

**2013 Mayor and City Council Retreat  
Agenda**

**Whitehead Manor**

**Thursday, February 7, 2013**

**8:30 Breakfast**

**Welcome, Opening Comments, Introduction of Facilitator** Mayor Foxx

**Review of Agenda, Rules of Engagement** Barbara Riley

**Opening Comments** Julie Burch

**9:00 Charlotte's Economic Health within the Context of the Global Market** Michael Gallis

**9:50 Break**

**10:00 Creating a Foundation for Charlotte's Economic Health**  
(A Virtual Tour of Transformative Projects and their relationship to  
Charlotte's Focus Areas)

- Opening Comments Julie Burch

- Panel/Council Interaction Debra Campbell, Pat Mumford, Danny Pleasant

**12:00 Break**

**12:30 Luncheon: Building a 21<sup>st</sup> Century City and Region**

The Honorable Kasim Reed, Mayor of Atlanta and Jeff Boothe of Holland & Knight

**2:00 Break**

**2:30 Budget Overview and Financial Update**

A. Overview of City's Budgetary and Operational Condition Randy Harrington

B. State Tax Reform Federal Tax Changes, County Revaluation  
Status and Expected Revenue Estimates Greg Gaskins

**5:00 Reception**

**6:00 Dinner**

# 2013 Mayor and City Council Retreat

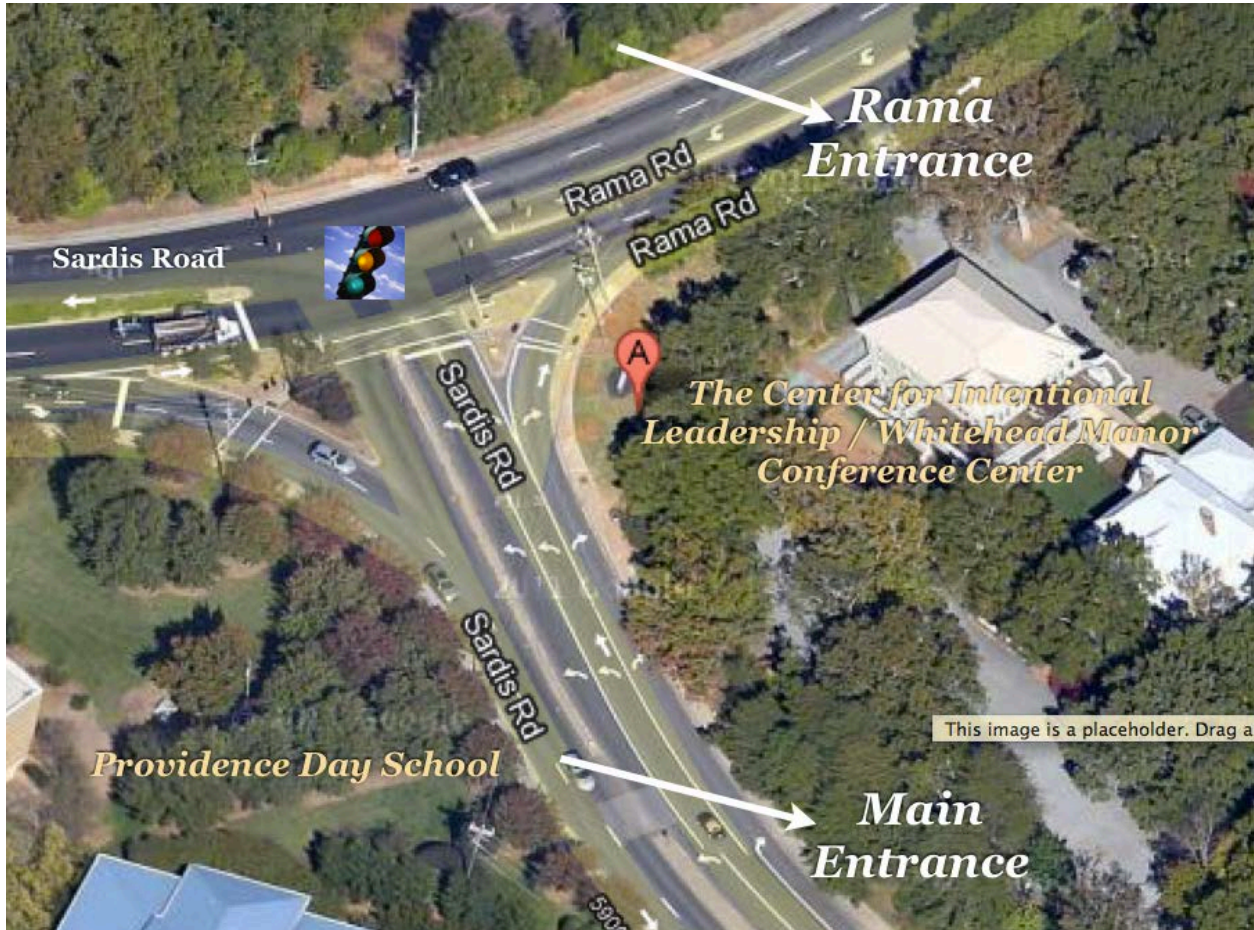
## Agenda

Friday, February 8, 2013

<b>8:30</b>	<b>Breakfast</b>	
<b>8:45</b>	<b>Facilitated Check-in</b>	Barbara Riley
<b>9:00</b>	<b>Focus Area Plans Review</b> Report on Focus Area achievements and challenges Facilitated Discussion	Committee Chairs and Staff
<b>10:30</b>	<b>Break</b>	
<b>10:45</b>	<b>Mayor and Council Open Discussion</b>	Mayor Foxx Council Members
<b>12:00</b>	<b>Lunch and Closed Session</b>	

**Action:** Adopt a motion pursuant to North Carolina General Statute 143-318.11(a)(4) to go into closed session to discuss matters relating to the location of industries or businesses in the City of Charlotte, including potential economic development incentives that may be offered in negotiations.

**Mayor and Council  
2013 Annual Retreat  
Whitehead Manor  
Conference Center  
February 7-8, 2013**



**NOTE: There are entrances on Rama Road and on Sardis Road.**

**Dress: Business Casual**

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Chambers Group

Dr. Riley is an author as well as a dynamic, engaging and inspiring speaker. She brings extensive expertise to, executive and life coaching, leadership development, organizational development and culture change. She has contributed over twenty-five years of consulting experience with Fortune 500 companies including Johnson and Johnson, Carolinas Health Care System, Corning Inc, Wachovia Corporation, Shell Oil, Kodak, SC Johnson Wax, as well as numerous, city, state, not-for-profit and educational organizations. Dr. Riley brings a wisdom that grounds her coaching and consulting in both personal development and the real world of team and organization success.



Dr. Riley completed her doctorate at Boston University, M.S. at Smith College and received her BA in psychology from Hofstra University. She is certified in Parallel Thinking™, The Wellness Inventory™ and The Leadership Circle 360™ Profile. Dr. Riley is past faculty member of Boston University and current adjunct faculty member at Queens University of Charlotte. She is currently a member of the NTL Institute of Applied Behavioral Science and The League of Black Women. She is a board member of the Levine Museum of the New South and an advisory board member of The Women's Intercultural Exchange and Dress for Success. A native New Englander, Barbara now resides in Charlotte, N.C.

## MICHAEL GALLIS

Michael Gallis is widely considered one of the country's leading experts in large-scale metropolitan regional development strategies. His firm pioneered a specialty in building frameworks through which public, private and institutional leaders have been mobilized to develop new ways of responding to the challenges and opportunities of states and regions in the 21st century.

Michael Gallis & Associates, a strategic planning and design firm, was formed in 1988. Since that time, the company has grown to become a multi-disciplinary firm advising regions, states and national governments in the development of integrated regional, national and global strategies. The firm also specializes in transportation, airport and economic development and environmental strategies. MG&A has received many awards and honors, including a National Design Award from the U.S. Department of Transportation and the National Endowment for the Arts, and two National Economic Development awards.

Mr. Gallis consulted with the National Surface Transportation Revenue and Study Commission in 2007 and 2008 on developing the "Big Picture" component of the vision for US transportation in the 21st century. He was invited to speak before the Committee on Transportation and the Environment of the US House of Representatives in January of 2009 and testified in the US Senate to the Infrastructure & Environment Committee.

His firm has completed strategic development and transportation programs for a number of cities and regions including Detroit, Cincinnati, Memphis, Mobile, West Michigan, Orlando, San Diego and Charlotte, as well as for several states, including Connecticut, Rhode Island, Illinois, New York and New Jersey and for nations including Canada and the US.

He has been a featured speaker and seminar leader for a variety of international and national meetings and conferences on subjects ranging from urban development and regional planning to transportation, economic development and technology. He delivered the keynote address at a conference on technology at the Royal Academy in London, and at a conference on sustainable infrastructure at the US National Academy of Sciences. He has appeared as a commentator on the News Hour with Jim Lehrer on PBS, and in the LPB documentary "Return to the Forest Where We Live".

Mr. Gallis has served on numerous boards and commissions. He recently served on the board of American Forests, Washington DC, and has served as a member of the Governor's Commission on a Competitive North



Carolina, the Advisory Board of the International Congress of the Atlantic Rim and the Mayor's International Cabinet. He also was selected to join a technical assistance team sent to Poland, sponsored by the U.S. Department of State, to provide advice on major metropolitan development. Gallis is a member of the Founding Board of the International Radical Innovation Institute, which is focused on accelerating the process of commercializing radical innovations in technology and helping societies and governments to better prepare for their impacts.

Mr. Gallis was an associate professor of architecture and planning in the College of Architecture at the University of North Carolina at Charlotte from 1974 to 1997. In 1990 he was selected as the first Fellow at the Urban Institute of UNCC. Gallis received a Bachelor's degree in Architecture from the University of California, Berkeley and two Master's degrees – one in Architecture and one in City Planning – from the University of Pennsylvania.





Kasim Reed was inaugurated as the 59th Mayor of the City of Atlanta on January 4, 2010. Since then, he has hired more than 700 police officers, re-opened all of the city's recreation centers as safe havens for young people and improved core city services such as fire-rescue response times and sanitation operations. Working with the Atlanta City Council and the city's employee unions, he successfully initiated a series of sweeping reforms to address the city's \$1.5 billion unfunded pension liability. Mayor Reed began his term facing a \$48 million budget shortfall; under his leadership, the city has had three years of balanced budgets with no property tax increases, and its cash reserves have grown from \$7.4 million to more than \$126 million.

Mayor Reed has received numerous accolades since taking office. In September 2012, he was named the 6<sup>th</sup> most influential African-American in the nation by *The Root*, a publication of the Washington Post Company. He received the Distinguished Leadership Award from the National Forum for Black Public Administrators in July 2012. The Joint Center for Political and Economic Studies in Washington D.C. honored him in May 2012 with the Louis E. Martin Great American Award, saying he "heralds a new and creative approach to leadership." *Governing Magazine* named Mayor Reed as one of the top state and local government officials of the year in November 2011. Thomas Friedman, the Pulitzer-Prize winning New York Times columnist and author of "*That Used to Be Us*," called Reed "inspiring" and labeled him as "one of the best of this new breed of leaders." In his book "*We Can All Do Better*," former U.S. Senator Bill Bradley cited Reed's straightforward approach in successfully reforming the city's pension plan and wrote: "We need more of that kind of candor."

Mayor Reed's civic leadership and service have been nationally recognized on programs such as Meet the Press and on news outlets such as MSNBC, CNN, FOX and CNBC. He has been featured in publications including *The New York Times*, *The Wall Street Journal*, *The Atlanta Journal-Constitution*, *The Washington Post* and *Black Enterprise*. Mayor Reed has been a guest speaker and panelist at numerous national and international conferences, including the Aspen Ideas Festival, Chicago Ideas Week, New York Ideas, New Cities Summit, Clinton Global Initiative (CGI) America, and the Gathering of Leaders.

Mayor Reed is Chairman of the Transportation and Communications Committee of the U.S. Conference of Mayors and Chairman of the Regional Transit Committee of the Atlanta Regional Commission. He is a member of the Aspen Institute-Rodel Fellowship Class of 2007, Leadership Georgia Class of 2000 and Leadership Atlanta Class of 1998. He served as a Board Member of both the National Black Arts Festival and Metropolitan Atlanta Arts Fund.

Prior to his election, Mayor Reed established a track record of leadership during his 11 years as a member of the Georgia General Assembly. He was elected to the Georgia House of Representatives in 1998 and served two terms. From 2002 to 2009, he served in the Georgia State Senate, where he was Vice Chairman of the Senate Democratic Caucus.

Mayor Reed is a former partner in the litigation practice of Holland and Knight LLP, an international law firm with offices in Atlanta, where he specialized in entertainment law. He is a member of the American Bar Association, the National Bar Association and the State Bar of Georgia.

Mayor Reed grew up in the Cascade community of Southwest Atlanta, where he attended Utoy Springs Elementary School and Westwood High School (now Westlake High School). He is a graduate of Howard University in Washington D.C., where he received his Bachelor of Arts and Juris Doctor degrees and an honorary Doctor of Laws. As an undergraduate member of Howard University's Board of Trustees, he created a fundraising program that has contributed more than \$10 million to the school's endowment since its inception. Mayor Reed was appointed as Howard University's youngest General Trustee in June 2002 and remains a dedicated member of the Board of Trustees.

Mayor Reed enjoys attending sports events and reading. Some favorite books include *Master of the Senate* by Robert Caro and *The Narrative of the Life of Frederick Douglass* by Frederick Douglass. He likes playing golf with his father, Junius Reed, and calls his mother, Sylvia Reed, his "best friend." He also enjoys spending time with his three older brothers: Chuck, Carlton and Tracy. Mayor Reed is a member of Cascade United Methodist Church.



## Jeffrey F. "Jeff" Boothe

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Washington, D.C.

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**Jeffrey Boothe** practices in the area of transportation. Mr. Boothe is nationally recognized on matters relating to transportation policy, transit oriented development and sustainability. Mr. Boothe is experienced in representing public transit properties seeking federal appropriations, project authorization, negotiating full funding grant agreements and sustainable development.

Prior to entering private practice, Mr. Boothe spent 10 years on Capitol Hill as a legislative assistant to former Senator Mark Hatfield and as a professional staff member on the United States Senate Appropriations Committee.

### Honors & Awards

- Movers & Shakers: Profiles of Influential People, *Metro Magazine*, September/October 2011

### Memberships

- Reconnecting America, Vice Chair and Founding Board Member
- Center for Transit Oriented Development, Founding Board Member
- American Public Transportation Association, Board of Directors; Business Member Board of Governors; Legislative Committee Member; Policy and Planning Committee Member; Major Capital Projects Committee Member; Vintage Trolley and Heritage Streetcar Committee Member
- Center for Transportation Excellence, Board Member

Mayor and City Council Retreat

# Budget and Finance Report

February 7 - 8, 2013

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# Budget & Finance Report Table of Contents

<b>I.</b>	<b>Introduction</b> .....	1
<b>II.</b>	<b>Economic Update</b> .....	1
<b>III.</b>	<b>FY2013 Mid-Year Report</b>	
	Overview .....	2
	General Fund Revenues .....	2
	General Fund Expenditures .....	3
	General Fund Summary Table.....	4
	Enterprise Funds.....	5
<b>IV.</b>	<b>FY2014 to FY2017 General Fund Projections</b>	
	Overview .....	6
	General Fund Revenues .....	7
	Four-year General Fund Operating Budget Projection Tables.....	8
	General Fund Base Budget Expenditure Assumptions.....	10
<b>V.</b>	<b>Capital Budget</b>	
	Overview .....	13
	General CIP Referral to Council Committees .....	14
	Debt Capacity.....	14
	Capital Project Balances.....	14
	Capital Financing Model .....	14
	AAA Credit Strength .....	15
<b>VI.</b>	<b>State of North Carolina Budget</b> .....	16

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## Introduction

This report provides an overview on the following:

- Current economic conditions,
- Status of the current FY2013 operating budget,
- Projections for the FY2014 through FY2017 General Fund operating budget,
- Key budget projection assumptions, and
- Other key budget highlights.

The current economy continues to demonstrate stable, albeit slow growth. The City's FY2013 budget is experiencing modest increases in revenue sources, comprised primarily of property tax and sales tax, and expenditures are projected slightly under budget. Additionally, the City continues to use a national best practice debt model for debt financing.

The development of the upcoming FY2014 & FY2015 two-year operating budget is anticipated to again reflect slow economic recovery. The development of a FY2014-FY2018 General Capital Investment Plan (CIP) is currently being reviewed in Council Committees with full Council discussion on a General CIP planned for the March 20<sup>th</sup> Budget Workshop.

City staff is keeping a close eye on the federal and state budget situations, specifically issues around the "fiscal cliff" and potential state revenue changes that could impact local government.

## Economic Update

### National

- A majority of economic forecasts suggest that 2013 will start out with slow growth as consumers experience tax and healthcare increases, but then gain some momentum as the year progresses. The result will be a year of moderate growth similar to that of 2012.
- Residential construction is a bright spot in the economy with single-family housing starts expected to rise 27% and multifamily starts rising near 30% this year.<sup>1</sup>
- The seasonally adjusted unemployment rate was 7.8% through December 2012.
- Consumer confidence expectations dropped due to uneasiness surrounding the "fiscal cliff" while the current conditions index rose to its highest level since August 2008, indicating less pessimism about the current economy.<sup>2</sup>
- Retail sales beat expectations in December with holiday sales increasing 3.2% over the previous year.<sup>3</sup>
- New home sales in November rose to their highest level since April 2010, with gains concentrated in the Northeast and the South.<sup>4</sup>

<sup>1</sup> Wells Fargo Economics Group, *Weekly Economic & Financial Commentary, Jan 11, 2013.*

<sup>2</sup> Wells Fargo Economics Group, *Fears About the Fiscal Cliff Undermine Consumer Confidence, Dec. 2012.*

<sup>3</sup> Wells Fargo Economics Group, *Retail Sales Surprise to the Upside, Jan 2013.*

<sup>4</sup> Wells Fargo Economics Group, *New Home Sales Rebound in November, Dec. 2012.*



## State

- The seasonally adjusted unemployment rate through December 2012 was 9.2%.
- The North Carolina economy is expected to expand by an inflation-adjusted rate of 1.8% during 2013.<sup>4</sup>
- Fourteen of the State's 15 economic sectors are forecast to experience output increases during 2013. The sectors with the strongest expected growth are Business and Professional Services, Transportation, Warehousing and Utilities, Agriculture, Retail Trade, Information and Other Services, and Durable Goods Manufacturing.<sup>5</sup>

## Local

- Through December, Mecklenburg County and the surrounding Metropolitan Statistical Area (MSA) had unemployment rates of 9.3% and 9.4%, respectively.
- According to the Case-Shiller index, the Charlotte housing market has returned to approximately January 2005 valuation levels after demonstrating a 5.1% year-over-year gain from November 2011 to November 2012.<sup>6</sup>
- The first nine months of 2012 saw 899 firms create 7,044 new or expanded jobs.<sup>7</sup>
- The total number of building permits issued in Mecklenburg County through November 2012 was up 13.8% year-to-date over November 2011.<sup>7</sup>

# FY2013 Mid-Year Report

## Overview

General Fund revenues are projected to meet budget. Estimates indicate that FY2013 revenues will be approximately \$0.4 million more than the \$551.1 million General Fund revised budget.

Staff estimates overall General Fund budget savings at \$2.9 million. The mid-year budget report estimates that all General Fund departments will end the fiscal year at or below budget.

## General Fund Revenues

General Fund revenues total \$551.5 million, or \$0.4 million above budgeted amounts. Sales taxes, business privilege licenses, and solid waste fees are projected to meet budgeted amounts of \$69.4 million, \$17.1 million, and \$12.1 million respectively. Property taxes and utility franchise fees are both projected to be \$0.8 million under budgeted projections. Other revenue sources (e.g. development related user fees, utility street cuts, and animal control licenses) are projected to reach a \$2.0 million net increase. Additional highlights include:

- Property tax growth remains modest. The County has observed a recent increase in building permits. However, the development is largely concentrated in South End and along the Blue Line. Many of these projects will not be fully developed until the 2014 tax year.
- The County's Tax Assessor's Office continues to work through revaluation appeals. The process is moving slowly but the informal appeal process has finished

<sup>5</sup> Babson Capital/UNCC Economic Forecast Dec. 2012.

<sup>6</sup> S&P/Case-Shiller Home Price Indices, Jan. 2013.

<sup>7</sup> Charlotte Chamber of Commerce

for appeals filed in FY2012. All further appeals will occur at the Board of Equalization and Review or the State Property Tax Commission. Due to higher than projected appeals resulting in a decrease to the property valuation, the City's FY2013 property tax revenue is estimated to be \$0.8 million less than budgeted. Approximately \$10 billion of value remains under appeal.

- Utility franchise fee revenue is not meeting the budgeted amount due to mild fall and early winter weather which has mitigated utility revenue gross receipts.
- The FY2013 budget anticipated a 3.9% growth in sales tax, including a moderate retail holiday season. While holiday sales may exceed expectations, this will likely not change previously forecasted revenues.

**General Fund Expenditures**

General Fund Expenditures are projected to be under budget by approximately \$2.9 million. Position vacancies have generated approximately \$1.2 million in compensation savings. Currently, 304.75 funded positions are vacant, of which 135.5 are in Police and 30 are in Fire (which are projected to be filled this year). The chart below summarizes these savings.

**General Fund Mid-Year Expenditure Summary**

<b>Budget Category</b>	<b>Description of savings</b>	<b>Savings/ (Gap)</b>
Personnel	Savings due primarily to holding positions vacant	\$1.2 million
Operating	Operational savings primarily in Solid Waste due to managing landfill/disposal costs and contracts	\$0.6 million
All other	Savings in various other operating expenses including office supplies, postage, department supplies, and delayed purchasing of non-critical equipment	\$1.1 million
<b>Total</b>		<b>\$2.9 million</b>

In sum, the General Fund's projected net savings result from personnel savings of \$1.2 million and operating line-item savings of \$1.7 million.

The Revenues and Expenditures table on the following page provide a complete FY2013 General Fund mid-year status summary.

**General Fund Summary Table**  
**FY2013 Mid-Year Status**  
(in millions)

Revenues	Revised Budget	Projected	Increase (Decrease)
Property Tax	\$316.5	\$315.7	\$(0.8)
Sales Tax	69.4	69.4	-
Utility Franchise Tax	38.1	37.3	(0.8)
County Payment for LESD*	13.1	13.1	-
Solid Waste Fee	12.1	12.1	-
Business Privilege License	17.1	17.1	-
All Other	84.8	86.8	2.0
<b>Total Revenues</b>	<b>\$551.1</b>	<b>\$551.5</b>	<b>\$0.4</b>

Expenditures by Department	Revised Budget	Projected	Savings (Increase)
Police	\$211.7	\$211.7	\$ -
Fire	103.2	102.9	0.3
Solid Waste Services	46.9	46.3	0.6
Transportation	21.9	21.6	0.3
Engineering and Property Mgmt.	18.9	18.4	0.5
Planning	5.3	5.0	0.3
Neighborhood & Business Services	12.0	11.9	0.1
Mayor and Council	1.5	1.5	-
City Attorney	2.1	2.1	-
City Clerk	0.5	0.5	-
City Manager	17.3	17.2	0.1
Human Resources	4.1	4.0	0.1
Finance	10.0	9.9	0.1
Shared Services	24.3	23.9	0.4
Budget and Evaluation	1.6	1.5	0.1
Non-Departmental	69.8	69.8	-
<b>Total Expenditures</b>	<b>\$551.1</b>	<b>\$548.2</b>	<b>\$2.9</b>

\*LESD: Law Enforcement Service District

## **Enterprise Funds**

### **Charlotte Mecklenburg Utility Department (CMUD)**

CMUD projects expenditure savings of \$3.29 million, or 1.1% of its \$291.1 million operating budget. Revenue collections are currently trending \$3.3 million under budget, or -1.1% of the total revenue budget of \$309.7 million. CMUD will end the fiscal year on budget.

#### Expenses

- \$2.0 million in savings due to 41 vacancies throughout the department. CMUD has worked diligently to fill vacant positions to meet service levels during the first five months, however due to retirements and normal attrition, the average number of vacant position has not decreased.
- \$1.29 million in savings from chemical purchases for treatment and power for pumping

#### Revenues

- \$3.3 million below budget due to volume related revenues being less than original estimates for both water and wastewater

### **Storm Water**

Storm Water projects savings of \$75,828, or 0.1% of its \$55.3 million operating budget, with revenue on target, for a net savings of \$75,828.

#### Expenses

- \$75,228 in savings due to vacancies
- \$600 savings in printing, publishing, and advertising

#### Revenues

- Impervious surface fee revenues and interest on investments are projected to meet budget

### **Aviation**

Aviation projects a savings of \$7.7 million, or 7.1% of its \$108.0 million operating budget, with estimated revenue matching budgeted revenues.

#### Expenses

- Personal Services expenditures are projected to meet budget
- \$3.1 million savings related to fuels and lubricants directly related to a new fuel contract agreement
- \$3.0 million in savings related to department reductions in equipment and vehicles
- \$1.2 million in savings from contractual services tracking under budget
- \$250,000 in savings from reduction in landfill charges
- \$150,000 in savings related to utilities

#### Revenues

- Aviation does not project any significant changes from adopted revenue appropriations

## Transit

The Charlotte Area Transit System (CATS) projects savings of \$1.2 million, or 1.1% of its \$106.4 million net operating expenditure budget, and anticipates \$6.0 million in additional revenues. This will generate a \$7.2 million contribution to CATS Fund Balance.

### Expenses

- \$640,000 in Personal Services savings
- \$180,000 savings in supplies and equipment
- \$135,000 savings in insurance premiums for light rail
- \$90,000 savings in maintenance and repairs
- \$90,000 savings in contractual services
- \$40,000 savings in fuel

### Revenues

- \$6.5 million more in sales and use tax
- \$340,000 more than anticipated in light rail operating revenues due to additional ridership associated with CIAA and DNC events
- (\$190,000) less than budgeted in Federal Congestion Mitigation & Air Quality grants (Goldrush, Harrisburg Road, NC-51 & Highland Drive)
- (\$200,000) less than anticipated in interest from investments
- (\$450,000) less than anticipated in State Maintenance Assistance Program due to a 3% reduction in NCDOT's overall budget

## FY2014 to FY2017 General Fund Projections

### Overview

Property tax revenue, the City's largest revenue source, is estimated to grow, but at a slow rate of 1.0% in FY2014 and then 1.5% annually FY2015 through FY2017 due to lingering impacts of the property tax revaluation appeals process and slow economic growth. The FY2014 General Fund revenue estimate is \$8.4 million greater than the FY2013 current year revenue estimate.

Sales tax revenue, the City's second largest revenue source, appears to have stabilized and modest growth of 3.5% is expected in FY2014 over FY2013 budget. Assuming conditions continue to modestly improve, the City could see revenues around the peak level of FY2008 by FY2014 or FY2015.

Several additional budget drivers could impact the estimate for the FY2014 budget and beyond. The General Assembly is currently reviewing legislation to reduce the \$2.5 billion debt obligation to the Federal Government for unemployment insurance benefits. The current proposal would require large local governments to maintain a reserve of 1.0% of its taxable wages. The estimated impact to the General Fund would be \$1.1 million over the next two fiscal years.

Revenue and expenditure estimates will change with additional data and staff analysis through the budget process. Departments are scheduled to submit formal budget requests in early February – thus other budget issues may arise, which are not identified in this report.

## **General Fund Revenues**

### **Property Tax**

- Anticipate slight increase in FY2014 of 1% over FY2013 budget.
- The County's Tax Assessor's Office continues to work through revaluation appeals. The process is moving slowly but the informal appeal process has finished. All further appeals will occur at the Board of Equalization and Review level or the State's Property Tax Commission level. The Board of Equalization and Review is currently hearing approximately 200 cases per week. The County is working with Pearson's Appraisal Service on outstanding appeals and reviewing the entire revaluation process.
- Effective July 1, 2013, property tax on motor vehicles will be due at the same time as license plate renewals instead of several months later, known as the North Carolina "Tax and Tag Together" program. Vehicle owners will receive FY2014 motor vehicle property tax bills several months earlier than in previous years. The change in payment due date will likely result in a one-time, small bump in revenue in FY2014; however, the exact dollar amount and specific timeline is not yet known.

### **Sales Tax**

- Revenues are showing slight increases through the first four months of the fiscal year as the economy gradually continues to recover.
- Growth for FY2014 is currently projected at 3.5% above FY2013 budget.

### **Revenue "Watch List"**

- Many of the City's primary revenue sources are under some degree of scrutiny at both the local and state level. At this time, it is unclear what impact there may be in FY2014. Staff will keep Council informed as details develop.
  - Mecklenburg County Revaluation update – The full process will not be completed before the beginning of FY2014 and the impact on revenues is unclear. The appeals process remains ongoing, with approximately \$10 billion of value still under appeal.
  - State Tax Reform – Legislative leaders have discussed multiple proposals, including elimination of personal and corporate income taxes, increase and expansion of the sales tax, and a new statewide business license tax. The current information available on these proposals is not detailed enough to project the local impact. The Governor has not officially discussed whether he supports any of the current proposals or if he will present alternative proposals.
  - Business Privilege License Tax (BPLT) – Charlotte receives the most income from the BPLT of any municipality in the state – approximately \$17 million, which is equivalent to approximately 2-cents on the property tax rate. The BPLT has been the subject of previous tax reform conversation, and may again be the subject of tax reform discussions for the upcoming fiscal year.

**General Fund Operating Budget Projections**

**General Fund Revenue Projected Growth FY2013 – FY2014**  
(in millions)

	<b>FY2013 Projected Actual</b>	<b>FY2014 Estimate</b>	<b>Growth</b>
Property Tax <sup>1</sup>	\$315.7	\$318.9	\$3.2
Sales Tax <sup>2</sup>	69.4	71.8	2.4
Utility Franchise Tax	37.3	38.1	0.8
Business Privilege License Tax	17.1	17.4	0.3
County Payment for LESD	13.1	13.5	0.4
Solid Waste Fee	12.1	12.3	0.2
Other Revenues	86.8	88.5	1.7
<b>Total</b>	<b>\$551.5</b>	<b>\$560.5</b>	<b>\$9.0</b>

**General Fund Revenue Projection**  
(in millions)

	<b>FY2013 Budget</b>	<b>FY2013 Estimate</b>	<b>FY2014 Estimate</b>	<b>FY2015 Estimate</b>	<b>FY2016 Estimate</b>	<b>FY2017 Estimate</b>
Property Tax <sup>1</sup>	\$316.5	\$315.7	\$318.9	\$323.7	\$328.6	\$333.5
Sales Tax <sup>2</sup>	69.4	69.4	71.8	74.3	76.9	79.6
Utility Franchise Tax	38.1	37.3	38.1	38.8	39.6	40.4
Business Privilege License Tax	17.1	17.1	17.4	17.9	18.3	18.8
County Payment for LESD	13.1	13.1	13.5	13.9	14.3	14.7
Solid Waste Fee	12.1	12.1	12.3	12.6	12.9	13.2
Other Revenues	84.8	86.8	88.5	90.3	92.1	94.0
<b>Total</b>	<b>\$551.1</b>	<b>\$551.5</b>	<b>\$560.5</b>	<b>\$571.5</b>	<b>\$582.7</b>	<b>\$594.2</b>

<sup>1</sup>Tentative values based on available assumptions provided by the County Tax Assessor's Office

<sup>2</sup>Sales tax includes Article 39, Article 42 and the hold-harmless payments from the State

**Estimated Growth Rates**  
(using estimated actuals from FY2013)

	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
Property Tax	1.0%	1.5%	1.5%	1.5%
Sales Tax	3.5%	3.5%	3.5%	3.5%
Utility Franchise Tax	2.0%	2.0%	2.0%	2.0%
Business Privilege License Tax	2.0%	2.5%	2.5%	2.5%
County Payment for LESD	3.0%	3.0%	3.0%	3.0%
Solid Waste Fee	2.0%	2.0%	2.0%	2.0%
Other Revenues	2.0%	2.0%	2.0%	2.0%

**General Fund Expenditure Projections**  
(in millions)

<b>Department</b>	<b>FY2013 Revised</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
Police	\$211.7	\$218.8	\$226.7	\$234.4	\$242.5
Fire	103.2	106.8	110.2	113.7	117.8
Solid Waste	46.9	48.0	49.2	50.4	51.7
Transportation	21.9	22.7	23.7	24.7	25.7
Engineering & Property Mgmt.	18.9	19.6	20.4	21.2	22.1
Planning	5.3	5.4	5.6	5.8	6.0
Neighborhood & Business Services	12.0	12.4	12.9	13.3	13.8
Mayor/Council	1.5	1.5	1.6	1.6	1.7
City Attorney	2.1	2.2	2.3	2.4	2.5
City Clerk	0.5	0.6	0.6	0.6	0.6
City Manager <sup>3</sup>	17.3	17.9	18.4	19.1	19.7
Human Resources	4.1	4.2	4.3	4.5	4.6
Finance	10.0	10.3	10.6	10.9	11.2
Shared Services	24.3	25.0	25.8	26.6	27.4
Budget & Evaluation	1.6	1.7	1.7	1.8	1.9
Non-Departmental	69.8	70.9	71.9	73.0	74.1
<b>Total</b>	<b>\$551.1</b>	<b>\$568.0</b>	<b>\$585.9</b>	<b>\$604.0</b>	<b>\$623.3</b>

<sup>3</sup>Includes divisions (Office of the Chief Information Officer, Community Relations, Corporate Communications & Marketing, CharMeck 311, and Internal Audit)



## **Base Budget Expenditure Assumptions and Potential Impacts**

### **Employee Compensation**

- The FY2013 budget includes a 1.5% market and 2.5%/5.0% step adjustments for the Public Safety Pay Plan and a 3% merit budget for Broadbanding employees.
- The FY2014-FY2017 projections also include pay plan adjustments for the purposes of estimation. The projected pay plan adjustments include a 1.5% market and 2.5%/5.0% step adjustments for Public Safety and a 3% merit budget for Broadbanding employees.
- Market conditions and compensation adjustments for FY2014 and FY2015 will continue to be reviewed during the budget development process and shared with City Council as part of the budget development process.

### **Health Insurance**

- Similar to compensation, health insurance changes are market based.
- Premium increases are shared between the City and employees/retirees.
- Since FY2001, the City has continued to increase premium cost sharing by employees.
- The projection assumes health premium increases of 8.0%. The City's health premium increases have regularly achieved a level below that of national medical trends as a result of:
  - Aggressive cost management of benefits
  - Moderate levels of benefits
  - Wellness programs to reduce future costs
- A new Transitional Reinsurance Fee (to assist in funding the requirements of health care exchanges) will be an impact from the Affordable Care Act in FY2014 through FY2016. The City will pay an additional \$63 per person (employees and dependents) covered in the major medical health plan. The total impact is estimated to be \$950,000 City-wide, of which approximately \$730,000 impacts the General Fund.
- Staff will continue to monitor and evaluate the health insurance market and financial conditions.

### **Retirement System**

- For FY2014, the NC Local Government Employees' Retirement System (NCLGERS) board mandated employer contribution increases for all employees (from 6.74% to 7.07% for non-sworn employees and 6.77% to 7.28% for sworn police).
- The impact to the General Fund is estimated at \$1.2 million for FY2014.
- The FY2015 rate is anticipated to increase for non-sworn employees and sworn police employees, but the percentage is not yet known.
- Additional mandated increases are anticipated through FY2015.
- The City self administers the Firefighter Retirement System. No contribution rate increases are anticipated.

### **Multifamily Garbage**

- As part of the FY2013 adopted budget, new disposal fees were set for single-family and multi-family residential units to reflect updated service delivery and costs.
- Council also asked staff to conduct additional analysis and engage a consultant to review categories of service units (e.g. single-family, multi-family, commercial), service usage, service delivery, and disposal rates.
- During the FY2014 budget process, staff will present findings from the staff and consultant studies.

### **Charlotte International Cabinet**

- At the October 8, 2012 Council Dinner Briefing, the Lee Institute presented their findings following an assessment of the Charlotte International Cabinet.
- One of the study findings was to include Charlotte International Cabinet as a division of the City of Charlotte, rather than an external Financial Partner.
- City staff has been working with the Charlotte International Cabinet to review the potential options on the agency's structure.
- A proposal for structure and funding of Charlotte International Cabinet will be included in the FY2014 & FY2015 City Manager's Recommended Budget.

### **Other Expenditure Assumptions**

- The projection assumes overall operating increases of 1.5% annually for FY2014 through FY2017
- Risk and liability insurance coverage is estimated to increase at 5% annually
- Fuel and vehicle maintenance continue to be monitored closely

### **Federal and State "Watch List"**

- Federal Budget Impacts
  - Although the immediate taxation impacts of the federal "fiscal cliff" were addressed at the end of calendar year 2012, there are several programs subject to sequestration that could impact the City:
    - HOME and CDBG allocations, supported by the federal General Government fund are subject to sequestration, and therefore an 8.2% reduction.
    - Any Capital Improvements Grant funding that is appropriated in federal fiscal year 2013, such as for Blue Line Extension construction, is also subject to the 8.2% reduction.
    - Funding for operating and maintenance of transit projects is supported by dedicated revenues (e.g. gas tax), which is not subject to sequestration.
    - Most of the federal government's grants to states would be subject to sequestration. The percentage of federal grant categories subject to the 8.2% sequestration are:
      - Agriculture = 100%
      - Employment & Training = 100%
      - Community Development = 100%
      - Justice = 100%
      - Energy, Environment, Natural Resources = 89%
      - General Government = 89%
      - Education = 54%
      - Income Security & Social Services = 23%
      - Transportation = 5%
      - Health = 3% (Medicaid is exempt)<sup>8</sup>
    - Other potential impacts are being monitored by City staff

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<sup>8</sup> Tomsic, Trinity. Federal Funds Information for States. (January 17, 2013). Retrieved from the American Association for Budget and Program Analysis webinar: "Fiscal Cliff, Sustainability & Beyond: Impact on Federal, State and Local Budgets".

- Federal government timelines for addressing additional “fiscal cliff” elements are:
  - February: President’s budget request is expected to be delivered to Congress in mid-February.
  - March: Funding of federal government expires with the expiration of a continuing resolution. Sequestration would automatically begin if Congress fails to act.
  - May: Debt limit recently suspended, which provides federal borrowing capability until May.

**State of North Carolina Unemployment Insurance**

- Background on unemployment insurance:
  - Federal-state partnership
  - A state-designed program with broad federal guidelines
  - State government pays 100% regular benefits and 50/50 extended benefits; federal government pays 100% emergency benefits.
- Current issues with unemployment insurance
  - The economic recession and high unemployment costs necessitated a \$2.5 billion federal loan by the State to pay unemployment insurance claims.
  - Outstanding loan balance triggers escalating private employer federal taxes (from \$21/employee in 2011 to \$189/employee in 2019).
  - At the January 8, 2013 North Carolina Revenue Laws Study Committee, it was recommended that cities be required to fund a reserve account equal to 1% of the taxable wage base from which benefits would be paid.
  - The purpose of the reserve fund is for local governments to “advance fund” potential payments for their public employees.
- Impact of this recommendation to City of Charlotte
  - Creation and maintenance of a citywide \$1.5 million unemployment insurance reserve fund, of which approximately \$1 million is General Fund (proposed legislation allows for the reserve to be established over two fiscal years – FY2014 and FY2015).

**Summary – General Fund Projected Revenues to Expenditures**  
(in millions)

	<b>FY2013 Revised</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
Revenues	\$551.1	\$560.5	\$571.5	\$582.7	\$594.2
Expenditures	\$551.1	\$568.0	\$585.9	\$604.0	\$623.3
<b>Savings/(Gap)</b>	<b>\$0.0</b>	<b>(\$7.5)</b>	<b>(\$14.4)</b>	<b>(\$21.3)</b>	<b>(\$29.1)</b>
<b>Savings/(Gap) as a % of expenditures</b>	<b>0%</b>	<b>(1.3%)</b>	<b>(2.5%)</b>	<b>(3.5%)</b>	<b>(4.7%)</b>

**Future Outlook**

While the above projection outlines budget gaps in future years, the City Manager will recommend a balanced FY2014 & FY2015 budget (as well as with other future budgets), as required by State law. Still, a few observations are worth noting:

- Operating budgets are extremely tight after cuts in FY2009, FY2010, and FY2011, coupled with nearly flat operating growth in FY2012, 1.5% operating growth in FY2013, and 1.5% growth projected through FY2017. This low level of operating growth over seven fiscal years will pose increasing operating strain on the General

Fund given annual cost pressures particularly from inflation, fuel, vehicle maintenance, and annual contract escalations. At the macro General Fund level, departments are managing tight or over-running operating budgets through position vacancies, which are also decreasing and challenging service delivery.

- While pay plan increases for Public Safety employees and Broadbanding employees are the primary drivers for the projected General Fund expenditure increases, staff feels it is an important goal to reestablish a regular pay plan approach based on the recent changes implemented in the Public Safety Pay Plan as well as recruitment and retention needs across the City.
- The ability to implement new General Fund operating budget initiatives in the future will be challenging given the modest projections for future revenue growth, the City Manager’s goal to invest in employee pay plans along with investments in other City Council goals, and continued operating budget pressures.

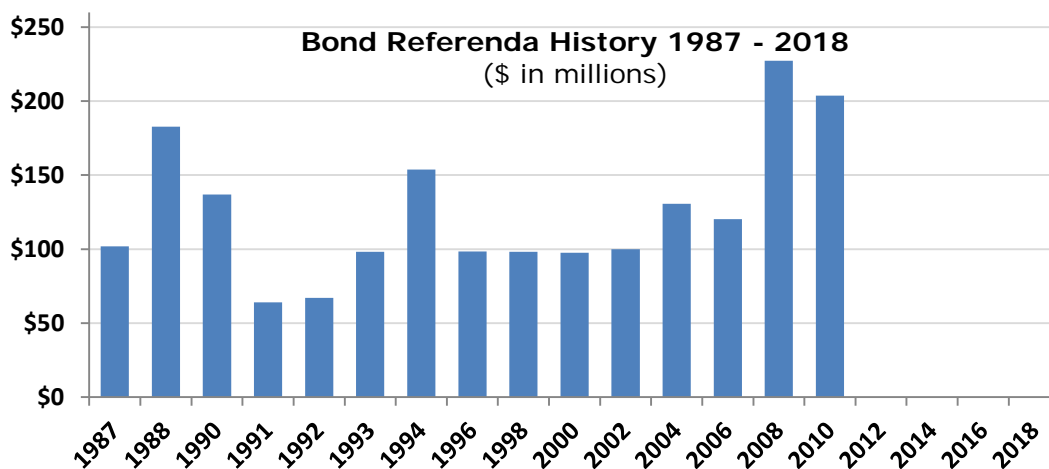
## Capital Budget

### Overview

In FY2007, City Council adopted a 3.86 cent property tax increase, of which 2.67 cents funded three bond referendums (2006, 2008, and 2010). The three referendums funded a total of \$551 million in transportation, neighborhood improvement, and affordable housing bond projects.

City Council did not approve funding for a 2012 or subsequent bond referendum as part of the FY2013 budget. City Council Committees are currently reviewing the projects from the recommended General CIP with initial Committee “report outs” scheduled for the March 20<sup>th</sup> Budget Workshop.

The following chart illustrates the City’s 25-year bond referenda history.



## **General CIP Projects Referral to Council Committees**

At the December 17, 2012 Special CIP Meeting, the Mayor and Council indicated they were not yet ready to take action on a new General CIP funding proposal. Thus, the Mayor and Council unanimously voted to defer any capital budget actions until their spring Budget Workshops. In the meantime, each of the projects in the City Manager's recommended General CIP have been referred to Council Committees for review and consideration of funding options.

The referral review timeline is as follows:

- January – early March
  - Council Committees review General CIP projects
- March 20<sup>th</sup>
  - Council Committees report out at Budget Workshop
- April 10<sup>th</sup>
  - Last Budget Workshop and opportunity for Council to direct inclusion of a new General CIP with the City Manager's recommended FY2014 budget

## **Debt Capacity**

General debt capacity is primarily impacted by and sensitive to the following factors:

- Property tax growth (new construction, vehicle sales and values, and business personal property values)
- Sales tax revenue
- Interest rates on invested funds
- Rate of spending on bond funded capital projects
- Interest cost of borrowed funds

Of these factors, property tax revenue and growth have the most impact on debt capacity. In FY2013, questions surrounding the revaluation - especially the success rate of appeals - required staff to be conservative in their estimation. Those estimates have tracked close to the latest data from the Mecklenburg County Tax Assessor's Office. However, not implementing a CIP in FY2013 has resulted in a modest increase of capacity to \$25 million. The uncertainty surrounding the entire revaluation process, and whatever adjustments may arise from it, could have additional impact to the debt capacity.

## **Capital Project Balances**

A review of all current General Government capital projects has identified \$12.0 million in remaining balances in completed projects that could be reprogrammed in the FY2014-FY2018 Capital Investment Plan to new or other ongoing capital needs. \$9.7 million of this available funding is from Transportation bond projects completed under budget and \$2.3 million is from Facilities projects completed under budget.

## **Capital Financing Model**

The City of Charlotte uses a two-stage, national best practices model for general obligation (G.O.) debt. First, each month, short term commercial paper is issued to cover the prior month's project spending. Second, when there is a combined total of outstanding commercial paper of \$150 million, the City issues long-term, fixed-rate debt financing for the projects. The City issues long term G.O. bonds approximately every two to three years. This two stage method allows for lower costs of borrowing during the construction phase of a project and repays the debt only after the project is operational. Furthermore,

this approach allows the City flexibility in terms of taking on debt faster or slower depending on the amount of actual spending, avoiding paying interest on project costs before they are incurred.

The City issues only the amount of debt that it can afford based on the existing Municipal Debt Service portion of the City's total tax rate. If long-term CIP needs are beyond the available debt capacity, then the City Manager typically presents City Council a multi-year General Capital Investment Plan and associated tax increase necessary to fund the multi-year plan. This method requires taxes to be increased only once for the duration of the plan, which is a cheaper approach to tax payers than having annual tax rate adjustments. The establishment of a separate portion of the property tax rate dedicated to the repayment of General debt also provides stability to the General Fund because it is never drawn upon to make debt service payments.

By Council policy, the City maintains a target of 16% unrestricted fund balance in the General Fund. Upon completion of the annual financial audit, any unrestricted General Fund fund balance in excess of 16% is designated for transfer to the General Capital Investment Plan's Pay-As-You-Go (PAYGO) cash funded capital program, which is \$5.3 million.

### **AAA Credit Strength**

Less than 5% of all cities in the United States are rated AAA. Charlotte has maintained a AAA credit rating for 40 consecutive years, which has enabled the City to access low-cost funds to meet the capital needs of a rapidly densifying urban area. While the City maintains a robust PAYGO program to support lower cost, short-term capital needs, the use of long-term fixed debt for assets such as roads and public safety facilities has helped to stabilize the tax rate and engage in long-term capital planning. It also ensures the debt is repaid by those using the assets throughout their useful life. Moody's Investors Service has stated that a City's rating is highly dependent on "...the extent to which management is channeling assets and resources to promote future growth and development, including investment in infrastructure..."

The City's AAA rating is based on its continued performance in the following criteria:

- **Economic Strength** – strong, diversified employment and tax base
- **Financial Strength** – demonstrated history to withstand budgetary pressures due to economic downturns
- **Management and Governance** – good fiscal management and policies that control operations and fund balance position
- **Debt Profile** – manageable debt levels that add value to infrastructure and services

If a General CIP is not implemented in 2014, rating agencies as part of their annual surveillance may conclude that the City will have problems maintaining basic infrastructure needs to support a robust economy, which could impact its ability to attract private development and investment. Additionally, the City would likely be perceived negatively in terms of political leadership and management if a proposed plan fails two years in a row. The City's ability to repay its existing debt remains strong. However, rating agencies may conclude that a city that does not invest in infrastructure to sustain growth will not be able to maintain its tax base, and ultimately imperil its ability to repay the existing debt.

## State of North Carolina Budget Update

The North Carolina General Assembly Appropriations Committee leadership has commenced their review of the state's FY2014 budget needs. Projections indicate agency budgets will be kept flat. Initial indications suggest first priorities for any additional General Fund revenue will be applied toward Medicare and education requirements. Staff will continue to monitor any potential State budget proposals that could affect City of Charlotte revenues. The Mayor and City Council will be informed if any potential impacts develop as part of the budget development process.



## FY2013 Strategic Focus Area Plan Mid-Year Update

“Charlotte will be America’s safest community.”

Community Safety is one of the major priorities for the City of Charlotte. The City’s approach to building a safe community is focused on reducing crime and the loss of life and property resulting from fires. The Charlotte-Mecklenburg Police Department takes a neighborhood-based approach to crime reduction with an emphasis on collaborative partnerships with citizens and other service providers to address crime and the conditions that enable it. The Charlotte Fire Department takes a proactive approach to fire prevention through education programs, fire code inspections, and aggressive investigation of arson incidents. Both Police and Fire are served by highly motivated professional work forces that are reflective of the communities they serve. Police and Fire personnel are provided updated training, equipment and technology that enables them to provide quality services to the citizens of Charlotte.

Focus Area Initiative	Measure	FY2012 Year-End	FY2013 Target	FY2013 Mid-Year Status
Reduce crime and life/property damages from fires	Number of FBI UCR Part One Crimes and rate of UCR Part One Crimes per 100,000 population	-2% actual crime; -2.86 rate per 100,000 population	6% reduction in number of UCR Part One reported crimes and 6% reduction in UCR Part One crime rates per 100,000 population	1.37% increase in Part One UCR crimes and .40% increase in rate per 100,000 population
	Percent of arson cases cleared by investigators	51.3%	36% clearance rate	41%
	Percent of incidents where first fire unit arrives on scene within six minutes or less of 911 call	83.1%	80%	83%
Enhance citizen perception of safety through citizen partnerships and crime and fire prevention and education activities	Survey ratings on citizen satisfaction with police and their safety in neighborhoods in spring 2013	7.8-overall impression of CMPD; 7.6-courtesy; 8.0-professionalism; 8.2-feel safe in neighborhood	Ratings of 7 or above on 10 point scale	Survey will be conducted spring of 2013
	Percent of fire code inspections conducted within state mandated frequencies	100%	95%	49%



Focus Area Initiative	Measure	FY2012 Year-End	FY2013 Target	FY2013 Mid-Year Status
Develop recruitment strategies that attract diverse applicant pools to the Police and Fire Departments	Percentage of women and minorities in police officer and firefighter applicant pools	44%	20% of police officer applicants	44.2%
		30%	20% of firefighter applicants	Report at year-end; test in January 2013
Build collaborations with partners that enhance community safety initiatives	Reduction in gangs operating in Charlotte-Mecklenburg	G Shine and Nine Trey gangs dismantled	Work with other state and federal law enforcement agencies to make significant progress in dismantling one gang per year	Progress made in dismantling a gang
	Partner with other City agencies in addressing specific neighborhood issues that are enablers of crime	N/A	25 neighborhood projects that impact enablers of crime will be successfully addressed with reductions in calls for service and/or reported crime	26 projects have resulted in decreases in calls for service and/or reductions in crime
	Partner with other City, County, state, federal and private agencies in planning and preparedness efforts for radiological, natural, and man-made disasters	8	6 exercises or training courses	3
	Leverage infrastructure improvements associated with the Democratic National Convention for public safety initiatives	N/A	Include legacy infrastructure in public safety initiatives	Infrastructure improvements include: surveillance cameras; shot spotter system and license plate readers being deployed throughout the community; restart of consolidated CAD



**FY2014 Strategic Focus Area Plan**  
**- Concepts for Consideration -**

**“Charlotte will be America’s safest community.”**

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Below are new areas for consideration by City Council for the FY2014 Community Safety Strategic Focus Area Plan. These concepts are intended to help start the discussion as current and new measures are evaluated for inclusion in the FY2014 Community Safety Strategic Focus Area Plan.

New Concepts for FY2014:

- Implementation of a new Real Time Crime Center
  - Department representatives analyze and respond to crime data as it is received
- Emphasis on fringe crimes and repeat calls for service locations
  - E.g. shoplifting, organized retail theft, metal theft impacts
- Reorganized Leadership Councils in each CMPD patrol division
  - One council for each response area
- Fire Operations
  - Reduce overall call processing time, through collaborative efforts with CMPD
  - Reduce number of “excessive response time” incidents
  - Add fire companies to address high call volume areas
  - Expand Fire’s Emergency Medical incident “Scope of Practice”
- Fire Public Education
  - Increase participation in CMS and private/charter schools
  - Increase citizen awareness and training program
- Administration
  - Development of Consolidated Communications Center
  - Consolidation of Fire activities at the Dalton Avenue campus



## FY2013 Strategic Focus Area Plan Mid-Year Update

“Charlotte will be the most prosperous and livable city for all citizens through quality economic development.”

The City of Charlotte’s long-term economic health is in large part driven by the City’s ability to facilitate private sector job growth and investment through partnerships with agencies such as the Charlotte Chamber, Charlotte Regional Visitors Authority, Charlotte Regional Partnership, and Charlotte-Mecklenburg Development Corporation. Historically, these partnerships have resulted in a diversified local and regional economy, which requires public investment in public services, and facilities and infrastructure. A healthy economy also requires a commitment to strengthen and grow existing businesses, small business enterprises, entrepreneurship, business corridors, and adjacent neighborhoods. In order to foster effective economic development, we must coordinate the commitment from both the public and private sectors.

The City’s economic development strategy focuses on supporting small business development, promoting redevelopment in distressed business corridors to support adjacent neighborhoods, creating a more business-friendly government, and focusing on community endorsed high-growth, industry sectors that support our efforts to attract and retain businesses and jobs.

Focus Area Initiative	Measure	FY2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Help grow small businesses in our community	Update the City’s Small Business Strategic Plan to include the following: <ul style="list-style-type: none"> <li>• Potential Phase 2 enhancements to the small business web portal;</li> <li>• A review of the City’s small business loan programs;</li> <li>• An analysis of the support system for entrepreneurs;</li> <li>• Innovative partnerships to help businesses to expand sales locally;</li> <li>• Initiatives to strengthen the existing consortium of community resource partners</li> </ul>	New Target in FY2013	Plan update adopted by Council and 50% of initiatives underway	Council approved a High Growth Entrepreneurship Strategy in November.  Phase 2 enhancements to the small business web portal are underway and expected to be complete by year end.  A review of loan programs is underway and will be complete by year end.

Focus Area Initiative	Measure	FY2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Help grow small businesses in our community	Achieve increasing the percentage of SBE utilization through combined formal and informal opportunities	7%	A combined formal & informal SBE Utilization Goal of $\geq 5\%$	6.85%.
Focus on continuous improvement within the permitting and regulatory environment to facilitate job and tax base growth and to improve the customer experience	Achieve greater collaboration among the City, County, and NCDOT to shorten the time it takes and make it easier to obtain regulatory approvals, including, but not limited to certificates of occupancy	100%	Eliminate system barriers, conflicts, and impediments in the application of regulations	95% of plans reviewed on time
	Average number of reviews on all land development permitting submissions	2.0	Average $\leq 2.5$ reviews on all plans submitted for FY2013	1.80 cycles
Continue to focus on job and tax base growth in business corridors	<p>Along with community partners, implement the City's 2012 update to the Business Corridor Strategy which includes the following:</p> <ul style="list-style-type: none"> <li>• Expanding the utilization of Business Corridor Funds to all commercial areas within the Business Corridor Revitalization Area;</li> <li>• Increasing utilization and effectiveness of matching grant programs;</li> <li>• Exploring a new relationship with the Charlotte Mecklenburg Development Corporation (CMDC) to increase redevelopment opportunities;</li> <li>• Exploring ways to encourage the development and growth of merchant associations;</li> <li>• Evaluating a retail market assessment to help attract the right retail mix to underserved areas; and</li> </ul>	New Target in FY2013	100% of recommendations underway; 50% complete by year end.	<p>The following activities were completed: The Eastland Mall site was purchased for redevelopment, and an RFQ/RFP process is underway to solicit development proposals.</p> <p>Council authorized the use of the Business Corridor Fund (current balance \$13.4 million) to all commercial areas. Matching grant programs have been updated, including the development of façade and security grant program for eligible apartment complexes.</p> <p>The City participated in the renovation of the Four Seasons Shopping Center façade, as well as the renovation of Midwood Middle School into an international center.</p>

Focus Area Initiative	Measure	FY2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Continue to focus on job and tax base growth in business corridors (continued from prior page)	<ul style="list-style-type: none"> <li>Conducting parking demand analyses, as warranted, to understand City's role in creating public parking to assist retailers and small businesses</li> </ul>	New Target in FY2013	100% of recommendations underway; 50% complete by year end.	<p>A parking demand analysis was completed for the North Davidson (NoDa) business district</p> <p>A retail market analysis is under consideration, as is a new model for the City's relationship with CMDC</p>
<p>Work with economic development partners to grow and retain businesses in the community's targeted industry sectors of:</p> <ul style="list-style-type: none"> <li>Energy/ Environment</li> <li>Finance</li> <li>Health care</li> <li>Manufacturing</li> <li>Defense</li> <li>Motorsports</li> <li>Tourism</li> <li>Film</li> <li>International firms</li> </ul>	Work with recipients of Business Investment Grants to encourage the use of local suppliers and target gaps in the supply chain as either business expansion opportunities for local companies or prospects for recruitment	New Target in FY2013	Complete supply chain opportunity assessment with 50% of grant recipients by year end	<p>Council approved an update to the Business Investment Program, which included the inclusion of a provision encouraging use of local suppliers in future grant agreements. The balance of the year will be used to develop the process to audit grant recipients.</p> <p>Audits/assessments are expected to begin in FY2014.</p>
	Work with tourism partners to develop a plan for growing sports in the Charlotte Region	3 projects	Develop a new public/private model for adding amateur sports facilities in the Region	Bojangles Arena/Ovens redevelopment plan has been developed
	Leverage the Democratic National Convention (DNC) with City partners to: 1) attract corporate relocations to Charlotte; 2) grow customers for existing Charlotte businesses; and 3) promote the future location of consulate offices in Charlotte	New Target in FY2013	Catalogue, follow up, and pursue the contacts gained from the DNC (via the Chamber, City, and Charlotte Regional Partnership)	<p>Since July, Charlotte has been selected to host the following events:</p> <ul style="list-style-type: none"> <li>2013-2014 Powerade State Games</li> <li>2015 NCAA Basketball 2<sup>nd</sup> and 3<sup>rd</sup> rounds</li> </ul> <p>The Chamber, with assistance from the City, CRVA, CRP, and CCCP, worked with DC-based OSA Strategies to target business relocation prospects during the DNC with face to face visits and conference calls. Several contacts were made, and the Chamber continues to pursue leads on future opportunities in Charlotte.</p>



## FY2014 Strategic Focus Area Plan - *Concepts for Consideration* -

“Charlotte will be the most prosperous and livable city for all citizens through quality economic development.”

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Below are new areas for consideration by City Council for the FY2014 Economic Development Strategic Focus Area Plan. These concepts are intended to help start the discussion as current and new measures are evaluated for inclusion in the FY2014 Economic Development Strategic Focus Area Plan.

### New Concepts for FY2014:

- Develop an integrated community approach to international economic development
- Increase opportunities for minority and women owned enterprises to participate in City construction and service contracts through a new MWSBE program
- Increase jobs and business investment in priority business corridors
- Determine the City's role in a comprehensive community Energy Strategy



## FY2013 Strategic Focus Area Plan Mid-Year Update

“Charlotte will become a national leader in environmental sustainability, preserving our natural resources while balancing growth with sound fiscal policy.”

The City of Charlotte recognizes that environmental stewardship is fundamentally important to quality of life and essential to maintaining a vibrant economy. Protecting our natural resources, promoting conservation, and improving the environment all enhance the City’s mission to preserve the quality of life of its citizens.

Charlotte will become a national leader in environmental sustainability by:

- Promoting and participating in the development of an environmentally sustainable community;
- Leading by example by practicing environmental stewardship in City operations and facilities;
- Seeking and supporting collaborative and regional solutions to environmental problems;
- Facilitating the growth of the clean energy industry, including the alternative energy sector.

Specific initiatives in the Economic Development and Transportation Focus Area Plans (FAP) relate directly to Charlotte’s environmental goals. The Economic Development FAP includes an initiative to grow and retain businesses in several industry sectors, including the energy/environmental sector. The Transportation FAP includes an initiative for enhancing multi-modal mobility, with measures such as reducing vehicle miles travelled and increasing access to public transit.

Focus Area Initiative	Measure	FY2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Promote and participate in the development of a sustainable community	Make land use decisions consistent with adopted plans and policies	95.2%	Make 95% rezoning decisions consistent with area plans and/or staff recommendations, which incorporate environmentally sensitive site design components	Currently 96% of rezoning decisions are consistent with area plans and/or staff recommendations.
	Reduce residential waste	New Target in FY2013	Increase the landfill diversion rate from 25% to 35% by 2015	Current landfill diversion rate is 25.9%.
	Maintain a significant and healthy tree canopy	New Target in FY2013	Refine and implement strategies to achieve 50% tree canopy coverage by 2050	In Progress

Focus Area Initiative	Measure	FY2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Promote and participate in the development of a sustainable community	Maintain a safe and adequate drinking water supply for the community	Achieved	Continue a leadership role in regional water resources planning by working with the Catawba-Wateree Management Group to complete Phase 2 of the Basin-wide water plan	In Progress
	Continue the positive trend in community reductions of emissions that result in ozone	New Target in FY2013	Realize reduced three-year average ozone readings at monitors used for air quality attainment purposes	In Progress
	Reduce impacts to air, water, waste, energy and trees through community engagement	New Target in FY2013	Determine baseline conditions using the Green Neighborhood Assessment Tool in order to establish community goals for environmental sustainability	In Progress
Lead by example by practicing environmental stewardship in city operations and facilities	Reduce energy use	Achieved	Maintain energy use practices so that City facilities compare favorably with available benchmark information in the South Atlantic region	In Progress
	Reduce stormwater pollution	New Target in FY2013	Develop and implement plans for stormwater management practices	In Progress
	Reduce air pollution emissions and improve fuel economy for the City's fleet	New Target in FY2013	Continue to evaluate and field test alternative fuel vehicles for potential expansion in the fleet	In Progress
Seek and support collaborative and regional solutions to environmental problems	Collaborate and participate in public and private sector partnerships to positively impact air quality, energy efficiency, water resources and reduction of waste	Achieved	Continue work with partners such as CONNECT Consortium, Envision Charlotte and public and private entities	In progress. Actively engaged in CONNECT Consortium and Envision Charlotte to positively impact air quality, energy efficiency, water resources and the reduction of waste.



Focus Area Initiative	Measure	Prior Year Actual	FY2013 Target	FY2013 Mid-Year Status
Seek and support collaborative and regional solutions to environmental problems (continued from prior page)	Leverage increased public/private partnership opportunities in support of the Democratic National Convention	New Target in FY2013	Include legacy infrastructure in City's energy and environmental initiatives	Completed. Examples of legacy infrastructure include 18 additional recycling bins in Uptown Charlotte and 3 Big Belly waste and recycling stations in the Center City.
Facilitate the growth of the clean energy industry, including the alternative energy sector	Work with partners through the Charlotte Regional Partnership's Energy Capital Project to attract and grow the clean energy industry sectors in Charlotte	New Target in FY2013	Participate on the Industry Advisory Board to further goals of the City and New Energy Capital	The Energy Capital Project evolved into a regional effort, E4 Carolinas, which is focused on improving the economy of the Carolinas by focusing on energy, environment, economy and efficiency. Since the establishment of E4 earlier this year, City staff has closely collaborated with them on several initiatives.



**FY2014 Strategic Focus Area Plan  
- *Concepts for Consideration* -**

“Charlotte will become a national leader in environmental sustainability, preserving our natural resources while balancing growth with sound fiscal policy.”

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Below is a new area for consideration by City Council for the FY2014 Environment Focus Area Plan. This concept is intended to help start the discussion as current and new measures are evaluated for inclusion in the FY2014 Environment Focus Area Plan.

New Concept for FY2014:

- Community Sustainability Plan



## FY2013 Strategic Focus Area Plan Mid-Year Update

“Creating and sustaining communities of choice for living, working and recreation.”

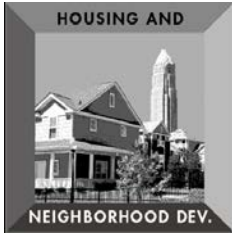
The City of Charlotte’s long-term health, vitality, and distinction as a competitive city is predicated upon its ability to utilize national and local best practices to create and sustain communities of choice for living, working and recreation.

The City’s housing and neighborhood strategy focuses on creating and sustaining communities by creating places where people and businesses are safe, where civic infrastructure supports neighborhood quality of life and business success, where families have access to quality education, jobs, and services and the environment is preserved and strengthened.

Focus Area Initiative	Measure	FY2012 Year-End Actual	FY2013 Target	FY2013 Mid-Year Status
Create healthy and vibrant neighborhoods by improving and implementing quality physical infrastructure	Complete 90 percent voter approved bond Neighborhood Infrastructure and Business Corridor projects on schedule or as forecasted	Projects 100% complete. Phase II of Lincoln Heights now under construction.	Review and ensure 90% of projects are completed or are on schedule to be complete	92% Notes: 24 (92%) of 26 projects are “on schedule” to be complete, down from 25 of 26 reported in October. The change is related to the East Forest NIP, Phase 2 projects – it no longer appears possible for it to be completed in FY2015 as had been anticipated. Projects that are either expected to finish late (Newell-South and East Forest 2), or that are in danger of finishing late will be examined monthly in order to determine what can be done to keep them on schedule.

Focus Area Initiative	Measure	FY2012 Year-End Actual	FY2013 Target	FY2013 Mid-Year Status
Strengthen opportunities for public and private partnerships to encourage the integration of education, recreation, employment, and housing resources in identified redevelopment areas	Achieve a leverage ratio within the corridor of 1:10 for business corridor funds	1:10; Mosaic Village Student Housing is the only project that used the funds	1:10	1:10 achieved
	Leverage increased community safety partnership opportunities in support of the Democratic National Convention (DNC)	New Target in FY2013	Seek new partnerships in FY2013	100% completion - Collaboration efforts with Police, Neighborhood & Business Services, Solid Waste Services, Transit, and Charlotte Area Transportation Services were initiated to eliminate all graffiti and markings within the I-277 loop and along the blue line extension prior to the DNC. A contingency plan was established to respond during the event and has resulted in continued maintenance of the area.
Develop and recommend policies that will assist with increasing the supply of affordable housing	Develop and revise policies	95% complete. Pending as a result of City Council's May 14, 2012 meeting.	Review and revise the Assisted Multi-Family Housing at Transit Station Policy for Transit Stations, Incentive Based Inclusionary housing, and Impact of Regulatory Ordinance on Affordable Housing	45% complete

Focus Area Initiative	Measure	FY2012 Year-End Actual	FY2013 Target	FY2013 Mid-Year Status
Redesign the Quality of Life (QOL) Study to more accurately reflect the City's neighborhood conditions	Completion of the 2012 QOL	100% completion of report redesign. QOL Study website and report scheduled to go live December 2012.	Release the newly designed QOL report	100% completion



**FY2014 Strategic Focus Area Plan**  
**- Concepts for Consideration -**  
**“Creating and sustaining**  
**communities of choice for living,**  
**working and recreation.”**

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Below are new areas for consideration by City Council for the FY2014 Housing and Neighborhood Development Strategic Focus Area Plan. These concepts are intended to help start the discussion as current and new measures are evaluated for inclusion in the FY2014 Housing and Neighborhood Development Strategic Focus Area Plan.

New Concepts for FY2014:

- Develop and recommend policies that will assist with increasing the supply and geographical dispersion of affordable housing
- Strengthen opportunities for public and private partnerships to encourage the integration of education recreation, employment and housing resources in identified redevelopment areas
- Develop youth programs that will assist in increasing graduation rates and in reducing juvenile crime
- Create healthy and vibrant neighborhoods
- Improve neighborhoods through community engagement.



## FY2013 Strategic Focus Area Plan Mid-Year Update

“Charlotte will be the premier city in the country for integrating land use and transportation choices.”

Safe, convenient, efficient, and sustainable transportation choices are critical to a viable community. The City of Charlotte takes a proactive approach to land use and transportation planning. This can be seen in the *Centers, Corridors and Wedges Growth Framework*, the *Transportation Action Plan* and the *2030 Transit Corridor System Plan* that provide the context for the Transportation Focus Area Plan.

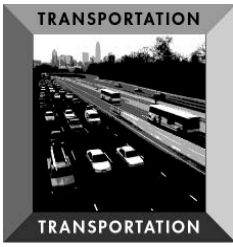
The City’s strategy focuses on integrating land use and transportation choices for motorists, transit users, bicyclists and pedestrians. A combination of sound land use planning and continued transportation investment will be necessary to accommodate Charlotte’s growth, enhance quality of life and support the City’s efforts to attract and retain businesses and jobs.

Focus Area Initiative	Measure	FY2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Enhance multi-modal mobility, environmental quality and long-term sustainability	Reduce annual hours of congestion per traveler, as measured by Texas Transportation Institute, for the Charlotte Urban Area compared to top 25 cities	0.8% increase Top 25: .7%	Any increase will be less than 5-year average of top 25 cities	Charlotte: 0.70% increase Top 25 cities: -3.4%
	Vehicle Miles Travelled (VMT) per capita (New measure for 2013)	TBD – New Measure	Reduce VMT from prior year	In progress-report at end of year.
	Accelerate implementation of 2030 Transit Corridor System Plan as conditions allow: <ol style="list-style-type: none"> <li>1. LYNX BLE</li> <li>2. Street Car</li> <li>3. Transit Ridership</li> </ol>	<ol style="list-style-type: none"> <li>1. DEIS Complete</li> <li>2. PE Complete</li> <li>3. 2.2%</li> </ol>	<ol style="list-style-type: none"> <li>1. Full Funding Grant Agreement by 12/31/12</li> <li>2. Begin construction on Starter Streetcar Project by 3/15/13</li> <li>3. Maintain ridership at prior year level</li> </ol>	<ol style="list-style-type: none"> <li>1. FFGA signed 10/16/12</li> <li>2. Construction Notice to Proceed Issued 12/31/12</li> <li>3. -0.5% YTD as of 12/31/12</li> </ol>

Focus Area Initiative	Measure	FY 2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Promote transportation choices, land use objectives, and transportation investments that improve safety, promote sustainability and livability	Increase the % of City population within ¼ mile of parks, schools, shopping, and transit greater than the 2004 baseline	16.5% 12.5% 52.3% 56.1%	Parks: >16.9% Schools: >13.0% Shopping: >45.6% Transit: >63.5%	16.3% 12.4% 52.5% 56.1%
	Review and strengthen relationship between transportation infrastructure and economic development in the City's Capital Investment Plan	New Measure	Include targeted investments in the 5-Year CIP	Staff prepared and submitted to Council a recommended CIP bond package but it has not been approved.
	Pavement Condition Survey Rating	88	Achieve Survey Rating of 90	85.4%
	Miles of new sidewalks and new bikeways constructed annually	18.8 Sidewalk 11.1 Bikeways	10 miles new sidewalk 10 miles new bikeways	13.4 Sidewalk 2.5 Bikeways
	% of transportation bond road projects completed or forecast to be completed on schedule	79%	90% or better	76%
	Decrease vehicle accidents per mile traveled by monitoring crashes annually and identifying, analyzing and investigating hazardous locations and concentrating on patterns of correctable crashes	-23.5%	Decrease below prior year	In progress – report at end of year.
Communicate land use and transportation objectives as outlined in the Transportation Action Plan (TAP)	Complete and present TAP Annual Report to the City Council	Met	By January 2013	Target Met
	The City will work with MUMPO to initiate the 2040 Long Range Transportation Plan	N/A	By September 2012	Target Met - The MPO's Technical Coordinating Committee formed an Advisory Committee in February 2012 to guide the LRTP's development.



Focus Area Initiative	Measure	FY 2012 Actual	FY2013 Target	FY2013 Mid-Year Status
Seek financial resources, external grants, and funding partnerships necessary to implement transportation programs and services	City Council, in partnership with the County and the Charlotte Chamber of Commerce, will continue to consider the Transportation Task Force Committee of 21's funding and process recommendations to the legislature as needed for implementation	N/A	By December 2012	City Council continues to discuss funding alternatives as part of the CIP process
	Leverage increased transportation partnership opportunities in support of the Democratic National Convention, including a possible bike-share program	N/A	Seek new partnerships in FY2013	The City and Charlotte Center City Partners (CCCP) implemented a privately funded 200-bike bicycle share program on July 12, 2012



**FY2014 Strategic Focus Area Plan**  
**- Concepts for Consideration -**

“Charlotte will be the premier city in the country for integrating land use and transportation choices.”

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Below are new areas for consideration by City Council for the FY2014 Transportation and Planning Strategic Focus Area Plan. These concepts are intended to help start the discussion as current and new measures are evaluated for inclusion in the FY2014 Transportation and Planning Strategic Focus Area Plan.

New Concepts for FY2014:

- Decrease Commute Times
- Under 2030 Transit Corridor System Plan:
  - Add a measure for Red Line
- Improve Charlotte’s walkability and bicycle friendliness – Walk Score
- Collaborate with regional partners on CONNECT, to plan for future growth and development