<u>AGENDA</u>

Meeting Type:	SPECIAL
Date:	06/09/1998
	BUDGET RETREAT

City of Charlotte, City Clerk's Office

BUDGET RETREAT Tuesday, June 9, 1998

12:30 p.m.

<u>CH14</u>

Lunch

1:30 p.m.

Meeting Chamber

MEETING AGENDA

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Consider amendments to the recommended FY99 Operating Budget and FY99-03 Capital Investment Plan. The proposed amendments will be considered by Fund and then by expenditure reductions and additions.

General Fund

A chart summarizing General Fund changes is on page 6

EXPENDITURE REDUCTIONS

1. Youth Involvement Council

\$(20,000)

This action <u>discontinues</u> funding for the Youth Involvement Council (YIC)

This change will reduce expenditures by \$40,000 and revenues by \$20,000. The YIC contract is administered by the City so the full expense is reflected in the City's budget, however, Mecklenburg County funds one-half of the program cost.

A March 1998 program evaluation of the YIC by Budget and Evaluation staff found limited linkage between YIC programming and City Council's goals

YIC has been funded by the City and the County since 1985 at a relatively constant funding level. The City Manager recommended in 1991 that funding for YIC be eliminated.

Attachment 1

FY98 Performance Evaluation (prepared by Budget & Evaluation) FY98 8-Month Objective Report (prepared by YIC)

(Note In response to the Mayor's question at the May 19 Budget Retreat regarding financial partners, the following information is provided

In 1989, Council began a 3-year phase out of the following 7 financial partners Air National Guard, Army National Guard, Carolinas' Carrousel, Economic Development Marketing (which became Carolinas Partnership), Festival in the Park, Sister Cities and Youth Involvement Council

At the end of the 3 years, Council restored funding for the Carolinas Partnership, Sister Cities and the Youth Involvement Council)

2. Economic Development Division

\$(442,195)

This action <u>eliminates</u> the proposed Economic Development Division from the Manager's Recommended Budget

The recommended budget includes establishment of an Economic Development Division in the City Manager's Office

The Division is recommended to provide focus and leadership for Council's economic development focus area initiatives

The total cost of the Division is \$442,195, which includes four positions. One existing position within the City Manager's Office will be transferred to the new Division. The new cost to the budget for this recommendation is \$369,695, a difference of \$72,500.

Therefore, if Council does not eliminate funding for the Economic Development Division, \$72,500 is available for other uses

Attachment 2

Business Support Priorities,

'95 Economic Development Focus Book
Economic Development Division
Examples of Work

EXPENDITURE ADDITIONS

3. Additional Zoning Cases

\$46,800

This action adds \$46,800 and two Planning positions to the FY99 budget

At Council's Zoning Meeting on May 18, 1998, Council approved a monthly increase in zoning cases from 10 to 12. This increase requires an additional 2 positions to manage the workload. The additional cost to the budget is \$46,800.

4. Community Building Task Force

\$45,000

This item adds \$45,000 to the FY99 budget

The Community Building Task Force requested \$45,000 towards Phase II of the Community Building Initiative The total project cost for Phase II is \$100,000

Key program elements of Phase II include

- The creation of Issue Action Teams to address specific community challenges identified at the December 1997 conference
- The engagement of a broad cross-section of the community in dialogue and conversation
- The raising of public awareness and involvement in community building activities

On May 12, 1997, Council approved \$25,000 for Phase I of the Community Building Initiative The total cost was \$351,958 At the time Council approved the \$25,000, it was stipulated as part of the motion that \$25,000 would be the limit to the City's contribution to this Initiative

Attachment 3

Phase II Scope of Services
Phase II Proposed Budget

5. Crimestoppers

\$100,000

This item adds \$100,000 to the FY99 budget

Charlotte-Mecklenburg Crimestoppers, Inc. is a non-profit organization that pays money from an established reward schedule to anonymous callers who provide information which solve crimes. The Crimestoppers program was established in 1982 with \$114,585 in donations.

Crimestoppers was privatized in 1994, with one of the goals being to raise tax-deductible funds privately

Council granted \$36,000 to Crimestoppers in June 1997 At that time, Crimestoppers estimated \$36,000 to be the annual payout in rewards

No request was received from Crimestoppers for the FY99 budget At the Budget Public Hearing on May 26, Crimestoppers requested \$100,000 to help build a \$1 million endowment

6. The Charlotte Philharmonic Orchestra

\$125,000

Thus item adds \$125,000 to the FY99 budget

The Charlotte Philharmonic Society, Inc requested \$125,000 in City funding for FY99

It has been City Council's policy since 1982 that funding for cultural organizations be managed through the City's agreement with the Arts and Science Council FY99 funding for the Arts and Science Council is recommended to be \$2,174,580

Attachment 4

Charlotte Philharmonic's FY99 Budget Request

Additional Resources for Public Safety

This action considers increasing resources for public safety Police Chief Dennis Nowicki will be available for a brief presentation and to address

Council may wish to consider the following questions as it debates this item

- What results are you trying to achieve?
- What is the best professional approach to achieving these results?

Background Information

Council's questions

- The current year (FY98) budget included an additional \$17 million for the Police Department, a 15% increase
- Funds were budgeted for 103 additional sworn personnel and 40 non-sworn personnel
- Funds were also included for technology, video cameras in police cars, and a new Police helicopter
- All crime in Charlotte-Mecklenburg has dropped dropped by 10 8% since 1993
- Violent crime in Charlotte-Mecklenburg has dropped by 18 3% since 1993
- There were more reported violent crimes in 1993 than in any year since
- The violent crime rate per 100 residents has dropped from 1 93 in 1993 to 1 58 in 1997

To be determined

General Fund Tally Sheet

Expenses

Item		Recommendation	June 9th Decision
1	Youth Involvement Council	\$ (20,000)	
	Economic Development Division	(442,195)	
3	Additional Zoning Cases	46,800	
4	Community Building Task Force	45,000	
5	Crimestoppers	100,000	
6	The Charlotte Philharmonic Orchestra	125,000	
	Additional Resources for Public Safety		
	Total	\$	

Other Funding Sources

Item		Recommendation		June 9th Decision	
	FY98 (current year) Council Contingency Balance*	\$	(226,000)		
2	Existing Economic Development Position**		(72,500)		
3	FY99 Council Contingency		(350,000)		
	Total				

^{*}May be used for one-time expenses

^{**}Not available if Economic Development Division (above) is eliminated

PAY-AS-YOU-GO TAX FUND

8. Infrastructure Grant Program

\$(200,000)

This action eliminates funding for the Infrastructure Grant Program

The Infrastructure Grant Program provides grants toward City-required infrastructure such as landscaping, sidewalks, curb and gutter, and State-required environmental assessments and remediation

Grants of up to \$10,000 may be made, not to exceed 10% of the private investment. Grants are available to all commercial/business investments in the designated Investment. Zones that create or retain permanent jobs.

This Program is a recommendation of the Economic Development and Planning Committee The full Council will consider the Program on June 8, 1998

9. Facade Program

\$(200,000)

This action <u>eliminates</u> funding for the Facade Grant Program

The Facade Grant Program provides 1 1 matching grants of up to \$10,000 to retail business property owners only for renovations to a building's facade, signage, parking and landscaping Buildings with multiple businesses (shopping centers) could apply for a maximum of \$25,000

This Program is a recommendation of the Economic Development and Planning Committee The full Council will consider the Program on June 8, 1998

CAPITAL INVESTMENT PLAN EXPENDITURE CHANGE

10. State Roads

\$26 million

This change <u>reallocates</u> debt capacity in the FY99-03 CIP from a reserve for Neighborhood Improvement bonds in 2000 to additional road bonds in 1998

The recommended budget included \$56 3 million for 5 State roads. This action would add 5 additional State roads to the November 1998 referendum, for a total of \$82 3 million.

The motion at the Budget Retreat was to fund a total of 10 State roads for \$82 3 million All recommended State roads are non-freeways, non-expressways with high or moderate safety impact

Work is continuing with the State to ensure there will not be reduced State funding for State roads within the City of Charlotte as a result of this decision

At the May 19th Retreat, Council asked when a decision would be required on the total amount of bonds to be included on the November referendum

On June 22, 1998, City Council must approve the application to the Local Government Commission listing the maximum amount to be place on this November's referendum

On August 24, 1998, City Council must adopt the bond order for the November election. Items listed in the application approved June 22 may be dropped from the application and the ballot no later than this date.

Attachment 5

State Roads Original \$56 3m and additional \$26 million recommendations
State and Local Unfunded Roads by Priority

TRANSIT FUND

11. Privatize New Transit Routes

\$1,655,000

This action <u>freezes</u> expansion of the transit system pending City Council's discussion of the privatization of new transit routes. The budgetary amount impacted is \$1,655,000 and involves 30 drivers, 4 maintenance personnel, and 1 supervisor

The Privatization/Competition Advisory Committee (PCAC) has assessed various options for providing transit services. At present, the PCAC does not believe that privatization or competition with respect to existing bus routes can reasonably be pursued without undue cost associated with Federal labor requirements.

The PCAC has offered to assist in future competition and/or privatization of new transit services, particularly to the extent a new transit system is implemented

Attachment 6

PCAC Memorandum
Background Memorandum from CDOT

ALL FUNDS

12. 2¢ Property Tax Reduction

(\$7.8 million)

(Note This item was listed at the Budget Retreat but was inadvertently not voted on to determine if it had the necessary 5 votes to be included on this agenda)

This action reduces the property tax rate by 2¢ 1¢ equals \$3 9 million, so this reduction represents a \$7 8 million reduction in revenues to the City

Part of Council's discussion at the Budget Retreat relative to this tax cut was the excess property taxes collected in FY97 and FY98 of \$4 8 million and \$5 3 million, respectively. The excess revenues revenues came from two sources

- The North Carolina Division of Motor
 Vehicles implemented a new system that is
 more accurate in identifying and assessing
 vehicles. Also, new commercial vehicles are
 taxed from the date of purchase rather than
 from the next January 1st
- The Tax Office added staff and changed procedures in the property tax discovery area which has increased collections from business personal property

The impact of both of these changes are already reflected in the assessed valuations and revenue projections included in the Manager's Recommended Budget

Options for reducing the tax rate by 2¢ are as follows All options reduce new items from the recommended budget Council may choose any combination of these (or other) options totaling \$7 8 million

Option 1 Eliminate the 1¢ recommended to be transferred from the General Fund to the Pay-As-You-Go Tax Fund

The impact would be the loss of \$3 9 million programmed in The Manager's Recommended Budget and would

- Eliminate funding for the Discovery Place lunch area (\$725,000)
- Eliminate funding for Neighborhood Matching Grants (\$500,000)
- Eliminate funding for Small Area Plan capital projects (\$300,000)
- ► Eliminate funding for Traffic Calming Devices (\$250,000)
- Eliminate funding for the City View Project (\$400,000)

- Eliminate funding for the Infrastructure Grant Program (\$200,000)
- Eliminate funding for the Facade Program (\$200,000)
- Eliminate funding for facilities planning study (\$250,000)
- Eliminate increased funding for building maintenance (\$600,000)
- The balance of the funds were recommended to build the Fund as capital reserves are depleted in the next few years

Option 2 Eliminate 1 85¢ from the Debt Service Fund

The impact would be the loss of \$136 4 million in new debt capacity programmed in the Manager's Recommended Budget and would

- Eliminate funding for the Westside Strategy
 Plan projects
- Eliminate funding for State Roads
- ► Eliminate funding for sidewalks

Option 3 Eliminate 2¢ in new programs from the General Fund, including

- Technology funding (\$2 5 million)
- ► Upfit of the Government Center (\$1 8 million)
- Radio Upgrades in Fire and Solid Waste (\$752,388)
- ► Maintenance of the I-77/I-277 Loop (\$551,195)
- Economic Development Division (\$442,195)
- Westside Landscape Maintenance (\$440,000)
- Customer Service Improvements (\$422,978)
- Uptown Mall Maintenance (\$315,000)
- Median Maintenance on Highway 51 and Harris Boulevard (\$300,000)
- Financial Partners Performance Reviews (\$250,000)

The new programs left in the General Fund would be \$356,622 for compliance with the Solid Waste Management Plan (which Council approved in January 1998) and \$242,500 for the increase in the City's storm water fee

Notes

- Any decrease in the tax rate has a negative impact on the distribution of Sales Taxes with Mecklenburg County in the following year Each 1¢ change equates to approximately \$700,000 in Sales Tax revenues
- In Fiscal Year 2000 (which begins July 1, 1999), revenue the General Fund is scheduled to receive from Mecklenburg County for Police Services is scheduled to drop by approximately \$3.5 million per the interlocal agreement approved in 1995