

Executive Summary

City Manager's Recommended Budget

- *Is balanced in all respects and protects our future* •
- *Addresses public safety needs associated with a growing community*•
- *Supports healthy neighborhoods* •

The City Manager's recommended FY 2018 Operating Budget and FY 2018 - 2022 Community Investment Plan focuses on implementing the Mayor and Council's strategic priorities while cost-effectively providing the core services upon which residents rely without a tax increase. The structurally balanced FY 2018 recommended budget ensures accountability to the public by maintaining a well-managed government while supporting safe, healthy, and inclusive neighborhoods, promoting economic opportunity and development, and advancing efforts to become an employer of choice.

The property tax rate for FY 2018 is 47.87¢ per \$100 of assessed valuation, which **remains unchanged from FY 2017**. Additional resources included in the FY 2018 recommended budget reflect the City Manager's emphasis on achieving the Mayor and Council's objectives for public safety, quality affordable housing, strong neighborhoods, and economic opportunity as outlined in City Council's Letter to the Community.

Guidance from Council

The FY 2018 recommended budget is based on three strategic foundational components:

1. The Council **Focus Area Plans**
2. The City Council **Letter to the Community**
3. The **10 Traits of Winning Cities**

The strategic foundational elements work in concert to create a framework that ensures the City is addressing the need to promote economic opportunity for all residents and poise the community to accommodate future growth. City Council's priorities serve as a critical tool for developing and vetting budget considerations.

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Value of City Services • A strong value to tax and rate payers •

The FY 2018 operating budget ensures residents will continue to receive good value for the level and quality of all services provided through residential fees and an unchanged property tax rate.

On a typical day, examples of City services that residents depend on include:

- 256 Firefighters on duty at 42 fire stations, responding to more than 320 service calls
- 388 Police Field Units, responding to over 1,050 resident and 600 officer-initiated calls
- 757 signalized intersections operated over 2,400 miles of City streets
- 4,400 service calls received by CharMeck 311
- 43,200 households receive trash pick up
- More than 107 million gallons of drinking water treated and delivered
- Approximately 88 million gallons of wastewater collected and treated
- 79,292 transit riders (this total includes bus, rail, special transportation, and vanpool).

The following table reflects the FY 2018 **City tax and fee** impact for home values at the 25th, 50th, and 75th percentiles, calculated based on owner-occupied, single family homes.

City of Charlotte taxes and fees - 25th Percentile	Prior Year FY 2017	FY 2018	\$ Change	% Change
Property Taxes on \$97,600 home	\$467.21	\$467.21	\$0.00	0.0%
Solid Waste fee (Residential)	\$33.00	\$39.00	\$6.00	18.2%
Water & Sewer (Average user rate)	\$731.88	\$752.64	\$20.76	2.8%
Storm Water (Average user rate)	\$97.56	\$97.56	\$0.00	0.0%
Total Annual	\$1,329.65	\$1,356.41	\$26.76	2.0%
Total Monthly	\$110.80	\$113.03	\$2.23	2.0%

City of Charlotte taxes and fees - 50th Percentile	Prior Year FY 2017	FY 2018	\$ Change	% Change
Property Taxes on \$141,100 home	\$675.45	\$675.45	\$0.00	0.0%
Solid Waste fee (Residential)	\$33.00	\$39.00	\$6.00	18.2%
Water & Sewer (Average user rate)	\$731.88	\$752.64	\$20.76	2.8%
Storm Water (Average user rate)	\$97.56	\$97.56	\$0.00	0.0%
Total Annual	\$1,537.89	\$1,564.65	\$26.76	1.7%
Total Monthly	\$128.16	\$130.39	\$2.23	1.7%

City of Charlotte taxes and fees - 75th Percentile	Prior Year FY 2017	FY 2018	\$ Change	% Change
Property Taxes on \$229,875 home	\$1,100.41	\$1,100.41	\$0.00	0.0%
Solid Waste fee (Residential)	\$33.00	\$39.00	\$6.00	18.2%
Water & Sewer (Average user rate)	\$731.88	\$752.64	\$20.76	2.8%
Storm Water (Average user rate)	\$97.56	\$97.56	\$0.00	0.0%
Total Annual	\$1,962.85	\$1,989.61	\$26.76	1.4%
Total Monthly	\$163.57	\$165.80	\$2.23	1.4%

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Recommended Implementation of Council Priorities

Public Safety. The Mayor and City Council identified public safety as the highest priority for this budget. In response to this guidance, 112 new public safety positions are included in the FY 2018 budget: 91 in police personnel (62 sworn, 24 civilian, four Aviation officers and one converted temporary employee). This completes the Police Chief's phased request of 125 additional officers beginning in FY 2017. The budget also includes 18 firefighters for a new engine company at Fire Station 42 in the Eastland area and three Construction Services Inspections Positions for Fire. The cost of the public safety investment is \$4.0 million in FY 2018. This expansion is absorbed through revenue growth.

Infrastructure Investment. The FY 2018 - 2022 recommended capital budget continues the commitments previously adopted by Council to invest in Charlotte's future and increases infrastructure investment to address public safety and transportation priorities across the City. The total General Community Investment Plan is \$147.1 million in FY 2018.

Compensation Philosophy. The proposed budget fully funds the Council's compensation philosophy, including the public safety pay plan and a new career path for hourly employees. Starting pay for City workers will rise to \$15.00 per hour in FY 2018. This accelerates the original goal of \$15.00 per hour by FY 2020, and exceeds the phased-in \$15.00 per hour goals of many other cities and states when adjusted for cost of living considerations.

Overview of Total Budget

• *Budgeting efficiently to maintain core services that residents can depend on* •

The total FY 2018 budget is \$2.39 billion. The total budget is comprised of the annual operating budget and the Community Investment Plan (capital budget). The annual operating budget reflects day-to-day operations, while the Community Investment Plan represents large capital outlays over a five-year time horizon. In accordance with North Carolina State Statutes and sound fiscal policy, this is a balanced budget.

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The table below provides a high-level overview of the total FY 2018 Proposed Budget.

Fund/Activity	Operating	% Change	Capital	% Change	Total	% Change
General	\$581,383,283	5.2%	\$0	0.0%	\$581,383,283	5.2%
General CIP	0	3.3	147,117,432	-54.7	147,117,432	-54.7
Aviation	154,701,150	9.2	429,702,760	20.2	584,403,910	15.2
Charlotte Water	147,849,956	20.3	195,477,617	68.5	343,327,573	36.6
Charlotte Area Transit System	148,238,752	5.6	163,419,856	-45.8	311,658,608	-26.7
Storm Water Utility	15,491,316	6.5	80,500,000	36.2	95,991,316	30.3
Debt Service	232,942,361	-13.5	0	0.0	232,942,361	2.9
Powell Bill	22,606,242	4.7	0	0.0	22,606,242	-13.5
Convention Center	24,476,148	-19.6	0	0.0	24,476,148	4.7
NASCAR Hall of Fame	3,700,000	29.7	0	0.0	3,700,000	-19.6
Public Safety and Other Grants	12,130,871	1.5	0	0.0	12,130,871	29.7
Public Safety 911 Services	3,888,040	-12.3	0	0.0	3,888,040	1.5
Housing and Neighborhood Services Grants	9,210,107	0.1	0	0.0	9,210,107	-12.3
Municipal Service Districts	4,907,591	2.4	0	0.0	4,907,591	0.1
Risk Management*	1,542,590	18.0	0	0.0	1,542,590	2.4
Tourism Operating	6,006,696	635.2	0	0.0	6,006,696	18.0
Pay-As-You-Go (Transit Investment Fund)	4,953,520	829.2	0	0.0	4,953,520	635.2
Pay-As-You-Go (General)	334,651	0.0	0	0.0	334,651	829.2
Total Budget**	\$1,374,226,375	6.4%	\$1,016,217,665	-12.3%	\$2,390,444,040	-2.5%

*The City uses internal service funds to manage its two self-funded insurance funds; Risk and Loss and Workforce Group Insurance. These two funds are supported with charges to each operating fund above, and charges for each are reflected within these operating funds.

**The budget totals in this Executive Summary represent the "net budget," which excludes interfund transfers. For example, Charlotte Water transfers funds to the General Fund for purchased billing services provided by the Department of Management and Financial Services. The "net budget" reflects this amount as part of Charlotte Water, since it is this department that ultimately funds utility billing services. This avoids double counting expenses.

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Total Operating Budget

Within the operating budget and Community Investment Plan, there are both General Fund and Enterprise Fund departments. The General Fund departments are those supported primarily by tax revenues, while Enterprise Funds are self-supporting entities that charge fees for services or receive restricted grants. **The FY 2018 operating budget is \$1.37 billion, an increase of 6.4% above the FY 2017 budget.**

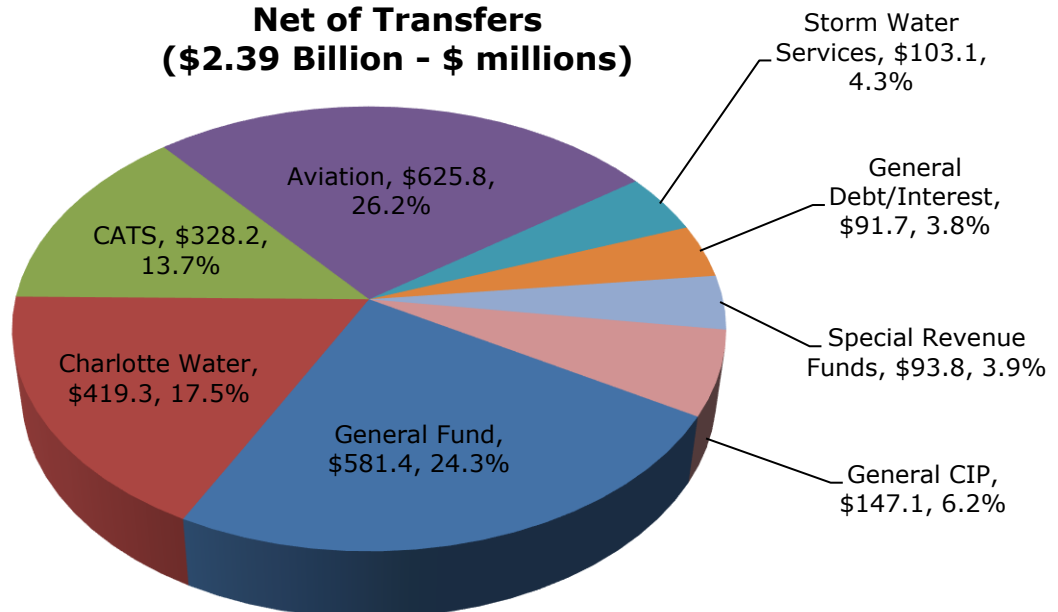
The General Fund and Enterprise departments are:

General Fund Departments		
Police	Mayor and City Council	Human Resources
Fire	City Attorney	Innovation and Technology
Solid Waste Services	City Clerk	Management and Financial Services
Transportation	City Manager	Strategy and Budget
Housing and Neighborhood Services	Economic Development	Charlotte Communications and Marketing
Engineering and Property Management	Community Relations Committee	Internal Audit
Planning		

Enterprise Fund Departments
Aviation
Charlotte Area Transit System
Charlotte Water
Storm Water (a division of Engineering and Property Management)
Risk Management (a division of Management and Financial Services)

The following chart illustrates the composition of the total FY 2018 Proposed Budget (includes both Operating and Capital funds for General Fund and Enterprise Fund departments), which totals \$2.39 billion, a decrease of 2.5 percent below FY 2017.

FY 2018 Proposed Budget Net of Transfers (\$2.39 Billion - \$ millions)



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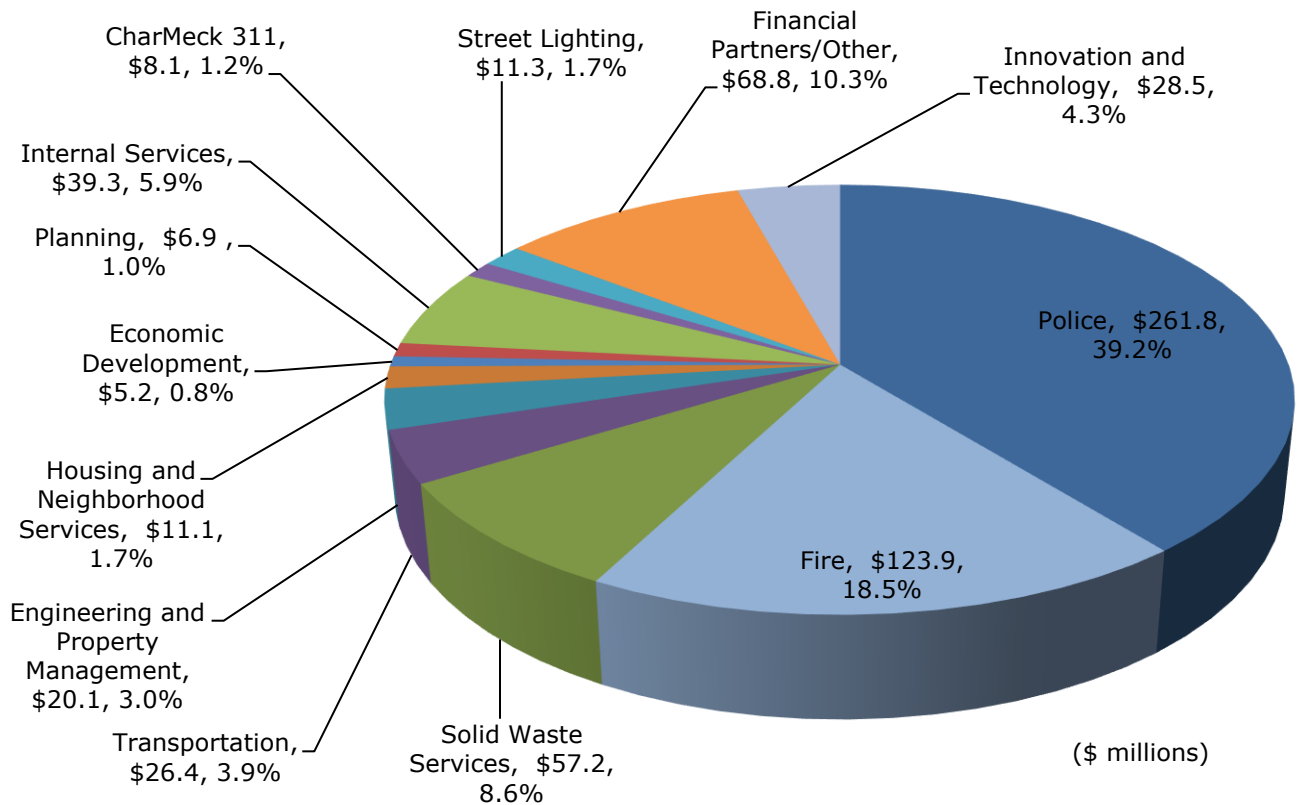
General Fund Budget

- *A balanced budget reflecting Council Priorities with revenue limitations* •

General Fund

The FY 2018 General Fund budget is \$668.5 million, a 5.3 percent increase above FY 2017 to address the Mayor and Council's priorities and provide for a well-managed government.

FY 2018 General Fund Expenditures Where the Money Goes \$668.5 million



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Below is a summary of key FY 2018 budgetary increases, sorted by the Mayor and Council's objectives for strong neighborhoods, public safety, affordable housing, good paying jobs, and becoming an employer of choice.

Key Budgetary Increases		
Legend: \$ - millions	General Fund Increase	
	Community Investment Plan Increase	
1. Well-Managed Government	Full-time Equivalents	Budgetary Increase
Contractual increases required to maintain current service levels		\$5.6
Utilities and maintenance increases		\$0.6
This program provides for improvements designed for compliance with the Federal Americans with Disabilities Act (ADA) Standards.		\$4.4
To expand the existing Charlotte Vehicle Operations Center to expand training opportunities and implement annual in-service driver refresher training for all departments.		\$3.6
This project will provide funding to renovate roads and storm water infrastructure at the City's cemeteries, and to develop a master plan for managing future improvements to the cemeteries.		\$3.5
Total Mayor and Council Objective 1		\$17.7
2. Building Community through Strong Neighborhoods	Full-time Equivalents	Budgetary Increase
Additional funding in Code Enforcement, Capacity Building, and Neighborhood Problem Solving to better meet the needs of a growing community	1	\$0.4
Funding to conduct transportation safety implementation projects designed to improve the safety of pedestrian, bikeway, and transit access along four important roadways in Charlotte: South Tryon, South Boulevard, West Boulevard, and Parkwood/The Plaza		\$6.0
Additional funding for the Neighborhood Transportation Program specifically to support community development, promote bicycle use, and respond to traffic safety concerns in Charlotte neighborhoods		\$3.0
Additional funding to provide for improvements designed for compliance with the Federal Americans with Disabilities Act (ADA) Standards, specifically for transportation-related infrastructure including sidewalks and pedestrian crossings.		\$1.4
Additional annual funding to preserve the City's existing housing stock or eliminate deteriorated housing when the owner fails to comply with the housing code ordinance. The funds are used to repair or demolish housing units that are a blighting influence on the neighborhood		\$0.1
Additional annual funding to meet citizen demands for the expanded Neighborhood Matching Grants program, which provides support to neighborhood organizations undertaking physical improvements, public safety, education, cultural, recreation, and organizational training projects		\$0.1
Total Mayor and Council Objective 2	1	\$11.0

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3. Safety, Trust, and Accountability	Full-time Equivalents	Budgetary Increase
Additional sworn Police resources to better address the service demands of a growing community	62	\$2.3
Fire Engine Company 65 to help address response time issues in the area surrounding Eastland Mall	18	\$0.9
Additional Crime Scene/Crime Lab Technicians, Analysts, Administrators, and Specialists full-time equivalents to support policing services, help process evidence, investigate crimes, and solve cases	25	\$0.7
Four additional Airport Law Enforcement Officers to achieve a sustainable staffing level that will improve security and safety at the airport (These positions will be 100 percent funded by Aviation)	4	\$0.4
Two Fire Code Inspectors and one Administrative Officer full-time equivalent to ensure businesses are inspected according to the state inspection frequency requirement (100% of the cost of these positions will be covered by user fee revenue)	3	\$0.2
Reserve funding for the potential replacement of the CMPD Animal Care and Control (ACC) Facility		\$21.0
Additional funding for CMPD Central Division Station to cover additional space needs and cost increases due to rising construction and land acquisition prices		\$12.5
Funding is being requested for one new infill fire station in the Clanton Road and I-77 area. The new station will house one Engine Company requiring the addition of 18 Firefighters		\$5.8
Total Mayor and Council Objective 3	112	\$43.8
4. Affordable Housing	Full-time Equivalents	Budgetary Increase
Additional funding in Housing Administration and Housing Rehabilitation to better meet the needs of a growing community	2	\$0.5
This investment will provide additional support to the Affordable Housing Program to increase the supply of affordable and workforce housing through innovative, public-private partnerships		\$2.0
Total Mayor and Council Objective 4	2	\$2.5
5. Good Paying Jobs	Full-time Equivalents	Budgetary Increase
Additional funding to support youth skills training and for Targeted Area Economic Development to better meet the needs of a growing community.	3	\$0.2
A new Apprentice program to look strategically at job and skill needs across the city, identifying the best places for apprentices to learn important job skills. (75% of the cost of these positions will be covered by Enterprise funds)	2	\$0.2
Additional funding to complete the North Tryon Streetscape Redevelopment project to revitalize a North Tryon between Dalton Ave and 30th St. A primary goal of this project is to create infrastructure improvements as an incentive for economic development and to attract businesses and employers along the North Tryon corridor.		\$3.0

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5. Good Paying Jobs	Full-time Equivalents	Budgetary Increase
Provides funding for business corridor investments to stimulate growth and economic development opportunities along business corridors. The priority business corridors are: North Tryon, Beatties Ford Road, Rozzelles Ferry Road, and Wilkinson Boulevard/Morehead/Freedom		\$1.0
Total Mayor and Council Objective 5	5	\$4.4
6. Employer of Choice	Full-time Equivalents	Budgetary Increase
Compensation and benefit adjustments for Public Safety Pay Plan employees to achieve the organization's goal of recruiting and retaining a skilled and diverse workforce, and to invest in the employees who deliver daily services		\$15.0
Compensation and benefit adjustments for Broadbanding and Non-Exempt Pay Plan employees to achieve the organization's goal of recruiting and retaining a skilled and diverse workforce, and to invest in the employees who deliver daily services		\$5.9
Increase starting pay for City workers to \$15.00 per hour in FY 2018		\$0.3
Total Mayor and Council Objective 6		\$21.2

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Public Safety Needs – Council’s Highest Priority

• *Ensure all residents and visitors are safe* •

The FY 2018 budget includes increased General Fund funding for additional public safety resources to address the emergency response needs of a growing community. Public safety resource needs are balanced against resource availability. The level of funding outlined in the table below represents the second phase (62 Police Officers) of the 125 Police Officers identified during the FY 2017 budget development process.

FY 2018 Increases to General Fund Public Safety Resources	Additional Funding	Additional FTEs
<u>Police</u>		
Sworn FTEs (15 Paid with COPS grant)	\$2,334,297	62
Crime Scene/Crime Lab/Techs/Administrative	\$722,955	25
Airport Law Enforcement Officer FTEs*	\$0	4
Total Police	\$3,057,252	91
<u>Fire</u>		
Engine 65 Operating (Uniform FTEs)	\$915,662	18
Fire Code Inspection FTEs**	\$0	3
Total Fire	\$915,662	21
Total General Fund-Funded FTEs		90
Total FY 2018 Public Safety Increase	\$3,972,914	112

*Positions are funded by Aviation, and therefore have no General Fund impact

**Positions are fee funded, and therefore have no General Fund impact

Revenue and Finance

• *Remains a strong value to the community and consistent with Council Policy* •

Development of the FY 2018 Budget also included a review of revenue and financial approaches that maintain a good value to tax and rate payers, are consistent with Council policy, and uphold the City’s strong financial ratings.

The property tax rate for FY 2018 is 47.87¢ per \$100 of assessed valuation, which **remains unchanged from FY 2017**. The FY 2018 assessed value is estimated at \$96.62 billion, with an estimated collection rate of 98.75%.

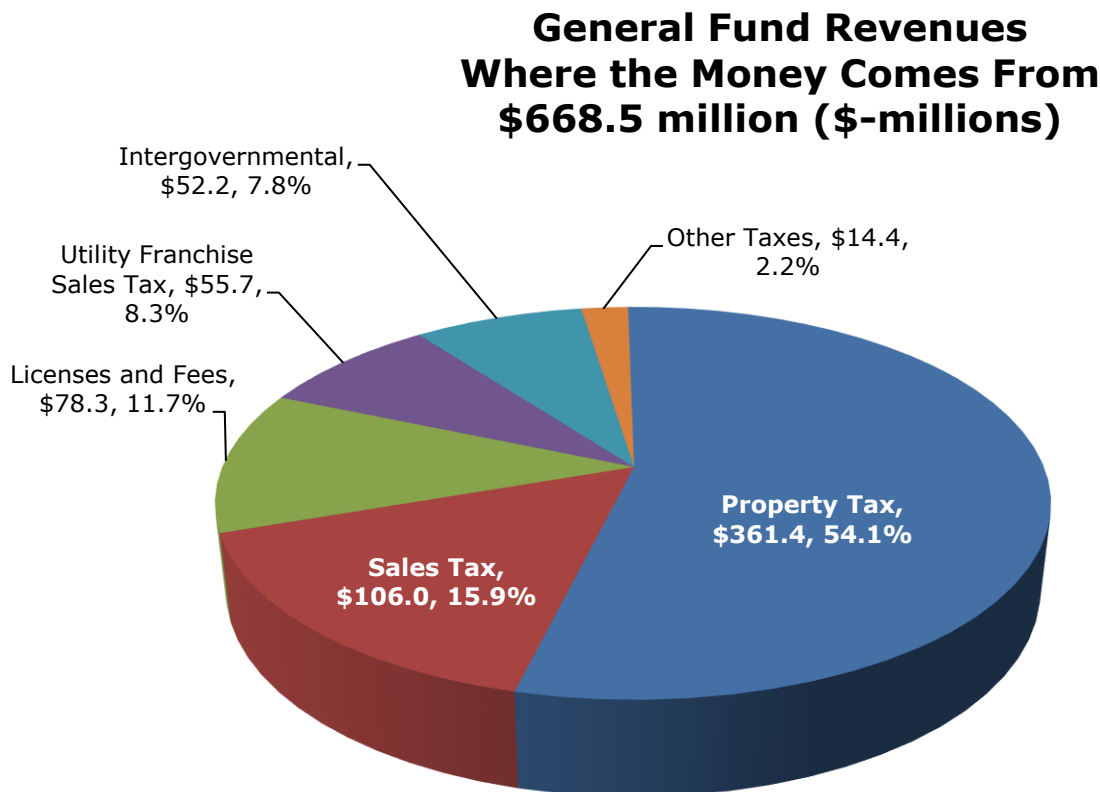
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The allocation of the tax rate is provided in the table below:

Fund	FY 2017 Tax Rate	FY 2018 Tax Rate	Change from FY 2017 to FY 2018
General Fund	37.41¢	37.41¢	0.00¢
Debt Service	9.26¢	9.26¢	0.00¢
Pay-As-You-Go Capital	1.20¢	1.20¢	0.00¢
Total	47.87¢	47.87¢	0.00¢

General Fund Revenues

The two largest revenue sources in the General Fund are Property Tax and Sales Tax, which comprise 70.0% of total revenue. The total General Fund revenue growth is budgeted at \$33.6 million, an increase of 5.3% above FY 2017.



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Enterprise Funds Budgets

• *A balanced budget funded by self-supporting revenues* •

Enterprise Funds

The City's four Enterprise departments are funded by self-supporting revenues paid by users of the services. The FY 2018 Enterprise Fund operating budgets and supporting rates are summarized below.

Aviation

FY 2017 \$149.7 million; FY 2018 \$154.7 million

The Charlotte Douglas International Airport is the fifth largest airport in the United States and the sixth largest internationally based upon operations. The proposed FY 2018 budget is \$154,701,148, a 3.3 percent increase above the prior year budget. The Aviation budget balances needs created by a high-growth environment with a commitment to the City Council and airline partners to keep operating budget increases between three and five percent.

The proposed budget increases maintain an airport that is highly competitive. Highlights include:

- The lowest cost structure of any large hub airport in the country
- The addition of 39 full-time equivalents in a variety of capacities, including Airport Operations, Airport Development, Airport Facilities, and Airport Business Revenue and Administration to keep up with service complexity and customer demand
- Continued efforts to convert contracted services to full-time equivalents to enhance customer service and operate at lower costs
- The implementation of new programs to ensure continuous execution of its business and revenue generation processes, environmental compliance, and sustainability initiatives

Charlotte Area Transit System

FY 2017 \$125.5 million; FY 2018 \$148.2 million

The Charlotte Area Transit System provides core services via bus, vanpool, light rail, and paratransit transportation. The FY 2018 budget is \$148,238,751, a 18.2 percent increase above the prior year budget. Highlights include:

- The Blue Line Extension is scheduled to implement revenue operations in FY 2018, including 9.3 miles of service from Center City to the campus of the University of North Carolina at Charlotte.
- The FY 2018 budget includes no increase to base fares
- Increase bus services along the I-77 Corridor to mitigate delays caused by construction
- Construction begins on the additional 2.5 miles of CityLYNX Gold Line Phase 2
- Additional state and federal funding for Charlotte Gateway Station
- Ridership growth projected to increase 24.4 percent in FY 2018

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Charlotte Water

FY 2017 \$143.3 million; FY 2018 \$147.8 million

Charlotte Water (Utility) provides water and sewer services for the City of Charlotte as well as customers in the six towns in Mecklenburg County. The Utility also has regional service agreements that cross County boundaries including contracted operations at the Union County Wastewater plants. The FY 2018 proposed operating budget is \$147,849,956, an increase of 3.1 percent above the prior year. Highlights include:

- Increase the Water and Sewer Availability Fees from \$9.84 to \$10.67 per month to recover 31 percent of the total annual water and sewer Debt Service
- Increase the Water and Sewer Billing Fees from \$7.14 to \$8.04 per month
- No change to the existing water and sewer usage rates
- The proposed rates summarized in the following table maintain current infrastructure and respond to changing economic and regulatory conditions

FY 2018 Water and Sewer Rates

Current	FY 2017	FY 2018
Water Rates		
Fixed Billing Charges	\$3.57	\$4.02
Availability Fee	2.97	3.17
Tiered Rate		
Tier I: 0-4 ccf	1.58	1.58
Tier II: 5-8 ccf	2.04	2.04
Tier III: 9-16 ccf	4.71	4.71
Tier IV: >16 ccf	8.91	8.91
Non Residential	2.73	2.73
Sewer Rates		
Fixed Billing Charges	\$3.57	\$4.02
Availability Fee	6.87	7.50
Volume Rate*	4.51	4.51

*up to 16 ccf for residential

1 ccf = 748 Gallons

Typical Residential Bill

Current	FY 2017	FY 2018
Typical user = 7 ccf/month		
Water Rates for avg. ccf use:	\$12.44	\$12.44
Fixed Billing Charge:	3.57	4.02
Availability Fee:	2.97	3.17
Total Water Cost:	\$18.98	\$19.63
Sewer Rates:	\$31.57	\$31.57
Fixed Billing Charge:	3.57	4.02
Availability Fee:	6.87	7.50
Total Sewer Cost:	\$42.01	\$43.09
Typical User's Monthly Fee:	\$60.99	\$62.72

The total proposed cost increase for the typical user at 7 ccf/month is approximately \$1.73 per month.

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Storm Water Services

FY 2017 \$14.5 million; FY 2018 \$15.5 million

Drainage system failures and service needs are increasing as storm drainage infrastructure deteriorates, ages past useful life, or becomes too small to handle storm water. To respond to the growing number of failures, the FY 2018 budget will fund new Point Repair projects and will continue the design and construction of previously started Flood Control and Water Quality Enhancement capital projects. However, no new Flood Control and Water Quality Enhancement capital projects will start in FY 2018.

The FY 2018 Storm Water Services budget maintains the current Storm Water customer rate and rate structure. The operating budget increases from \$14.5 million in FY 2017 to \$15.5 million in FY 2018. The additional funds will be used for increased National Pollutant Discharge Elimination System (NPDES) permit costs and five new full-time equivalents to help address service needs. The new full-time equivalents will be a senior project manager, project manager, construction supervisor, engineer assistant and GIS Technician.

During FY 2018, Storm Water Services will continue evaluating existing low priority service requests to provide current status of the requests. City Council will use this information to determine future funding for existing low priority requests.

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Pay and Benefits

• Investing in the employees delivering City services •

Pay & Benefits – Investing in Employees

The vast majority of City services are delivered by employees. This is reflected in the dedication of over 50 percent of the total operating budget to personnel related expenditures. The FY 2018 personnel budget reflects the Human Resources Philosophy adopted by the City Council:

- Moderate level of benefits and pay,
- Aggressive cost management for benefits,
- Employees expected to fairly share in the cost of benefits, and
- Actively support wellness programs to reduce future costs.

Compensation

The ability to provide compensation increases has been limited over the past few fiscal years; challenging the City's recruitment and retention strategies. The City regularly benchmarks pay adjustments with other employers, including: national statistics, Charlotte area municipalities, Charlotte large private sector employers, and the Employer's Association. **Of these five categories of employers, the average projected pay adjustment in 2018 is 3.0 percent.**

The ability to provide compensation increases has been limited over the past five years. The City of Charlotte's five-year average merit increase, including 2018 projections, is 2.5 percent, falling below that of national statistics (3.0 percent), Charlotte area municipalities (2.9 percent), large private-sector Charlotte employers (2.7 percent) and the Employers Association (3.1 percent). The following chart illustrates five-year the regional market movement pay trend:

Five-Year Regional Market Movement Pay Trend by Percentages							
Source	2014	2015	2016	2017	2018*	5 Year Average Increase	5 Year Cumulative Market Movement
National Statistics	2.9	3.0	3.0	3.0	3.1	3.0	15.0
National Municipalities	2.4	2.7	2.4	2.5	2.5	2.5	12.5
Charlotte Area Municipalities	2.6	2.6	3.0	3.2	3.0	2.9	14.4
Charlotte Large Employers	2.5	2.7	2.8	2.8	2.7	2.7	13.5
Employers Association	3.1	3.1	3.0	3.0	3.1	3.1	15.3
City of Charlotte Broadbanding	2.0	3.0	1.5	3.0	3.0	2.5	12.5

*2018 projected market movement based on limited data

To achieve the organization's goal of recruiting and retaining a skilled and diverse workforce, and to invest in the employees who deliver daily services, the following compensation components are included in the FY 2018 Budget:

- 2.0 percent Public Safety market adjustment,
- 2.5 percent or 5.0 percent Public Safety step adjustment based on rank and current step,
- 3.0 percent Broadband merit budget (for all exempt/salaried general employees),
- 1.5 percent merit budget and 1.5 percent market adjustment for Non-exempt/hourly employees,
- 1.5 percent Non-exempt/hourly market adjustment, and
- Increase minimum pay to \$31,200 (equivalent to \$15.00 per hour).

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Non-Exempt/Hourly Pay Plan

A new pay plan for entry-level, non-exempt employees in labor, trades, and administration positions (hourly classifications) was included in the FY 2017 budget. Under the new pay plan, non-exempt/hourly employees were transitioned from the current Broadbanding Pay Plan to the new Non-Exempt/Hourly Pay Plan. All non-exempt/hourly positions were converted to the new pay range and received market adjustments equal to half of the Broadbanding merit percentage increase.

Employees Currently Earning Below \$15.00 per hour

In FY 2017, Council established a goal of bringing the minimum starting pay for City of Charlotte employees to \$15.00 per hour by FY 2020. It is recommended that the City of Charlotte accelerate moving the minimum starting pay to \$15.00 per hour by FY 2018. The cost to the general fund in FY 2018 to take employees to \$31,200 (\$15.00 per hour) would be \$289,736.

Other Compensation Considerations

- Adjustment of PSPP steps to better align with market competitiveness
- Revisions to Fire Steps to better align with market data and the Police Officer step structure.
- The addition of aircraft rescue certification pay for Fire. This will be funded by the Aviation Department.
- Replace School Support Leave with Community Support Leave. The current School Support Leave provides for a four hour match of paid leave per year to support schools, whereas Community Support Leave will provide eight hours of employer paid leave per year to encourage our employees to support recognized 501(3) community service organizations, as well as school support activities.

Benefits

The following benefits changes are included in the FY 2018 budget:

- Group Medical Insurance
 - The City's overall funding for group insurance coverages will increase 3 percent.
 - Effective January 1, 2018, implement a multi-plan medical plan option which will include Preferred Provider Organization (PPO) and Account Based (ABHP) health plans. The Account Based Health Plans will include Health Savings Account (HSA) and Health Reimbursement Account (HRA) options.
 - Implement an employee benefits decision support platform to simplify, personalize and optimize how employees elect and enroll in benefits.
 - Effective January 1, 2018, the annual wellness incentive will be redesigned to align with the new medical plan options. The wellness incentive will be provided to employees and Non-Medicare Eligible Retirees.
 - Effective January 1, 2018 separate employee and retiree claims experience and create premium equivalents based on the actual experience of each group.
 - Effective January 1, 2018, adjust the employee cost sharing in the tiers of each medical plan based on separated plan experience of the retiree group and the actuarial value and the cost of the new multi-plan medical plan option.

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- Prescription Drug
 - The prescription drug plan design will be modified in order to align with the new multi-option medical plan, to contain costs, promote generic utilization and remain competitive with market practices. Changes include increases in copays and coinsurance.
- Dental Insurance
 - Effective, January 1, 2018 set the City's dental contribution at \$28 for the Basic and Plus dental plans.
- Other Benefit Considerations
 - Continue to monitor industry trends to ensure competitive benefits
 - Modify the benefits waiting period for new employees to align with Employer of Choice goals.

Community Support Leave

Replace School Support Leave with Community Support Leave. The current School Support Leave provides for a four hour match of paid leave per year to support schools, whereas Community Support Leave will provide eight hours of employer paid leave per year to encourage our employees to support recognized 501(3) community service organizations, as well as school support activities.

Position Changes

The FY 2018 budget includes 7,864.75 full-time equivalents (FTEs) across all funds, an increase of 280 full-time equivalents. This full-time equivalent number reflects an increase of 173 full-time equivalents in the General Fund for Public Safety increases and full-time equivalents funded by user fees, Enterprise Funds, and other external sources. The Enterprise Funds' full-time equivalent count increases by 107, funded by user rates and charges.

Fund	FY 2017 Revised Total FTEs	FY 2018 Budget Total FTEs	FTE Change from FY 2017 to FY 2018
General Fund	5,498.00	5,671.00	173.00
Enterprise Funds	2,086.75	2,193.75	107.00
Total All Funds	7,584.75	7,864.75	280.00

Executive Summary

Capital

• *A budget that protects today and invests in our future* •

To meet today's needs as well as invest in our future, the Community Investment Plan (CIP) is a five-year capital expenditure and infrastructure plan, which matches the City's highest priority capital needs with a financing schedule. The plan totals \$4.1 billion, and includes investments in neighborhoods, housing, storm water projects, roads, transit, sidewalks and bikeways, water and sewer projects, the airport, and public safety and maintenance facilities.

The Community Investment Plan is fully reviewed biennially. FY 2018 is an off-year in the biennial review schedule with no additions or adjustments to the upcoming 2018 and 2020 bond referenda. The FY 2018 – 2022 CIP preserves the priorities set forth by the community in the 2014 and 2016 bond referenda, while implementing \$112.4 million in non-bond debt and PAYGO-funded adjustments and additions for capital investments that support the strategic foundation elements of the Letter to the Community, as well as critical and time-sensitive needs for a well-managed city. Highlights of additions to the CIP include:

- \$46.5 million for new and renovated public safety facilities including CMPD Central Division Station, CMPD Animal Care and Control Facility, Infill Fire Station at Clanton Road and I-77, and renovations and upgrades to existing fire stations and police facilities and equipment.
- \$27.8 million in capital investments over five years to support the renovation, maintenance and repair of City facilities, including renovation of roads and storm water infrastructure at the City's cemeteries, expansion of the Charlotte Vehicle Operations Center, consolidation of employee workspace, Americans with Disability Act (ADA) improvements to City facilities, and increased support for the Environmental Services program.
- \$13.4 million for additional transportation investments including Corridor Safety Implementation projects, additional funding for the Neighborhood Transportation Program and North Tryon Redevelopment, and implementation of ADA compliance for transportation infrastructure.
- \$12.6 million in Pay-As-You-Go investments over five years to support the City's technology infrastructure.
- \$6.0 million for development of affordable and workforce housing.
- \$5.0 million for economic development investments focused on business corridor revitalization.
- \$0.9 million for additional Neighborhood Matching Grants and Code Enforcement support.