

MONDAY, JUNE 5, 2000

**5:00 pm Council-Manager Dinner Meeting
Chamber Conference Room**

**7:30 pm Citizens Forum
Meeting Chamber**

**- FY2001 Operating Budget Plan and FY2001-
2005 Capital Investment Plan**

1. **FY2001 Operating Budget and FY2001-05 Capital Investment Plan**

Action: Approve 2000-2001 Appropriations and Tax Levy Ordinance, the Capital Investment Plan Resolution for Fiscal Years 2001-2005, the FY2001 Pay and Benefits Resolution and other items related to the Annual Ordinance Adoption.

Committee Chair: Lynn Wheeler

Staff Resource: Listed under each section

Policy:

As required by state law, the City of Charlotte adopts an annual appropriations and tax levy ordinance and considers related actions prior to June 30 of each fiscal year.

Explanation:

Council is requested to adopt the following actions:

- A. The FY2001 Appropriations and Tax Levy Ordinance
- B. The FY2001-2005 Capital Investment Plan Resolution
- C. The FY2001 Pay and Benefits Plan Resolution
- D. Arts and Outside Agencies Contracts
- E. Municipal Service Districts Contracts
- F. Job Training Contracts
- G. Human Services Contracts
- H. Housing Development and Support Contracts
- I. Other Budgetary Items

Action:

- A. Adopt the FY2001 Appropriations and Tax Levy Ordinance**

Budget Overview:

On May 1, 2000, the City Manager presented the recommended FY2001 Operating Budget Plan and the FY2001-2005 Capital Investment Plan to the Mayor and City Council. Since February 2000, the Mayor and City Council held five budget retreats and the required public hearing to shape development of this budget.

The total recommended budget is \$1.13 billion, with \$691.6 million for operating expenses and \$436.5 million for capital expenditures.

The budget addresses Council's 2000 top and high priorities and fulfills all 2000 budget goals. As tentatively approved on May 31, 2000 by straw vote, the Council endorsed the following budget scenario:

- A tax rate of 46.7¢ per \$100 of assessed valuation
- Increasing the General Fund's reserves from 10% to 12%, with the balance transferred to the Capital Budget to support the FY2001-FY2005 Capital Investment Plan.
- An average increase in Storm Water fees of 10%.
- An average monthly Water and Sewer rate increase of 4.5% for residential customers.
- An annual increase in the solid waste fee from \$38 (single-family) and \$23 (multi-family) to \$45 and \$27, respectively.

Property Tax Rate:

The property tax rate for FY2001 is a total of 46.7¢ per \$100 of assessed valuation. The FY2001 assessed value is estimated at \$45.7 billion, with an estimated collection rate of 97.75%. The distribution of the tax rate is as follows:

General Operations	38.05¢
Debt Payments	6.40¢
Pay-As-You-Go Capital	2.25¢
Total	46.70¢

Changes to the Recommended Budget:

Additions:

Council approved the following additions to the City Manager's recommended budget on May 31, 2000:

- UNCC Urban Institute University Area Project	\$20,000
- Court System Enhancement	\$29,000
- Mothers of Murdered Offspring	\$40,000
- Community Building Initiative	\$50,000
- Hope Haven	\$50,000
- Charlotte Regional Sports Commission	\$50,000

The recommended additions of \$239,000 are funded by additional anticipated property tax revenues of \$1,248,986. The balance of \$1,009,986 is appropriated to the reserves of each tax fund (General, Pay-As-You-Go and Debt Service) to further work towards Council's goal of 16% reserves.

Attachment 1

Ordinance

B. Adopt the FY2001-2005 Capital Investment Plan Resolution

The resolution approves the five-year capital investment expenditure and financing plan totaling \$1.7 billion.

The property tax rate dedicated to the Municipal Debt Service Fund is recommended at 6.4¢. This is a .22¢ increase over FY2000. The increase is due to a planned, 4-year phase-out of property tax support to the Storm Water Fund. The additional .22¢ in the Municipal Debt Service Fund will support the City's streets and neighborhood improvements bond programs.

The property tax rate dedicated to the Pay-As-You-Go Fund is recommended at 2.25¢. This is no change from FY2000. These funds support relatively small capital projects in the Housing and Facility Investment programs.

The Storm Water Capital Project Fund totals \$91.7 million over the next five years, supported by annual fee increases averaging 10% for residential, commercial, and City facilities.

The Public Transit Capital Project Fund totals \$449.3 million over the next five years. \$12.2 million is appropriated in the annual ordinance for advanced construction of the South Corridor to coordinate with construction of the Trolley project. Remaining appropriations will be implemented when Federal and State grant applications are brought to Council for approval.

The Water and Sewer Capital Project Fund totals \$455 million over the next five years, a 10% increase over the current program. Program expansion is due to a system-wide water study recommending new water projects and planned expansions at the McAlpine Wastewater Treatment Plant. The FY2001 residential rate increase is 4.5%, or 7% lower than the rate increase implemented last year.

The Aviation Capital Project Fund totals \$287.6 million over the next five years. \$50,000 is appropriated in the annual ordinance for the Airport Art Program. Remaining appropriations will be implemented when Federal grant applications are brought to Council for approval.

Attachment 2

Resolution

C. Adopt the FY2001 Pay and Benefits Plan Resolution

The recommendations included in the FY2001 Pay and Benefits Report include the following:

Compensation

In **Deferred Compensation**, a 3.0% city-wide 401(k) contribution for eligible employees. In conjunction with the state-mandated 5% 401(k) contribution provided to all sworn police officers since 1988, this deferred compensation extends to all eligible City employees.

In the **Broadbanding Pay Plan**, a 4.5% total pay increase budget for each

Key Business Unit including:

- 4.0% for merit increases and .5% for career development increases.
- Merit increases will range from 0% to 8% based on market position and performance level, but total increases in each Business Unit will not exceed 4.5%.

In the **Public Safety Pay Plan:**

- Public Safety employees will receive increases between 3% and 8% during FY2001.
- A 3% structural market adjustment for all steps in the Public Safety Pay Plan. Public Safety Pay Plan employees will receive this increase effective July 5, 2000.
- FY2001 increases for sworn Police employees will average 6.3%. Increases for Fire employees in the Public Safety Plan will average 5.5%.

Medical insurance premiums for employees/retirees and the City will increase by 9%.

Dental insurance premiums for employees/retirees and the City will increase by 10%.

No change is made to life, short-term disability, or long-term disability insurance.

Medical stop-loss insurance premiums will continue through a subsidiary of our current carrier, American Insurance Group. The cost for coverage is included in the recommended medical insurance premium structure.

Optional life insurance rates will be adjusted as indicated in Attachment S of the FY2001 Pay & Benefits Report.

Attachment 3
Resolution

City Council approves all contracts in excess of \$100,000. The City Manager has authority to approve those contracts totaling no more than \$100,000. Sections D-H contain contracts in excess of \$100,000. Scope of services and FY2001 program objectives for each of these agencies are attached.

D. Approve the Arts and Outside Agencies Contracts:

Charlotte Convention & Visitors Bureau (CCVB) \$2,904,826

Funding for CCVB is derived from the proceeds of a county-wide occupancy tax.

The CCVB promotes economic development in the Charlotte-Mecklenburg area by promoting the area as a destination for convention, leisure, and sports-related travel.

Attachment 4

Convention Center Marketing \$2,708,125

In 1993, City Council approved an agreement between the Convention and Visitors Bureau (CCVB) and the Auditorium/Coliseum/Convention Center Authority to jointly market the Charlotte Convention Center. 70% of the marketing dollars goes to CCVB and 30% goes to the Authority. Marketing dollars come from the prepared food and beverage tax and the second 3% of occupancy taxes.

Attachment 4

United Family Services (Victim Assistance) \$274,492

Funding for United Family Services increased from FY2000 to FY2001. The increase of \$10,365 represents a 4% increase in City support.

The Victim Assistance Program provides counseling, education, and assistance to adult and child victims of crime and to families of homicide victims.

Attachment 5

Arts & Science Council (ASC) \$2,674,580

FY2001 funding for the Arts & Science Council does not represent an increase in funding over FY2000.

The Arts & Science Council oversees community-wide cultural planning, fundraising, grant administration, technical assistance, facility review, and other responsibilities to advance the cultural life of Charlotte and Mecklenburg County.

Attachment 6

E. Approve the Municipal Service Districts Contracts (Charlotte Center City Partners - CCCP)

Municipal Service Districts 1, 2, and 3 (Uptown), and District 4 (South End) were created to promote investment in the designated business areas. Contracts covering District 1 have been funded since 1978, and contracts covering Districts 2 and 3 have been funded since 1984. The South End District is a newly created contract for FY2001.

For FY2001, the City will contract with Charlotte Center City Partners for all three Uptown Municipal Service Districts, and with South End Development Corporation for the South End Municipal Service District.

The FY2000 tax rates for each Uptown District will be maintained in FY2001. The tax rate for the South End District will be 9.00¢ per \$100 assessed valuation.

Municipal Service District 1

FY2001 Contract Amount \$693,759

The FY2001 contract with CCCP for District 1 represents an 12.4% increase over the FY2000 contract amount due to an increase in the projected net proceeds of the District 1 tax levy. The tax rate for District 1 is 1.93¢ per \$100 assessed valuation.

Attachment 7

Municipal Service District 2

FY2001 Contract Amount \$140,219

The FY2001 contract with CCCP for District 2 represents a 8.9% increase over the FY2000 contract amount due to an increase in the projected net proceeds of the District 2 tax levy. The tax rate for District 2 is 1.4¢ per \$100 assessed valuation.

Attachment 7

Municipal Service District 3

FY2001 Contract Amount \$429,625

The FY2001 contract with CCCP for District 3 represents a 4.4% increase over the FY2000 contract amount due to an increase in the projected net proceeds of the District 3 tax levy. The tax rate for District 3 is 2.89¢ per \$100 assessed valuation.

Attachment 7

Municipal Service District 4

FY2001 Contract Amount \$185,000

The FY2001 contract with South End Development Corporation for District 4 represents the first year of this agreement. The tax rate for District 4 is 9.00¢ per \$100 assessed valuation.

Attachment 8

F. Job Training Contracts

Beginning January 1, 2000 the Workforce Development Board (WDB) assumed the responsibility for the operation of the Job Training Program, which is funded by federal Employment and Training Grants. The City will retain management oversight and serve as the fiscal agent for the Program. The only contract the City will need in this capacity is the agreement with the WDB. Contracts with other agencies that usually serve the Program, such as Youth Services and Child Care Resources, will be between these agencies and the WDB.

The agreement between the City and the WDB will be presented for approval at the June 12 City Council meeting.

G. Human Services Contracts

The FY2001 Consolidated Action Plan, approved by Council on April 24, 2000, identifies priorities for federal housing and community development resources including the Community Development Block Grant (CDBG). Human services contracts for After School Enrichment Programs are part of the projected FY2001 CDBG-funded activities.

The contracts provide educational enrichment activities for elementary, middle, and high school students of families with low incomes who reside in the City Within A City (CWAC) boundaries. Charlotte-Mecklenburg Schools provide training for the city-funded after school program staff(s) under their contract. The contracts are funded by the human/public services component of the CDBG program.

Gethsemane Enrichment Program	\$522,091
Bethlehem Center	\$191,545
Charlotte-Mecklenburg Schools After School Care	\$178,464
YWCA Education Enrichment	\$110,429

Attachment 9

H. Housing Development and Support Contracts

The 2001 Consolidated Action Plan, approved by Council April 24, 2000, establishes strategies to provide housing and supportive services for low- and moderate-income families and individuals as part of an overall community revitalization strategy.

- The Charlotte-Mecklenburg Housing Partnership (CMHP) Affordable Housing Development contract is \$2.0 million for FY2001. The contract includes funding to address planning for future multifamily housing projects.
- The Charlotte-Mecklenburg Housing Partnership (CMHP) Special Housing Development contract for \$1.4 million to continue acquisition and development along the Statesville Road Corridor.
- The Regional HIV/AIDS Consortium will award restricted-use grants to serve the seven-county Charlotte Metropolitan Statistical Area (MSA). The Consortium will distribute funds available through the Housing Opportunities for People with AIDS Program (HOPWA). This contract represents the federal grant (HUD) monies for developing access to community residences, developing more affordable housing through rental assistance programs, and coordinating other supportive services for residents with HIV/AIDS. The contract amount for FY2001 is \$428,000.
- Crisis Assistance Ministry will assist low-income families in the City Within A City (CWAC) area by restoring water and utility services or preventing service interruption through the winter. Crisis Assistance Ministry has a second contract that provides emergency rental assistance for low-income CWAC families facing eviction for non-payment of rent.
 - a. Crisis Assistance Energy Assistance \$160,000
 - b. Crisis Assistance Emergency Rental Assistance \$150,000
- Consumer Credit Counseling Services will provide housing and credit counseling for individuals and families striving for self-sufficiency and home ownership. This is the final year of a three-year contract in the amount of \$276,000.

- UJAMMA, Inc. will assist individuals striving for home ownership via workshops and/or one-on-one counseling sessions. UJAMMA offers eight hours of pre-home ownership education presented in a classroom setting. Full attendance is mandatory before graduating to the home ownership component. This is the final year of a three-year contract in the amount of \$315,000.

Attachment 10

I. Other Budgetary Items

Each fiscal year City Council considers final changes to ordinances since the adoption of the annual budget ordinance in June and the mid-year ordinance in February. Holding these non-emergency budget ordinances until the fiscal year's end reduces the number and frequency of ordinances being brought to Council for action throughout the fiscal year. Some of these changes are technical accounting changes. Others are to provide additional funding for projects in need of action before the close of the current fiscal year. Other changes distribute grant proceeds and interest earnings.

The following Section descriptions refer to sections included in the FY2001 Annual Ordinance included as Attachment 1.

Section 11 appropriates \$872,830 in asset forfeiture funds to purchase law enforcement supplies and services. See attachment 11 for the list of planned expenditures.

Section 12 appropriates \$268,000 from increased security alarm fines to pay the contracted administrator's share of collected revenues.

Section 13 appropriates \$470,000 from the Pay As You Go Fund fund balance to Pedestrian Safety projects (\$170,000) and Minor Roadway Widening (\$200,000).

Sections 14 through 18 adjust several projects within the Aviation Capital Project Funds to reflect revised sources of funding.

Section 19 appropriates \$550,000 in Utilities Operating Fund fund balance for transfer to the Utilities Capital Investment Fund for new service connections to accommodate increased customer connection requests.

The remaining sections are technical accounting changes necessary to clarify or correct FY2000 and other prior-year budgetary ordinances.

Attachment 11

Assets Forfeiture Fund Planned Expenditures