AGENDA

Meeting Type:	SPECIAL
Date:	05/23/1996
	BUDGET WORKSHOP

City of Charlotte, City Clerk's Office

REVISED AGENDA

City of Charlotte
FY97 Budget Workshop Agenda

May 23rd, 1996
Room CH14 at 5:00 p.m.

The objectives of this meeting are . . .

To continue review of the Manager's recommended operating budget and to address any remaining questions about the Manager's recommended operating budget.

1.	Opening Comments - 5:00	Vi Alexander
	DINNER BREAK	
2.	Transit Fund - 5:15	Jim Humphrey
3.	CMUD Competition: 5:45 Impact of Vest/Irwin Bid on the FY97 Budget	Doug Bean
4.	Neighborhood Reinvestment Program - 6:15	Stan Watkins
5.	Remaining Operating Budget Discussion - 7:00	Staff Resource: Vi Alexander

Meeting Preparation Materials

- Preliminary FY97 Operating Plan
- Preliminary FY97-01 Capital Investment Plan
- Budget Deliberation Principles and Process (FY97 Budget Workshop Information Handout page 2)

Budget staff is available to discuss the budget at your convenience, please call 336-2306.

FY97 Workshop Information
Handout on May 23rd, 1996

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Questions and Answers from Previous FY97 Budget Workshops

Handout for May 23rd

Q18. Please provide a Water/Sewer Master Plan update. (Ella Scarborough)

A. A study of the water distribution system is conducted every five years. The goals of the study are to determine facility needs for meeting current and projected demand, to improve deficiencies in the system, and to upgrade and recalibrate the hydraulic and water quality model. A Master Plan was just completed in 1995. Recommendations from the Master Plan were incorporated into the Capital Investment Program.

A phased study of the sanitary sewer system was completed in 1994 and in 1995. The goals of these studies were to determine cost effective methods for reducing and/or eliminating sanitary sewer overflows, to meet projected growth needs, to develop analytical tools such as a computer model, and to develop a master plan. Recommendations from these studies have been incorporated into the Capital Investment Plan. CIP projects include rehabilitation of existing sewers, flow equalization at the wastewater treatment plants, and new relief sewers (parallel lines that relieve existing sewer lines).

Q19. How many retirees are budgeted each year in separate accounts? (Don Reid)

A. There are two occasions when this occurs. We have several Parks and Recreation employees who retired in the 1960's when Parks and Recreation was not a City department but rather a separate commission. When Parks and Recreation became a part of the City, the active employees were eligible for participation in the Local Government Employees retirement system, but retirees were paid separately out of the City budget. In FY97, $8,000 has been budgeted for these retirees.

The other instance is for a retiring city manager. Wendell White's retirement plan is included in the retirees insurance line item for FY97 at $75,000. Mr. Burkhalter also had a similar retirement agreement and was budgeted in the same manner.

Q20. How does Charlotte compare with other cities in terms of coordinated traffic signal systems? (Don Reid)

A. Bill Finger, Assistant Director of Transportation, spoke with Councilmember Reid directly in response to this question.

Finger reports that their conversation centered on the possible need for additional funding for signal systems and signal coordination and on one or two specific sites.

Generally, the City currently operates and maintains 543 signalized intersections. 138 of these intersections are controlled by a central CBD computerized system. 230 of these intersections are on one of twenty-five online arterial signal systems which are micro-computer (pc workstation) controlled. 45 signals are part of 9 time based systems which are coordinated in the field but are not controlled or monitored by a computer. The remaining 130 intersections are isolated locations which do not work in coordination with any other signals.

The City's current program calls for implementing two new arterial systems per year. As Charlotte continues to grow, we hope to have all signalized intersections on some sort of coordinated system in the next 7-10 years. This schedule could be accelerated with additional funding.

The CBD system is a computer controlled, pretimed system. The CBD signal equipment, located at each of the 138 uptown intersections, currently is being upgraded with the newest generation of field located signal control equipment. This equipment has been on the market for less than two years and is the first installation of its type in North or South Carolina.

The arterial systems are fully actuated, coordinated traffic signal systems. Charlotte is a national leader in the installation and operation of these types of fully actuated, coordinated systems. These micro-computer controlled systems allow us to monitor and make timing modifications from a central facility or a number of remote sites, including office workstations, portable computers and home computers if necessary. These systems also permit us to investigate and respond to complaints from citizens much more quickly than has been the case in the past.

Q21. What is included in the FY97 budget estimate for transit advertising revenues and how are these revenues used? How often are advertising revenues increased - do we keep pace with the Charlotte Observer advertising rates? (Al Rousso)

The guaranteed contracted amount for on-bus advertising during FY97 is based on two half calendar years: the amount is $223,200. The amount increases to $248,000 for FY98. The amount for the following years will depend on the bids we receive after this contract ends. Revenues are put into the Transportation Fund from which all transit related activities are funded. This contract, which started January 1, 1996, increased our guarantee by about 70% over the prior year, and it increases by about 10% each year during the life of the three year contract. Our information indicates that the Observer has increased its advertising rates at a rate of 5 to 8% per year recently.

Q22. How much property tax would be required to cover the storm water and solid waste fees? (Mike Jackson)

A. In the FY97 recommended budget, the Solid Waste Fee is projected to generate $6.2 million. Total Storm Water revenues total $21 million. To generate this money through property taxes would take a 9.5¢ tax increase, 2.2¢ for Solid Waste and 7.3¢ for Storm Water.

In addition, a 9.5¢ tax increase would produce approximately $5.5 million (in all Funds) in additional revenue from the Sales and Intangibles taxes redistribution.

Solid Waste charges will be determined by Mecklenburg County, so $6.2 million may be insufficient revenue in years beyond FY97. Similarly, the Storm Water recommendation increases revenues significantly each year. In FY98 for example, it would take an additional 2.2¢ (increasing from 7.3¢ to 9.5¢) tax increase to supply the revenue recommended in the budget. A property tax increase would be needed in each of the years FY98 to FY02 to support the Storm Water program expansion.

Q23. How much revenue from the redistribution of sales and intangibles tax will the City lose as a result of Mecklenburg County's recommended 3.16¢ tax increase? (Pat McCrory)

A. In FY98 (the redistribution lags behind by one fiscal year), the County tax increase would cost the City approximately $950,000 in Sales and Intangibles taxes. The .24¢ difference between the City's 9.7¢ property tax increase for Police Tax Equity and the County's decrease of 9.46¢ will produce an additional $150,000 for the City in FY98.

Neighborhood Reinvestment

May 23, 1996

■ Background

Since FY90, City Council has funded Neighborhood Reinvestment at $2.0 million annually.

■ Program Definition

Neighborhood Reinvestment is designed to address neighborhoods with significant and widespread infrastructure needs. Priorities for investment will be established, based on:
(1) the infrastructure needs of the neighborhood,
(2) the ability to leverage or complement other public and private investments, and
(3) neighborhood facilitation or neighborhood planning process.

■ Proposed Bond Program

$32 Million Total for 15-16 Neighborhoods

$2,935,000	*Fragile Neighborhoods*	
	$625,000	Reid Park
	$1,100,000	Lakewood
	$1,210,000	Wingate
$12,675,000	*Threatened Neighborhoods*	
	$1,350,000	Cummings/Lincoln Heights
	$5,225,000	Druid Hills (North and South)
	$2,500,000	Grier Heights
	$2,600,000	Villa Heights
	$1,000,000	Wilmore
$2,245,000	*Stable Neighborhoods*	
	$2,245,000	Plaza-Midwood
$14,145,000	*Areas Showing Signs of Distress*	
	5-6 Neighborhoods to be selected after detailed surveys and based on Neighborhood Reinvestment criteria	

■ Previous Work Completed

Neighborhood Reinvestment and Small Area Plan Investments Made to Date

Fragile Neighborhoods	*Expenditure*
Belmont	$ 3,725,000
Capitol Drive	360,000
Genesis Park	615,000
Lakewood	700,000
Reid Park	2,225,000
Seversville	2,600,000
Wingate	1,000,000
Sub-Total (7)	*$ 11,225,000*
Threatened Neighborhoods	
Cherry	2,032,000
Druid Hills	150,000
Lockwood	650,000
Villa Heights	600,000
Sub-Total (4)	*$ 3,432,000*
Stable Neighborhoods	
Chantilly/Commonwealth	1,047,000
Hemphill	1,200,000
Sub-Total (2)	*$2,247,000*
Small Area Plans	
Beatties Ford Road	1,300,000
Sterling	595,000
Sub-Total (2)	*$1,895,000*
Total (15)	**$ 18,799,000**

■ Typical Neighborhood Improvements

The average cost to complete basic infrastructure improvements in a typical neighborhood ranges from 2.5 - 3 million dollars. Proposed improvements in the Wingate Community include:

Wingate Neighborhood Reinvestment Program Improvements

Phase I (Complete)

Streets	Proposed Improvements
Seymour	curb, gutter w/sidewalk on one side
Mayfair	curb, gutter w/sidewalk on one side
Faber	curb and gutter only
Marene	curb and gutter only

Phase II *(Complete)*

Streets	Proposed Improvments
Kenhill	curb, gutter w/sidewalk on one side
Primrose	curb, gutter w/sidewalk on one side
Willow	curb and gutter only
Bellamy	curb and gutter only

Phase III & IV

Streets	Proposed Improvements
Wingate	curb, gutter, w/sidewalk and planting strips
Old Steele Creek	add left turn lanes, curb, gutter and sidewalk and minor drainage
Craddock	curb, gutter w/sidewalk on one side
Dodge	extend street, curb, gutter and sidewalks

■ Other Candidate Neighborhood Reinvestment Areas

Neighborhood	Classification
Ponderosa/Wilmont	Fragile
Jackson Homes	Fragile
Washington Heights	Fragile
Revolution Park	Fragile
Oakview Terrace	Fragile
Smallwood	Fragile
Double Oaks/Fairview	Fragile
Todd Park	Fragile
Wilson Heights	Fragile
Pinecrest	Fragile
Boulevard Homes	Fragile
Westover Hills	Fragile
First Ward	Fragile
Southside Park	Fragile
Dalton Village	Fragile
Sub-Total (15)	
Plaza Hills	Threatened
York Road	Threatened
Oaklawn Park	Threatened
North Charlotte	Threatened
Thomasboro/Hoskins	Threatened
Tryon Hills	Threatened
Enderly Park	Threatened
Plaza Shamrock	Threatened
Ashley Park	Threatened
Wesley Heights	Threatened
ABC	Threatened
Brookhills	Threatened
West Boulevard	Threatened
Optimist Park	Threatened
Sub-Total (14)	
McCrorey Heights	Stable
Woodland/Claremont	Stable
Wendover	Stable
Oakhurst	Stable
Derita	Stable
Sedgefield	Stable
Elizabeth	Stable
Westerly Hills	Stable
Park Road/Freedom Park	Stable
Sugaw Creek/Ritch Avenue	Stable
Sub Total (10)	

Neighborhood	Classification
	Areas Showing Signs of Distress
NSA 102	
Bahama Park	
Beatties ford Park	
Hyde Park	
Hyde Park East	
Preston Vllage	
Trinity Park	
NSA 112	
Homestead Village	
NSA 120	
Arlington	
Moores Chapel	
Rhyne Station	
Wildwood	
NSA 128	
Harbor House	
Huntlyn Acres	
Moore's Park	
Westmoreland	
NSA 132	
Berryhill/Dixie	
Clark Creek	
Winterglen	
NSA146	
Cedar Knoll	
McDowell Farms	
McDowell Meadows	
Southbridge	
Spring Field	
Woodridge	
Yorkmont	
Yorkwood	
NSA 150	
Ford Downs	
Ravenwood	
Sterling	
Sterling Forest	
NSA156	
Beacon Hill	
Montclaire	
Park Village	
Parkstone/Glenkirk	
Spring Valley	
Westwin	
Winwood	

Neighborhood	Classification
NSA 220	
Amity	
Springs/Hillcrest	
Cedars East	
Country Walk	
Coventry Woods	
Firethorne	
Paces Hollow	
NSA 226	
Cross Roads	
Darby Park	
Kilborne Acres	
Robinson Woods	
Windsor Park	
NSA 228	
Eastpoint	
CedarCove	
Candelight Forest	
Valley View Drive	
Hollyfield Drive	
NSA 242	
Carlton Place	
Hope Park	
Oak Forest	
Long Meadow	
Sunridge	
Milton Commons	
NSA 150	
Hidden Valley	
NSA 254	
Alexander Glen	
Alexander Towne	
Hampton Park	
Mallard Green	
NSA 270	
Hamilton Circle	
Happy Valley	
Heather Place	
Kenley Place	
Sunstone	
Suntrace	

Vest and Irwin Creek Competition

Evaluation of Cost Proposals

May 23, 1996

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Project Status/Schedule

- Proposals Received ..... April 11
  - Vest WTP: 7
  - Irwin Creek Competition: 6
  - Combined: 7
- Price Clarification Requests to CMUD ..... April 29
- Process Status Letter to All ..... May 1
- Technical Clarification Requests to CMUD ..... May 7
- Price/Tech. Clarification Requests to 3 Firms ..... May 7
- CMUD Price Clarifications Received ..... May 7
- 3 Firms/CMUD Tech. Clarifications Received ..... May 14
- Price/Tech Evaluations Completed ..... May 21
- Evaluation Team Meeting ..... May 23

- CMUD Advisory Committee Meeting ..... May 29
- City Privatization Committee ..... May 30
- City Council Workshop (Technical Briefing) ..... May 30
- City Council Restructuring Govt. Committee ..... June 3
- City Council Meeting ..... June 10

Net Present Values of Annual Fees for All Contractors (1)

Contract Operators	Vest WTP		Irwin Creek WWTP		Combined Operations	
CM-ConOp	2,501,294		5,110,550		7,611,844	
JMM Operational Services & J.A. Jones Mgmt. Services (JMM/JAJMS)	3,419,288		6,333,319		9,092,361	*
Operations Management International (OMI)	3,169,309	*	6,543,227		9,521,085	
Duke Engineering & American Anglian - Charlotte Water Services (CWS)	3,998,567		6,244,210	*	9,976,077	
Wheelabrator EOS	4,251,402		7,313,105		11,184,643	
U.S. Water and Hydro Management Services (USW/HMS)	5,481,937		7,775,005		12,361,511	
Professional Services Group (PSG)					14,975,884	
Consumers Applied Technologies	3,875,304					

* Lowest Private Contractor Bid.

(1) Net Present Values are inclusive of adjustments.

Revised Budget—Cost Savings

	1997 Budget	Revised Budget	Cost Savings
Vest WTP	$1,254,194	$1,060,201	$193,993
Irwin Creek WWTP	$2,775,871	$1,979,013	$796,858
TOTAL	$4,030,065	$3,039,214	$990,851

CM-ConOp Proposal Strategy

- Personnel
  - Savings - $327,000
  - Reduced Positions - (29 > 16)
  - Techniques
    - » Automation
    - » Training
    - » Pay Related to Skills and Certifications
    - » Gainsharing
- Utilities
  - Savings - $242,000
  - Use Off-Peak Electric Rates
  - Automate Equipment Controls
  - Use Digester Gas in Lieu of Natural Gas
  - Eliminate Discharge of Backwash Water to Sewer
- Chemicals
  - Savings - $282,000
  - Automate Chemical Feed Equipment
  - Separate Water Sludge from Wastewater Sludge

Response to Council Question #8, May 14, 1996

CDOT/Lathrop

#8. What is the impact.....
At what point.....

In response to these specific questions and to the discussion at the Budget Hearing, the Table attached shows the current base fares and three alternative fare structures:

#1. An increase to $0.90 and $1.25, averaging 12.5 % for the cash fares, and also applied to other cash fares and to pass prices

#2. An increase to $1.00 and $1.50, averaging 27 % and similarly applied to the other fares.

#3. An increase to $1.10 and $1.55, averaging just over 35 % and similarly applied to the other fares.

Based on nine months of the current Fiscal Year, additional revenue of about $1,200,000+ would be required to bring the Fare Box Recovery Ratio up to the goal of 40 percent. Alternative #2 produces about $200,000 less than that, Alternative #3 about $200,000 more. An increase on the order of 32 % (fares of $1.05 and $1.52) should produce about $1,200,000.

All of the fare increases in the range which produces a 40 % Farebox Recovery Ratio, will result in increased revenue although they also cause reduced patronage. Although there is theoretically a point where increases in fare will no longer produce increases in revenue (due to losses in ridership), we know of no model which can accurately predict this point.

TABLE 1

REVENUE AND PASSENGER ESTIMATES FOR

ALTERNATIVE FARE INCREASES

	BASE	ALTERN #1	ALTERN #2	TO GET TO
	FY96			40% FAREBOX RECOVERY
BASE FARE	$0.80	$0.90	$1.00	$1.10
EXP FARE	$1.15	$1.25	$1.50	$1.55
OTHER FARE	Various	1.125 x BASE (+12.5%)	1.35 x BASE (+27%)	1.375 x BASE (+37.5%)
CHANGE IN PASSENGERS	- -	-415,513	-656,856	-882,646
CHANGE IN REVENUE	- -	436,613	1,041,852	1,446,744
FAREBOX REC. RATIO	0.3325	0.3570	0.3908	0.4135