%	4 2%	4 3%	4 0%
	Hewitt Associates	U S	1030	4 3%	4 1%	4 0%	3 8%
		Government	8	4 1%	4 0%	4 0%	3 6%
		South	149	4 3%	4 1%	4 0%	3 8%
	William M Mercer Inc	U S	1600+	4 3%	4 2%	4 1%	4 1%
	The Employer's Association	**Charlotte**	**84**	**4 35%**	**4 44%**	**4 25%**	**4 10%**
Merit Budgets	Amer Compensation Assn	U S	2062	4 3%	4 1%	4 0%	3 9%
		South	601	4 3%	4 1%	4 0%	3 9%
		Government	34	3 4%	2 8%	3 0%	2 9%
	Coopers & Lybrand	U S	688	4 2%	4 0%	3 9%	3 9%
		Fortune 500	60	4 2%	3 9%	3 8%	3 8%
		Southeast	116	4 1%	4 0%	4 0%	3 9%
		Government	23	3 1%	3 1%	3 1%	3 1%
	Hewitt Associates	U S	832	4 2%	4 0%	3 9%	3 7%
Structure	Amer Compensation Assn	U S	1624	2 7%	2 8%	2 7%	2 6%
		South	471	2 8%	2 9%	2 8%	2 5%
		Government	43	2 7%	2 7%	2 5%	2 6%
	Coopers & Lybrand	U S	688	3 1%	3 0%	2 9%	2 9%
		Fortune 500	60	3 1%	3 2%	3 0%	3 0%
		Government	23	2 8%	2 9%	2 8%	2 8%
	Hewitt Associates	U S	846	2 9%	2 9%	2 8%	2 7%
		South	125	2 8%	2 9%	2 8%	2 7%
	William M Mercer Inc	U S	1600+	3 0%	3 0%	2 9%	2 9%

Consumer Price Index

During the period 1989 through 1998 (estimated) pay increase budgets nationally have averaged 4 7% the Consumer Price Index Urban (CPI U) during this ten year period has averaged 3 6%

CPI*	U S	All Urban Consumers	1 6%
		Wage Earners	1 3%
	South	All Urban Consumers	1 2%
		Wage Earners	1 0%

* Data for period Jan 1997 Jan 1998

Attachment B

Response Results of 1998 Employee Compensation Market Survey
City of Charlotte
Human Resources Department

Survey Source	Scope	# of jobs included	Response Rate	% Response
National Municipalities (Police & Fire)	175 000 1 million	51	52 of 68	76%
Regional Municipalities (Police & Fire)	100 000+	51	30 of 36	83%
National Municipalities (Broadbanding classes)	175 000 1 million	113	42 of 68	62%
Regional Municipalities (Broadbanding classes)	100 000+	176	26 of 36	72%
Charlotte Area Companies	Charlotte	64	24 of 87	28%
Large National/Regional Airports	U S	26	18 of 37	49%
National Crime Laboratories	U S	11	19 of 60	33%
Paratransit Agencies	U S	5	8 of 14	57%
National Water-Sewer Utilities	175 000 1 million	25	22 of 39	56%
Regional Water Sewer Utilities	100 000+	25	14 of 24	58%

Relative Market Position for City positions is examined in comparison to the median of average actual salaries paid by the survey respondents Extensive data is also collected from private sector sources (Watson Wyatt/ECS, William M Mercer, The Employer's Association, etc), as well as from other public sector sources (N C League of Municipalities, City of Phoenix Executive Compensation Survey, etc)

Data is entered in Mercer CompMaster compensation management software system and reviewed for consistency All data is aged to January, 1999 consistent with our lead-lag policy

Attachment C

Recommended FY99 Broadbanding Pay Plan Structure

Band A	**$13,240**	**$33,090**
Band B	**$22,340**	**$44,680**
Band C	**$30,170**	**$60,340**
Band D	**$40,730**	**$81,460**
Band E	**$54,970**	**$109,940**
Band F	**$74,220**	**$148,440**

Attachment D

City of Charlotte
Medical Premium Structure (Monthly Rates)
Effective July 1, 1998

Note Italicized numbers represent current rates

POS A

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE ONLY	$146 37 *$136 79*	$14 64 *$13 68*	$131 73 *$123 11*
EMPLOYEE PLUS CHILD(REN)	$351 94 *$328 92*	$109 10 *$101 96*	$242 84 *$226 96*
EMPLOYEE PLUS SPOUSE	$372 17 *$347 82*	$115 37 *$107 82*	$256 80 *$240 00*
EMPLOYEE PLUS FAMILY	$397 28 *$371 29*	$123 16 *$115 10*	$274 12 *$256 19*

POS B

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE ONLY	$130 08 *$121 57*	$ 0 00 *$ 0 00*	$130 08 *$121 57*
EMPLOYEE PLUS CHILD(REN)	$312 20 *$291 78*	$ 96 78 *$ 90 45*	$215 42 *$201 33*
EMPLOYEE PLUS SPOUSE	$330 42 *$308 80*	$102 43 *$ 95 73*	$227 99 *$213 07*
EMPLOYEE PLUS FAMILY	$352 52 *$329 46*	$109 28 *$102 13*	$243 24 *$227 33*

Attachment E

City of Charlotte
Medical Premium Structure (Monthly Rates)
Effective July 1, 1998

HMO Type Plan (CIGNA and Prudential)

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE ONLY	$134 99 *$126 16*	$ 6 76 *$ 6 32*	$128 23 *$119 84*
EMPLOYEE PLUS CHILD(REN)	$323 97 *$302 78*	$100 85 *$94 25*	$223 12 *$208 53*
EMPLOYEE PLUS SPOUSE	$342 87 *$320 44*	$105 93 *$ 99 00*	$236 94 *$221 44*
EMPLOYEE PLUS FAMILY	$365 89 *$341 89*	$113 42 *$106 00*	$252 47 *$235 89*

Out of Area Plan
Medical Premium Structure (Monthly Rates)
Effective July 1, 1998

There are approximately 67 retirees covered under this plan. A managed care plan is not available for these individuals. Italicized numbers represent current rates.

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE ONLY	$ 236 35 *$220 89*	$ 23 64 *$22 09*	$ 212 71 *$198 80*
EMPLOYEE PLUS CHILD(REN)	$ 567 24 *$530 13*	$ 175 84 *$164 34*	$ 391 40 *$365 79*
EMPLOYEE PLUS SPOUSE	$ 600 32 *$561 05*	$ 186 10 *$173 93*	$ 414 22 *$387 12*
EMPLOYEE PLUS FAMILY	$ 640 50 *$598 60*	$ 198 56 *$185 57*	$ 441 94 *$413 03*

Attachment F

City of Charlotte
Dental Premium Structure (Monthly Rates)
Effective July 1, 1998

Note There is no change in dental rates for FY99

FAMILY STATUS	Total Cost	Employee	City
EMPLOYEE ONLY	$14 71	$ 2 69	$12 02
EMPLOYEE PLUS CHILD(REN)	$24 99	$ 12 97	$12 02
EMPLOYEE PLUS SPOUSE	$29 41	$ 17 39	$12 02
EMPLOYEE PLUS FAMILY	$39 69	$ 27 67	$12 02

City of Charlotte
Employee Weekly Medical and Dental Rates
Effective July 1, 1998

Note Italicized numbers represent current rates

Family Status	POS A	POS B	HMO Type Plan	Dental
Employee Only	$ 3 38 *$3 16*	$ 0 00 *$0 00*	$ 1 56 *$1 46*	$ 62 *$ 62*
Employee Plus Child(ren)	$25 18 *$23 53*	$22 33 *$20 87*	$23 27 *$21 75*	$ 2 99 *$2 99*
Employee Plus Spouse	$26 62 *$24 88*	$23 64 *$22 09*	$24 44 *$22 85*	$ 4 01 *$4 01*
Employee Plus Family	$28 42 *$26 56*	$25 22 *$23 57*	$26 17 *$24 46*	$ 6 39 *$6 39*