

**Mayor's Efficient and Effective
Government Review Task Force**

FINAL REPORT

December 2010

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I. Executive Summary

In December 2009, Mayor Anthony Foxx appointed and charged the Efficient and Effective Government Review Task Force (hereafter referenced as “Task Force”). Council approved an agenda item in support of the Task Force on December 14, 2009 (see Appendix A). The Mayor instructed that “the Task Force will evaluate the City budget for opportunities to improve efficiency, productivity and cost effectiveness.” The Mayor gave the Task Force a year to complete its work.

Findings and recommendations from the Task Force’s work are as follows:

Strong Budget Components

Overall, the Task Force is impressed after our review of the City’s budget. The City uses strong financial policies, conservative financial decision making and excellent budget structures to protect the City’s fiscal position. The Task Force is also impressed with the City’s history of applying private sector business principles to service delivery choices. Specific components we reviewed include:

Managed competition and privatization

Finding #1: The Task Force concluded that the PCAC had been extremely effective and Council should continue to use this committee to ensure that City services are delivered as cost effectively as possible.

Management of health care costs

Finding #2: The Task Force finds the City has used an aggressive management strategy to address health care costs using a market based approach and that the City benchmarks health insurance benefits to public and private sector organizations.

Use of enterprise funds

Finding #3: Use of enterprise funds balances the City’s budget portfolio by diversifying revenues and relating specific services to specific charges. Enterprise funds (both operating and capital) represent almost 50% of the City’s total budget.

Functional consolidations

Finding #4: Charlotte-Mecklenburg’s aggressive use of functional consolidation – where it makes sense and improves efficiency – is another key strength of the City (and County’s) budget approach. Fifteen services are functionally consolidated, including large services such as Police patrol, Utilities and CATS. Although most major government services have already been consolidated, the City should continuously monitor opportunities for additional consolidation which could increase efficiency, reduce redundancy and improve customer service.

Strong Financial Policies

Finding #5: The Task Force believes that the City’s history of using strong financial policies, such as debt service funds, Pay-As-You-Go capital, and a 16% General Fund reserve, benefits the long term stability of the City’s budget by maintaining investment in capital and not using one-time revenues for ongoing budget obligations.

Maintain AAA Bond Rating

Finding #6: Although not usually highlighted to the public, we believe the City's AAA bond rating is a critical element to the City's budget and should be supported whenever possible.

Recommendation #1: The Task Force recommends the City continue the commitment to strong fiscal management, conservative financial policies and budgeting for the long term.

Structural Budget Issues

The Task Force spent a significant amount of time reviewing potential long term budget structural issues related to Public Safety Pay Plan compensation and projected revenues. The Task Force also reviewed corporate technology, funding for criminal justice system technology, capital bond funding, and future impacts of State budgets. Specific areas we reviewed include:

Public Safety Pay Plan

Finding #7: The current Public Safety Pay Plan is financially unsustainable without large budget cuts or increased taxes. Minor changes to the Public Safety Pay Plan will only delay the onset of the deficit but will not solve the problem.

Finding #8: The Task Force finds that the benefits available to employees in the Public Safety Pay Plan contribute to a higher budgetary impact for sworn Public Safety employees as compared to all other City employees.

Finding #9: The Task Force determines the growth rate of salaries in the Public Safety Pay Plan exceeds the growth rate of available resources and will lead to budget deficits for the City. Even reasonable assumptions for economic recovery do not solve the budget sustainability of the Public Safety Pay Plan.

Finding #10: As part of the review, the Task Force considered the issues of recruitment and retention with the Public Safety Pay Plan. For Public Safety, recent voluntary turnover rates are 1.2% and applicants have submitted over 1,500 applications for approximately 100 vacancies each in Police and Fire.

Finding #11: The Task Force finds that Public Safety staffing levels are appropriately comparable to other N.C. and national cities. Additionally, other N.C. and national cities do use Public Safety pay plans without steps.

Finding #12: The loss of federal stimulus grant funds of \$5.6 million by FY2014 contributes to the concern from the Task Force about the long term budget sustainability of funding for the current Public Safety Pay Plan.

Finding #13: The current budget structure, including the normal Public Safety Pay Plan adjustments and the associated benefits, does not allow for increased Public Safety positions (such as an additional 125 Police Officers) under current budget resources without increased revenues or budget cuts.

Recommendation #2: The Task Force recommends City staff work with representatives of Police and Fire to develop a new Public Safety Pay Plan that is sustainable. The new Public Safety Pay Plan should be in line with realistic and conservative projected revenue forecasts and staffing estimates.

Corporate Technology

Finding #14: The Task Force found within corporate technology a number of high and moderate risk unfunded projects that subjected the City to an uncomfortable level of risk and cost. These projects include but are not limited to replacing outdated systems, improving productivity of the current workforce, using technology as a key customer service tool and gathering/using data in a more robust manner.

Recommendation #3: The Task Force recommends the one-time use of General Fund reserves to address corporate technology projects under the “severe” risk category, currently estimated at approximately \$8.4 million excluding Enterprise Resource Planning (ERP).

Recommendation #4: The Task Force recommends looking for more predictable and on-going funding stream for major technology projects, perhaps within PAYG capital.

Funding for Criminal Justice System Technology

Finding #15: The Task Force finds that inefficiencies in the system and lack of sufficient resources have hampered the City’s efforts to improve public safety and maximize our Charlotte-Mecklenburg Police Department (CMPD) resources.

Recommendation #5: The Task Force recommends the City continue to work with the State to implement a way for the Criminal Justice System to acquire a computer system to manage documents and cases electronically. This would result in freeing up Police Officers time for more patrol related services.

Capital bond funding

Recommendation #6: The Task Force recommends the City address the lack of capital funding for future bond referenda as part of the upcoming budget processes.

Future impacts of State budgets

Recommendation #7: The Task Force recommends the Mayor and Council aggressively work with members of the local Mecklenburg delegation as well as other municipal interest groups to protect local government revenues.

II. Task Force Membership

The Mayor appointed the following names to the Task Force:

Cyndee Patterson (Chair) – President, The Duke Mansion/The Lee Institute

Archie Black – President, Government Contract Services, LLC

Sam Bowles – Vice President, Carousel Capital

Trent Gustafson – President, Percival McGuire Commercial Real Estate Development LLC and Chair, City Privatization and Competition Committee

Jill Griffin – Vice President and Senior Financial Analyst, Bank of America-Global Banking and Markets

Laurie Guy – Chief Financial Officer, Crisis Assistance Ministry

Joe Hallow – President and Chief Operating Officer, Bissell Hotels

Richard Latorre – President, Latorre Insurance Group

Erik Lioy – Partner, Grant Thornton LLP

III. Task Force Charge

In December 2009, Mayor Anthony Foxx appointed and charged the Task Force. Council approved an agenda item in support of the Task Force on December 14, 2009 (see Appendix A). The Mayor instructed that “the Task Force will evaluate the City budget for opportunities to improve efficiency, productivity and cost effectiveness.” The Mayor gave the Task Force a year to complete its work.

The specific charge is listed below:

The charge of the Task Force is two-fold:

- 1. To develop an understanding of the City’s budget until Council adopts the FY11 budget; the task force may offer suggestions during this period*
- 2. Identify findings and options for efficiency and effectiveness improvements for implementation after FY11 (beginning July 1, 2011)*

Specifically:

- Develop understanding of structure, staffing, and operations of all stages of City government*
- Examine long-term sustainability in context of future revenues*
- Identify opportunities for improvements to programs/services that need to be changed (increased/decreased/eliminated)*

IV. Task Force Process

The full Task Force met ten times for about two hours at each meeting. At the mid-point of the process, the Task Force broke into two subcommittees – one on Corporate Technology and the other on the Public Safety Budget. Each subcommittee met twice during the summer in addition to the full Task Force meetings.

The Task Force reviewed over 700 pages of information over the course of our meetings as well as the FY2010 Adopted Strategic Operating Plan, FY2010 Capital Investment Plan, Budget in Brief Brochure and the budget Fast Facts card.

The Task Force received several presentations and had opportunities to ask questions and discuss budget issues with several members of City staff. City staff that worked with the Task Force included the Budget and Evaluation Office, Finance, Human Resources, Business Support Services, Office of the Chief Information Officer, CharMeck 311, Fire and Charlotte-Mecklenburg Police Department (CMPD). Members of the Task Force had the opportunity to talk to several Key Business Executives and City staff members, including the Fire Chief and the Police Chief.

During the early meetings, staff provided the Task Force with a general budget orientation which consisted of presentations from many of the staff listed above for the following areas: core General Fund services, Privatization and Competition Advisory Committee, General Fund revenues and financial policies, employee compensation and benefits, technology and support services, Enterprise Funds, cost allocation, outside agency funding and General Capital Investment Plan.

The Task Force then chose two areas of interest in exploring in greater detail and divided into two subcommittees: Corporate Technology and Public Safety Budget. These were two subjects the Task Force believed warranted further exploration. The subcommittees reported our findings back to the full Task Force when we reconvened in September. The full Task Force then spent our remaining meetings discussing findings and recommendations to place into the final report.

V. Findings and Recommendations

a. Strong Budget Components

Overall, the Task Force is impressed after our review of the City's budget. The City uses strong financial policies, conservative financial decision making and excellent budget structures to protect the City's fiscal position. The Task Force is also impressed with the City's history of applying private sector business principles to service delivery choices.

The City has effectively used the following components as part of a strong budget approach:

- Managed competition and privatization;
- Management of health care costs;
- Use of Enterprise Funds;
- Functional consolidations with City and County services; and
- Strong financial policies such as a debt service fund, use of Pay-As-You-Go for capital, the 16% General Fund fund balance policy and the AAA bond rating.

These structural budget components place the City in a strong fiscal position and enable the City to meet the demands of a growing population. Due to these prudent fiscal policies, the Task Force is impressed by the efficiency with which City government functions. As a result, we were able to spend the majority of our time focused on major structural issues.

The Task Force felt strongly that City Council and management deserve tremendous credit for establishing and implementing these effective and efficient fiscal practices. Several Task Force members were unaware of the steps the City had taken in the past to maximize the efficient functioning of the government, and all members of the Task Force felt strongly that the City would benefit from making citizens more aware of the City's strong fiscal position.

Below are several components the Task Force identifies as strengths of the City's budget:

Managed competition and privatization

The Task Force spent time learning about the efforts of another citizen advisory group, the Privatization and Competition Advisory Committee (PCAC), and the relationship to the City's budget. The Task Force is impressed with the work of this group and pleased to learn of an ongoing commitment to efficiency and competition.

The City Council created the PCAC in 1993 to assist the City with managed competition projects and provide oversight for asset management. The design of PCAC is to focus on the primary goal of the City's Privatization/Competition Policy to ensure the best service at the lowest cost, whether provided by City workforce or the private sector. The work of the PCAC has produced significant productivity improvements and the associated budget cost savings over time. As a result, many of the ideas suggested by the task force during initial meetings were already in place or in progress.

The results from the City's emphasis on managed competition has resulted in 40 formal benchmarking efforts, 15 optimizations, over 70 privatization projects, and more than 60 managed competition projects have been completed. Charlotte's managed competition and privatization program is mature, with a well defined structure, audit process, program guidelines, and credibility with private sector vendors.

In FY2010, services under managed competition and privatization agreements were valued at \$43.1 million. As an example of cost savings recommended by the PCAC, the City recently modified its recycling service to a "single stream" system where citizens place all recyclable materials in one 96-gallon container for bi-weekly pickup by a private company. The shift in service delivery produced over \$2 million in budget savings for FY2011.

The Task Force concluded that the PCAC had been extremely effective and Council should continue to use this committee to ensure that City services are delivered as efficiently and cheaply as possible.

Finding #1: The Task Force concluded that the PCAC had been extremely effective and Council should continue to use this committee to ensure that City services are delivered as cost effectively as possible.

Management of health care costs

One of the largest component's of the City's operating budget is employee related costs, both salary and benefits. The single largest benefit expenditure is health insurance, so the Task Force reviewed the City's approach to managing health care costs. The Task Force learned the City has used an aggressive management strategy to address health care costs using a market based approach.

The City's strategy for health insurance cost management includes the following points of emphasis: employee wellness, insurance vendor selection and process, plan design, prescription drug plan management, cost sharing between employer and employee, and chronic condition management.

Since FY2003, the City has continually shifted a greater share of premium cost to employees and retirees. The City annually compares the employer and employee share of health insurance cost with the market, including both the public and the private sector. In FY2003, the employee cost was 10% and the employee with dependents was 31%. In FY2010, employee cost share was 20% and employee with dependents was 35% of total cost. Additionally, the City has recently switched from two competing employee health insurance providers to one (Blue Cross Blue Shield of NC).

The City has surveyed costs for the average annual medical plan total cost per employee and the City of Charlotte has consistently kept its average cost lower than peer employee health plans (FY2010 data):

- **City of Charlotte: \$8,671**
- Public Sector: \$11,278
- Southeast: \$10,328
- North Carolina: \$10,332

Finding #2: The Task Force finds the City has used an aggressive management strategy to address health care costs using a market based approach and that the City benchmarks health insurance benefits to public and private sector organizations.

Use of enterprise funds

Enterprise funds are key business units that are fully funded by operating revenues (user fees) rather than through taxation. The City of Charlotte operates four Enterprise funds that include Aviation (Charlotte-Douglas International Airport), Charlotte Area Transit System (CATS), Storm Water Services, and Charlotte-Mecklenburg Utilities. The City's General Fund does not contribute any funding to these business units.

Enterprise funds tend to operate more like a private sector business rather than public good type services like Charlotte-Mecklenburg Police Department (CMPD) or the Charlotte Fire Department. Enterprise revenues are spent on narrowly defined services and individual users are easily identifiable and able to be charged for their particular level of service.

Finding #3: Use of enterprise funds balances the City's budget portfolio by diversifying revenues and relating specific services to specific charges. Enterprise funds (both operating and capital) represent almost 50% of the City's total budget.

Functional consolidations

The Task Force spent a considerable amount of time examining options to gain efficiencies through consolidation of government services. The Task Force learned that Charlotte-Mecklenburg has a long history with functionally consolidating government services with Mecklenburg County. Services are considered functionally consolidated when the administration of the service resides within either the City or County and both units share the cost of providing service.

Finding #4: Charlotte-Mecklenburg’s aggressive use of functional consolidation – where it makes sense and improves efficiency – is another key strength of the City (and County’s) budget approach. Fifteen services are functionally consolidated, including large services such as Police patrol, Utilities and CATS. Although most major government services have already been consolidated, the City should continuously monitor opportunities for additional consolidation which could increase efficiency, reduce redundancy and improve customer service.

Strong Financial Policies

The Task Force reviewed the City’s financial policies as part of our review and research. The City recently was awarded its 24th consecutive Certificate of Achievement for Excellence in Financial Reporting based on the City’s Comprehensive Annual Financial Report (CAFR). Less than 5% of all municipalities in U.S. are awarded the Certificate each year.

The Task Force reviewed other strong financial practices that are modeled by other cities and counties. The City of Charlotte has the long established practice of dedicating one-time revenues to one-time expenses. Over the years, the City has developed a diversified portfolio of revenues for the capital program, such that significant increases or decreases in a particular revenue stream do not falsely inflate or deflate available debt capacity.

Strong financial policy - Debt service fund for capital

The City of Charlotte is one of the few local governments in North Carolina using a dedicated debt service fund for capital. The Task Force identified this budget approach as one of the most important keys to Charlotte’s success in weathering market downturns and maintaining critical investments in City infrastructure.

The City’s debt capacity is impacted by and sensitive to the growth rate in property taxes, other sources of revenue growth (ex. sales tax or fees for services), interest rates on invested funds, rate of spending on bond funded capital projects, and the interest rate of borrowed capital funds. Using the debt service fund enables the City to fund general obligation bonds (requires a voter referendum) and certificates of participation (COPs-does not require a public vote) during challenging economic cycles. The City’s goal is to provide for issuance of additional debt at reasonable time intervals without increasing taxes, and timed in such a way as to avoid erratic impacts on tax rate changes.

Strong financial policy – Use of Pay-As-You-Go capital

Pay-as-you-go (PAYG) financing is used for relatively small capital projects that do not lend themselves to debt financing and are paid with current available revenue. 1.41 cents of the general property tax rate is dedicated to PAYG every fiscal year. One time revenue sources are used as additional sources of PAYG funding as these smaller scale projects are generally one-time expenses. Most projects are capital items with lower costs, such as building maintenance, HVAC replacement, roof repair and technology investments.

Similar to the Debt Service fund, the Task Force found use of PAYG is a successful budget structural approach that encourages flexibility and continuous capital investment for more modest projects. Additionally, use of PAYG avoids budgeting one time revenues (such as the sale of land) for ongoing operating expenditures in the General Fund. Using one time revenues for ongoing operating expenditures to “plug holes” creates future long term structural budget deficits.

Strong financial policy – 16% General Fund fund balance

The Task Force reviewed the City’s General Fund reserves policy. The City maintains 16% of annual general government operating expenditures in reserve at all times during the year (per City Council policy). This fund balance essentially serves as the general government’s primary “rainy day” reserves. Revenues in excess of the General Fund reserve policy are used for Pay-As-You-Go (PAYG) capital projects.

The North Carolina Local Government Commission guidelines require municipalities to maintain at least 8%. The Task Force agrees with the City Council’s and staff’s belief that “rainy day” funds are important to the general fiscal health of the City and critical to maintaining a AAA bond rating. Reserves can be applied to meet unanticipated emergencies, take advantage of unanticipated opportunities, cover cash flow schedules, or to maintain or improve bond credit ratings. The Task Force supports the current policy at double the rate required by the North Carolina Local Government Commission.

Finding #5: The Task Force believes that the City’s history of using strong financial policies, such as debt service funds, Pay-As-You-Go capital, and a 16% General Fund reserve, benefits the long term stability of the City’s budget by maintaining investment in capital and not using one-time revenues for ongoing budget obligations.

Maintain AAA Bond Rating

As outlined above, the City’s prudent capital budgeting policies have enabled the City to meet service requirements during challenging times and maintain the AAA bond rating. The City of Charlotte currently holds the highest bond rating issued by the three main credit rating agencies. The ratings are determined by the strength of the economic base of Charlotte, historical financial management and performance, current debt burden and methods for managing it, ability to make debt payments, and legal protection for bond holders. The ratings show investors the likelihood of timely repayment of principal and interest.

The rating agency Standard & Poor's recently said this of Charlotte: "Strong and diversified employment and tax base that has sufficiently supported the city's expanded operations and provides additional taxing capacity. Proactive management that has conservatively managed the city's strong fund balance position. Increasing, but manageable debt levels have added future value to the city's infrastructure and services."

The City's strong credit rating has allowed Charlotte to continue to access the financial markets and receive low interest rates on debt issued. The AAA rating has allowed the City of Charlotte to obtain a lower cost to issue debt. Thanks in part to the AAA bond rating, the past two years have been the City's most active in debt issuance and the ability to finance deals despite general economic uncertainty and turmoil has been key to advancing City goals. The AAA rating has allowed the City to take advantage of historically low interest rates and favorable construction pricing conditions.

Finding #6: Although not usually highlighted to the public, we believe the City's AAA bond rating is a critical element to the City's budget and should be supported whenever possible.

Recommendation #1: The Task Force recommends the City continue the commitment to strong fiscal management, conservative financial policies and budgeting for the long term.

V. Findings and Recommendations

b. Structural Budget Issues

Public Safety Pay Plan

The Task Force spent a significant amount of time reviewing potential long term budget structural issues related to employee compensation and projected revenues. One of our most notable findings is that the current structure of the Public Safety pay plan is unsustainable for the future. Current forecasts predict that the cost of the Public Safety Pay Plan will be significantly larger than available revenues in the future. Because the costs of the plan are growing faster than revenues, the existing structure of the Public Safety Pay Plan is likely to lead to budget deficits beginning in FY2013. If actions are not taken to change the growth rate of this pay plan, the size of the annual deficits will continue to increase in the future.

Historically, the City has managed this differential rate of growth between expenditures and revenues by cutting the non-Public Safety sections of the General Fund operating budget or using service delivery savings to balance the bottom line. For example, budget savings resulting from changes to Solid Waste service delivery through managed competition helped balance the General Fund – including covering the increased costs in Public Safety. Given the demands for service in the other areas and the prior year budget cutbacks, the Task Force does not believe depending on more budget cuts or more service delivery efficiencies to fund Public Safety is a sustainable long term strategy.

For clarification, the Task Force believes that Public Safety is one of the most critical priorities for the City and provides tremendous value to our citizens. We were impressed with the professionalism, sophistication and quality of Public Safety from our limited opportunity for review. Our findings and recommendations make no comment on the value or priority of Public Safety services since that was not our charge. Our charge was to examine the City's budget for any budget structural issues over the long term. So, while our findings and recommendations speak to the budget impacts of the Public Safety Pay Plan, they in no way suggest that Police and Fire are not a high value or priority for the City.

Our review of the structural deficits resulting from the Public Safety Pay Plan covered several categories:

- Property tax as a stable revenue source;
- Structure of the Public Safety Pay Plan;
- Current benefits for Public Safety employees;
- Rate of salary growth between Broadbanding and Public Safety Pay Plan; and
- A comparison of salary and benefits to future projected revenues.

Finding #7: The current Public Safety Pay Plan is financially unsustainable without large budget cuts or increased taxes. Minor changes to the Public Safety Pay Plan will only delay the onset of the deficit but will not solve the problem.

Revenues – Stable Property Tax

The main revenue source for the City's General Fund is the annual property tax. Real estate has historically remained relatively stable in the Charlotte-Mecklenburg region. Charlotte home values over the last thirty years have experienced tremendous growth, although the last three years' property values have taken a hit due to the slowdown in the economy. Currently, little permit activity suggests little growth in FY2011 & FY2012. Property reassessments occur periodically (at least every 8 years) making FY2012 the next opportunity for property reassessments.

For the City's FY2011 budget, property tax revenue makes up 64.3% of General Fund operating revenues. The General Fund is used to pay for police, fire, solid waste, transportation, technology, and other services. During FY2011, 64.6% of General Fund expenditures were for public safety. So, public safety is effectively funded by the property tax.

The stability of the property tax revenue for the City of Charlotte enables us to forecast future revenue with a high degree of confidence. The budget forecasts used in this report assumed a five year property tax growth rate of 1.5% as recommended by City staff.

In the past decade the annual growth rate averaged 3% net of annexation. In the turn of the century decade, there was substantial growth in the urban core as well as a residential and commercial real estate boom. That development boom has completed and the City is seeing declines in real estate values, falling automobile and personal property values and major declines in applications for building permits. The property tax base will grow in any given year by 0 to 5%. Based on current conditions and projections for the next few years, City staff does not expect to see a great deal of new value coming on the property tax rolls. Even with a strong rebound in the future, several years of very low growth would keep the average low.

The Task Force examined property tax growth rates higher than 1.5%. Even with a higher revenue growth assumption of 2%, the more aggressive assumption did not materially impact the outcome of the budget forecast used in the comparison of salary to revenue growth section. The forecast was still negative beginning in FY2013.

Other factors that indicate an estimate on the lower-end of the range are as follows:

- the higher the tax base, the higher the value has to increase to get a percent change;
- areas available for annexation are diminishing (growth rate quoted is net of annexation); and
- the trend toward to smaller, low cost/fuel efficient automobiles.

Public Safety Pay Plan structure

The City uses two pay plans for employee compensation – Broadbanding and Public Safety Pay Plans. The Broadbanding Plan compensates employees with annual merit pay increases based on an individual employee's performance. The merit increase has ranged from 2% to 4% over the past fifteen years (Appendix B). The majority of City employees, including 23.7% of Police employees and 13.8% of Fire employees, are compensated by the Broadbanding plan.

Members of the Police and Fire department who are compensated by the Public Safety Pay Plan receive an annual step adjustment or increase to their salary plus a market adjustment. Those employees at top step receive only the market adjustment. In FY2011, 76.3% of all Police Department employees and 86.2% of all Fire Department Employees were in the Public Safety Pay Plan (see Appendix C).

Over the past fifteen years (with only three exceptions), the step salary adjustment has been 5%. A typical market adjustment to the Public Safety Pay Plan has been about 3%. (see Appendix B). Thus, using those numbers as an example, an employee in the Public Safety Pay Plan not at top step would receive an annual adjustment of 8% (5% step plus 3% market adjustment). For employees in the Public Safety Pay Plan at top step, they would receive just the market adjustment of 3%. For FY2011, approximately 36% of sworn Police positions in the Public Safety Pay Plan are at top step while almost 60% of sworn Fire employees in the Public Safety Pay Plan are at top step. (see Appendix C)

The philosophy of the Public Safety Pay Plan is based on the use of step increases until the Public Safety employee reaches the top step and thus is fully trained in the position. The result is that a Public Safety employee's rate of salary growth is typically faster than other entry level City employees.

Public Safety employee benefits

The Task Force reviewed the budgetary impacts of the benefits available to employees in the Public Safety Pay Plan. One of the largest benefits to public safety employees is a state mandate that entitles sworn law enforcement officers to a "separation allowance" payment until age 62 as a bridge from City retirement until Social Security. Additionally, local governments are required by State law to contribute 5% to the employee's 401(k) for sworn Police – approximately \$5 million for FY2011. For the FY2011 budget, the City contributes 2% to 401(k) for Fire and all other non-sworn employees – approximately \$5.2 million in the General Fund for significantly more employees.

These two items contribute to a higher budgetary impact for sworn police employees as compared to all other City employees. For the City of Charlotte, Firefighters have their own retirement system and do not participate in State retirement or Social Security. For comparison purposes, the estimated benefits amount of "full retirement" (30 years of service) for sworn Police is 90% of final gross income, for sworn Fire it is 78% and for all other City employees it is 55%. Please see the next table for a comparison of benefits.

RETIREMENT BENEFITS COMPARISON

	N.C. Local Governmental Employees' Retirement System (General Employees)	N.C. Local Governmental Employees' Retirement System (Law Enforcement Officers)	Charlotte Firefighters' Retirement System
Eligibility Criteria for "Full Retirement"	- 30 years of service, or - 25 years (age 60), or - 5 years (age 65)	- 30 years of service, or - 5 years (age 55)	- 30 years of service, or - 25 years (age 50), or - 5 years (age 60)
Eligibility Criteria for "Early Retirement"	- 20 years (age 50), or - 5 years (age 60)	-15 years (age 50)	- 25 years (before age 50)
Benefits Formula for Basic Retirement System	1.85% of "average final compensation" (highest 48 consecutive months) TIMES years and months of service	1.85% of "average final compensation" (highest 48 consecutive months) TIMES years and months of service	2.6% of "final average salary" (highest 24 consecutive months) TIMES years and months of service
Average Benefit Amount for "Full Retirement" (Assuming 30 Years of Service)	Approximately 55% of final gross income with 30 years of service	Approximately 90% of final gross income (including 401k and Special Separation Allowances mandated by State) with 30 years of service	Approximately 78% of final gross income
Contribution Rate (As a Percentage of Pay) to Basic Retirement System	City - 6.35% (+7.65% for Social Security) Employee - 6% (+7.65% for Social Security)	City - 6.41% (+7.65% for Social Security) Employee - 6% (+7.65% for Social Security)	City - 12.65% plus 1.45% for Medicare Employee - 12.65% Note: Firefighters are not in Social Security System
Contribution Rate (As a Percentage of Pay) to 401(k) Plan	City - 2% Employee - Voluntary	City - 5% (mandated by State) Employee - Voluntary	City - 2% Employee - Voluntary
Other City-Funded Sources of Retirement Income	None	Special Separation Allowance mandated by State-City must pay eligible law enforcement officers monthly benefit to age 62*	None
Benefits Adjustments to Retirees	Possible adjustment to monthly allowance, based on actuarial gains from investments	Possible adjustment to monthly allowance, based on actuarial gains from investments	Possible adjustment (lump sum, once per year), based on actuarial gains from investments

*Special Separation Monthly Amount =.85% of base monthly compensation times years of creditable service

Updated 10/2010

The comparison of benefits listed above does not include estimates for overtime or opportunities for off-duty pay as potential sources of supplemental income for Public Safety employees.

Finding #8: The Task Force finds that the benefits available to employees in the Public Safety Pay Plan contribute to a higher budgetary impact for sworn Public Safety employees as compared to all other City employees.

Rate of salary growth

A comparison between the Broadbanding and Public Safety Pay Plan reveals a higher rate of salary growth (on average) for entry level Public Safety Pay Plan employees. The philosophy of the Public Safety Pay Plan is based on the use of step increases until the Public Safety employee reaches the top step and thus is fully trained in the position. The result is that a Public Safety employee's rate of salary growth is typically faster than other entry level City employees such as Solid Waste Equipment Operator, Automotive Parts Technician, Water Service Technician and Street Crew Members (among many examples).

Over the past 15 years, the average budgeted increase for Broadbanding increase has been around 3 to 4%. For Public Safety Pay Plan, the budgeted increase has been between 2.5 to 10% depending on if the employee is at top step. Please see Appendix D for an illustration.

In the past, the City's budget has managed this differential rate of growth under limited resources by cutting the non-Public Safety sections of the General Fund operating budget or using service delivery budget savings to balance the bottom line. For example, budget savings resulting from changes to Solid Waste service delivery through managed competition helped balance the General Fund – including covering the increased costs in Public Safety. Given the demands for service in the other areas and the prior year budget cutbacks, the Task Force does not believe depending on more budget cuts or more service delivery efficiencies to non-Public Safety programs in order to support Public Safety services is a sustainable long term strategy.

Comparison of salary and benefits to projected revenue growth

The Mayor's charge to the Task Force included direction to "examine long term sustainability in the context of future revenues". The Task Force asked City staff to run several simplified expenditure to revenue projections to help determine whether the existing Public Safety Pay Plan was sustainable.

For revenues, staff used the following revenues in the projections:

- General Fund property tax (37.73¢ of the City's 45.86¢ property tax rate);
- the Law Enforcement Service District (LESF) Tax;
- Revenue from Charlotte-Mecklenburg Schools;
- Public Safety grant revenue (including federal stimulus funding).

For FY2011, property tax represents approximately 64.3% of the City's General Fund revenues while Police and Fire represent approximately 64.7% of the General Fund expenditures. Since Police and Fire represent the City's most basic General Fund services, the projections assumed property tax would be the primary revenue source when looking at the projection.

For revenues, each of the five year projections assumed the following:

- 1.5% growth per year for property tax as recommended by City staff;
- No annexations;
- A constant property tax rate (meaning no adjustments as part of property revaluation);
- A constant ratio for the Law Enforcement Service District (LESF) tax;
- The decline in federal stimulus funds for the additional 50 police officers; and
- Increased revenue from Charlotte-Mecklenburg Schools based on the City's proposal of moving to payment of 80% of 100% of fully allocated costs for School Resource Officers.

For expenditures, each of the five year projections assumed 0% growth in operating costs for FY12, 0.5% growth for FY2013 and 1% growth FY2014 through FY2016. The projections assumed no increases the number of Police and Fire staffing (i.e. no additional Police Officers). The salary and benefit expenditures were projected based on different assumptions to determine various projected budget gaps.

The Task Force examined multiple versions of the five year Public Safety projections. For illustration purposes, two are presented below. Changing the assumptions around Public Safety steps, Public Safety market adjustments, Broadbanding pay, and revenue growth projections (specifically property tax) impacts the budget gap but does not eliminate the projected budget deficit without significant changes.

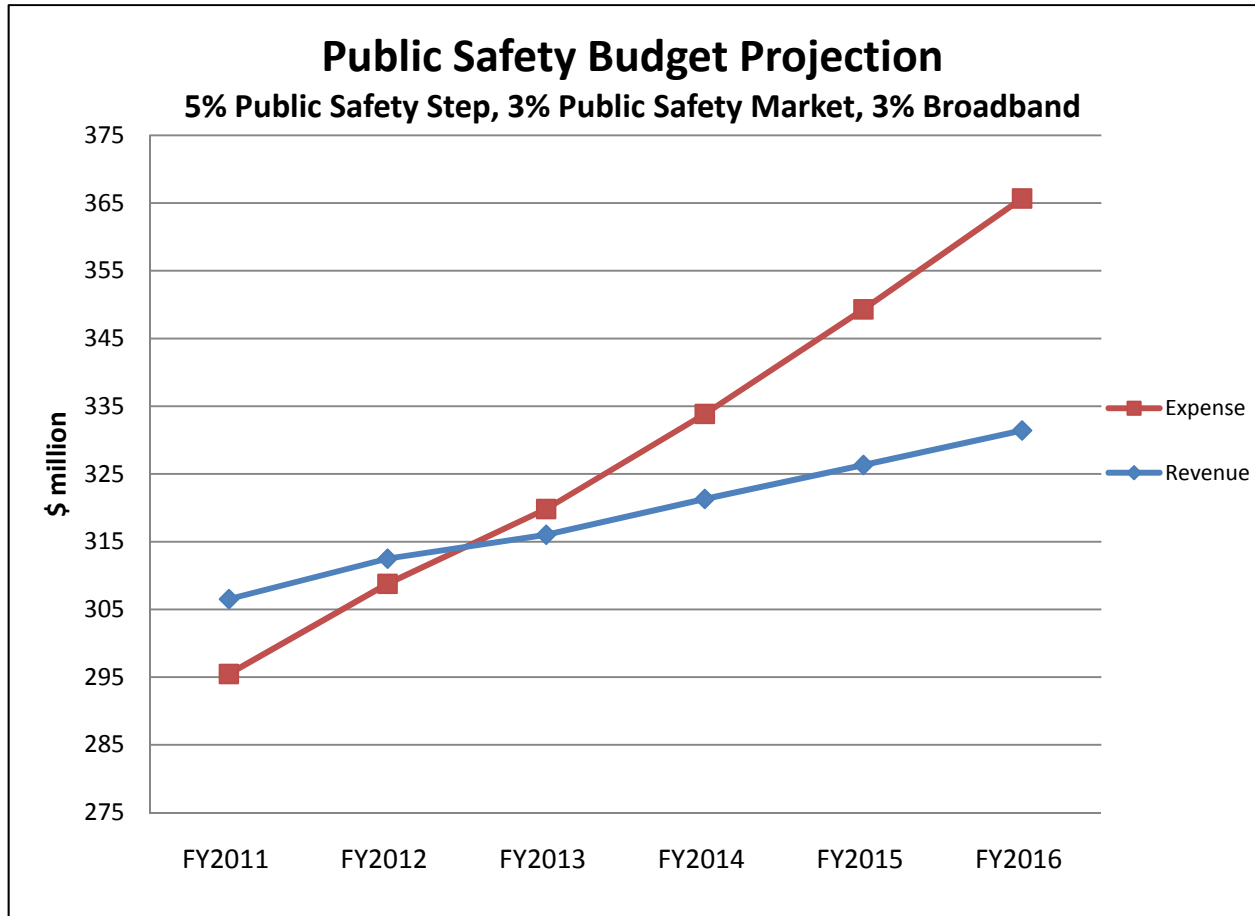
It is critical to note that while changes to certain assumptions might reduce the deficit in any specific year, these changes only delay the onset of the deficit. Unless the growth rate of the Public Safety Pay Plan is reduced, this plan will result in a significant budget deficit at some point in the future.

Please note, these projections are intended to serve as simple illustrations of potential future budget issues, not as a replacement of the formal budget projections conducted as part of the City's annual budget development process.

Finding #9: The Task Force determines the growth rate of salaries in the Public Safety Pay Plan exceeds the growth rate of available resources and will lead to budget deficits for the City. Even reasonable assumptions for economic recovery do not solve the budget sustainability of the Public Safety Pay Plan.

Chart 1 - 5% Public Safety Step, 3% Public Safety Market, 3% Broadband

This chart reflects a compensation plan of a step 5% step increase for eligible public safety pay plan employees on their annual review date, 3% market increase for all public safety pay plan employees on a common date at the start of the fiscal year, and 3% broadband increase for all other non-Public Safety Pay Plan (i.e. Broadband) employees on their annual review dates, staggered throughout the year. These assumptions closely mimic the historical rates of increase for the Public Safety Pay Plan.



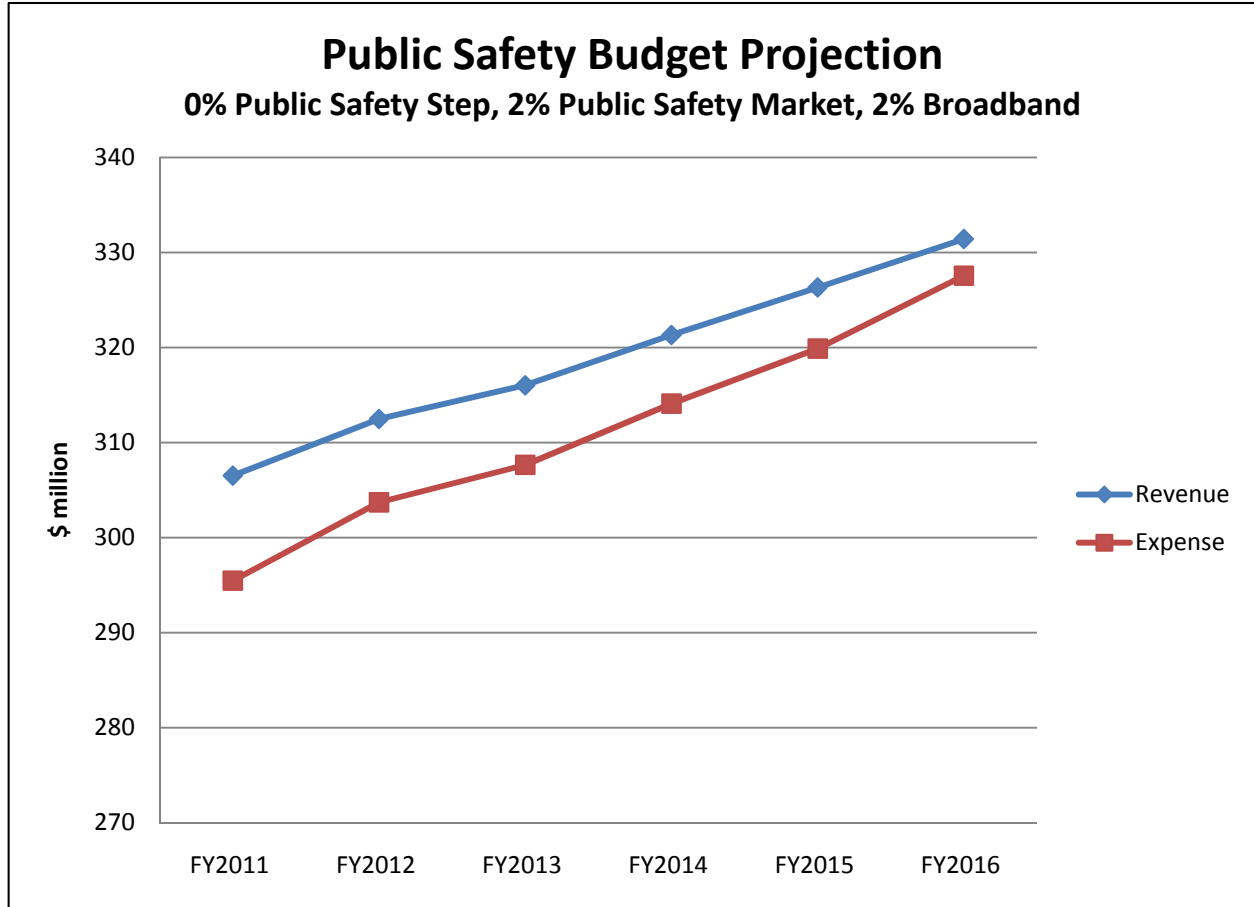
Public Safety Budget Projection

<i>\$ in millions</i>	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
	Budget	Projection	Projection	Projection	Projection	Projection
Revenue	\$306.52	\$312.49	\$316.03	\$321.31	\$326.33	\$331.42
Expense*	\$295.47	\$308.78	\$319.82	\$333.86	\$349.31	\$365.68
Difference	\$11.05	\$3.71	-\$3.79	-\$12.55	-\$22.98	-\$34.26

*personnel and operating

Chart 2 - 0% Public Safety Step, 2% Public Safety Market, 2% Broadband

This chart reflects a compensation plan of 0% step, 2% market increase for all Public Safety Pay Plan employees on a common date at the start of the fiscal year, 2% merit increase for Broadband employees on their annual review date.



Public Safety Budget Projection

<i>\$ in millions</i>	Budget	Projection	Projection	Projection	Projection	Projection
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenue	\$306.52	\$312.49	\$316.03	\$321.31	\$326.33	\$331.42
Expense *	\$295.47	\$303.72	\$307.66	\$314.10	\$319.89	\$327.56
Difference	\$11.05	\$8.77	\$8.37	\$7.21	\$6.43	\$3.86

* personnel and operating

Other Public Safety budget findings

The Task Force reviewed several other components of the Public Safety Budget to develop our findings and make our recommendations.

Recruitment and retention - The Task Force recognized the importance of recruiting and retaining the best people possible for public safety positions. And we understand the role that the Public Safety Pay Plan plays in recruitment and retention. However, as illustrated in Appendices E and F, Police and Fire have a low rate of turnover and currently a high number of applicants for entry level positions. The voluntary turnover rate for Public Safety is 1.2% compared to 3.2% for Broadbanding. Police recently had 1,550 applicants for 111 positions while Fire had 1,569 applicants for 90 positions. Also, the separation allowance and mandatory 5% contribution to 401(k) for sworn law enforcement give an additional benefit to recruitment and retention of Police Officers.

Appendix G shows the current market rates for Police and Fire as the final comparison data point for recruitment and retention.

Finding #10: As part of the review, the Task Force considered the issues of recruitment and retention with the Public Safety Pay Plan. For Public Safety, recent voluntary turnover rates are 1.2% and applicants have submitted over 1,500 applications for approximately 100 vacancies each in Police and Fire.

Benchmarking - The Task Force reviewed a large amount of benchmarking data for Police and Fire to determine if current resources or staffing were out of alignment with other comparable Cities. While Public Safety could certainly use additional resources to better address citizens' demands for service, we found that staffing levels were appropriately comparable to other N.C. and national cities (see Appendices H and I). The Police Chief has indicated the need for additional police officer staffing that is addressed below.

The Task Force reviewed benchmarking survey data from other cities (both state and national level) related to Public Safety pay structures. Other cities in N.C. and nationally do not have step based pay plans. While the Task Force is not making any specific recommendations related to alternative Public Safety pay structures, there is evidence that other cities have successfully implemented alternatives to the use of Public Safety steps.

Finding #11: The Task Force finds that Public Safety staffing levels are appropriately comparable to other N.C. and national cities. Additionally, other N.C. and national cities do use Public Safety pay plans without steps.

Federal stimulus grants for COPS - In August of 2009, the Charlotte City Council approved receipt of a federal stimulus COPS grant from the U.S. Department of Justice under the American Recovery and Reinvestment Act (ARRA). The federal grant funded 50 Police officers beginning in FY2010 over a three year period. At the same time, Council added an additional 75 police officers funded by General Fund sources for a total of 125 positions. By FY2014, the federal stimulus grant funds expire and staff projects a budget gap related to the lost revenue of approximately \$5.6 million. The loss of federal stimulus

grant funds contributes to our concern about the long term budget sustainability of funding for the current Public Safety Pay Plan.

Finding #12: The loss of federal stimulus grant funds of \$5.6 million by FY2014 contributes to the concern from the Task Force about the long term budget sustainability of funding for the current Public Safety Pay Plan.

Future Police staffing - For the future, Police staffing will be an issue as the Police Chief has expressed the need for additional police officers beyond the 125 added in August of 2009. The Task Force did not feel it was appropriate to comment on the appropriate staffing level – that is better left to the Police Chief, City Manager and Mayor and Council. However, the Task Force recognizes that an increasing Public Safety Pay Plan and associated benefits costs impacts the City’s budget and can make it very difficult to add additional positions without increased revenues or budget cuts. Appendix J lists staffing changes over the past 15 years for comparison purposes.

Finding #13: The current budget structure, including the normal Public Safety Pay Plan adjustments and the associated benefits, does not allow for increased Public Safety positions (such as an additional 125 Police Officers) under current budget resources without increased revenues or budget cuts.

Recommendation #2: The Task Force recommends City staff work with representatives of Police and Fire to develop a new Public Safety Pay Plan that is sustainable. The new Public Safety Pay Plan should be in line with realistic and conservative projected revenue forecasts and staffing estimates.

Corporate Technology

In today's information age, greater corporate technology investment (i.e. technology projects that address city-wide service and business needs) is needed to efficiently and effectively deliver front-line city services. In most cases, front-line services must be supported and complemented by "back office" financial/information management systems that ensure the reliable and smooth operation of all City services while maintaining the highest level of financial stewardship. However, the Task Force found the City's current level of corporate technology investment does not adequately cover the backlog of technology needs or the customer service capabilities increasingly expected by citizens.

Background

In August 2005, then City Manager, Pam Syfert, implemented a number of internal changes that transformed the City's approach to technology investments. Key among the changes involved the creation of the Office of the Chief Information Officer (OCIO). Today, under leadership of the OCIO, technology investment planning and implementation receives much greater strategic planning and coordination among KBUs. Much of this coordination focuses on the fact that most citizens view Charlotte city government as one entity. The Task Force believes that the creation of the OCIO and recent emphasis on making improvements to the approach to technology has made progress. However, more work needs to be done.

Prioritization and Funding

At the City of Charlotte, corporate technology investments are focused on simplifying citizen requests for service and access to information and increasing business efficiency, effectiveness, and productivity. Today's traditional capital investment plan should think beyond asphalt, concrete, facilities, and pipes. In the information age, technology investments merit greater consideration as part of the City's portfolio of investments designed to promote growth, quality of life, and improved service quality.

Unfortunately, prioritization and funding are difficult for corporate technology projects. Like the private sector, large organization technology projects are expensive, complex, time consuming and disruptive. Technology systems carry tremendous risk to the organization, both in the form of cost and service delivery. Outdated hardware and software systems can fail, deliver inaccurate information and/or waste labor hours producing the same information.

Finding #14: The Task Force found within corporate technology a number of high and moderate risk unfunded projects that subjected the City to an uncomfortable level of risk and cost. These projects include but are not limited to replacing outdated systems, improving productivity of the current workforce, using technology as a key customer service tool and gathering/using data in a more robust manner.

The Task Force found that the City has made several positive steps related to prioritization and funding of these critical corporate technology needs. The creation of the OCIO brings professional, corporate, and focused staff to coordinate the new effort. The City Manager has formed several governance structures within the City to prioritize needs and share resources. The City's capital budget in PAYG funding has an account for Technology Investments. And, preliminary funding has begun for some of the major technology projects currently in the planning phase.

The Task Force did not spend the time and effort to understand and research all the City’s corporate technology issues. Such work was beyond our charge and capabilities. However, we did work with staff to develop a general list of upcoming technology projects and illustrated them around issues of funding, risk, and impacts to citizens. Please see appendix K for our SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and Appendix L for a Gantt chart outlining the potential timeline for implementation.

We believe the City should focus attention on the challenges of corporate technology, including but not limited to replacing outdated systems, mitigating risk to the City, improving productivity of the current workforce, using technology as a key customer service tool and gathering/using data in a more robust manner. Currently, large technology projects are funded by using a combination of resources in a non-systemic way.

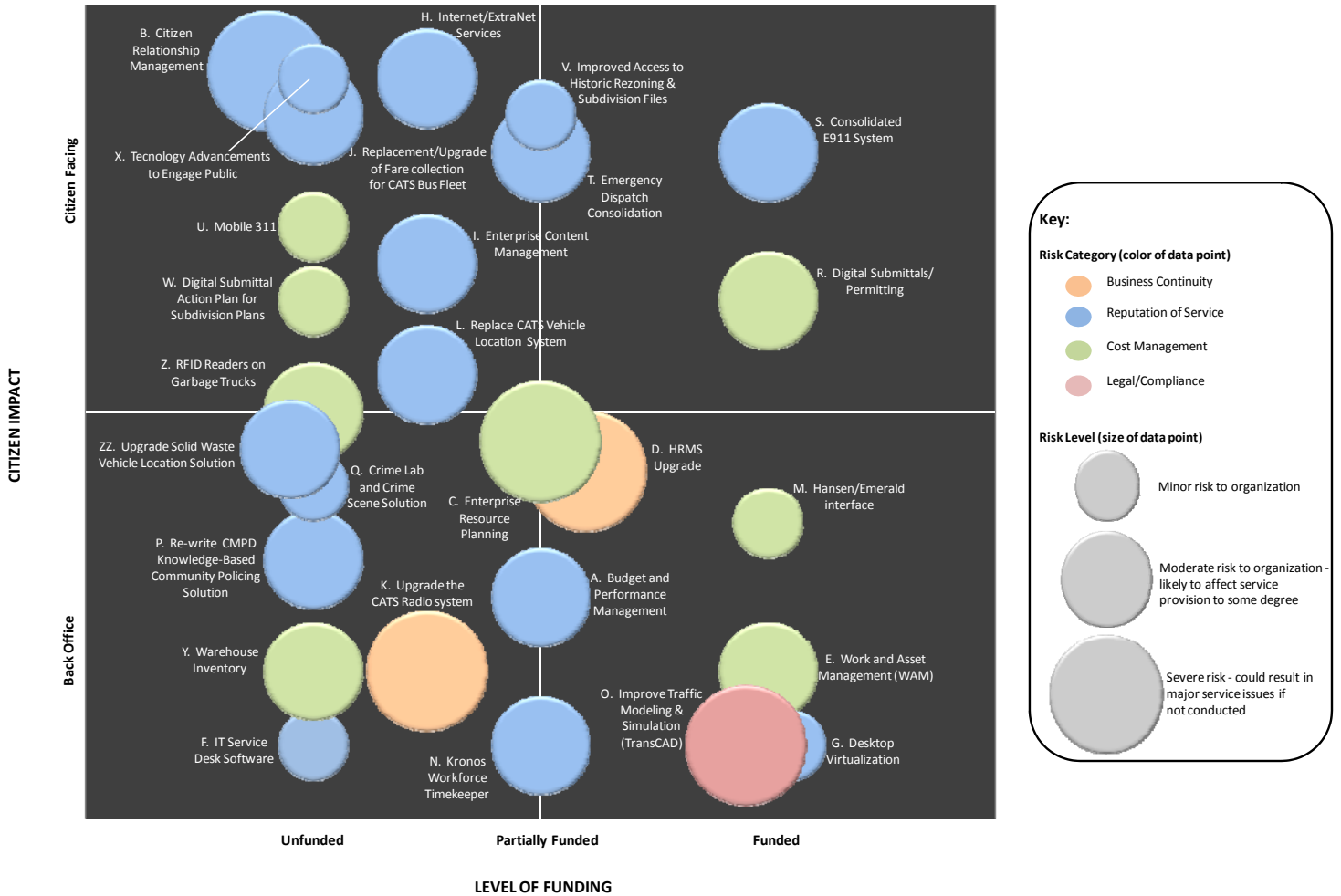
The Task Force recommends looking for more predictable and on-going funding stream for these major technology projects. Two options discussed by the Task Force is looking at the PAYG capital budget for opportunities for more regular funding or using one-time General Fund reserves to address “severe risk” technology projects.

Recommendation #3: The Task Force recommends the one-time use of General Fund reserves to address corporate technology projects under the “severe” risk category, currently estimated at approximately \$8.4 million excluding Enterprise Resource Planning (ERP).

Recommendation #4: The Task Force recommends looking for more predictable and on-going funding stream for major technology projects, perhaps within PAYG capital.

As a general overview of the corporate technology issue, on the following page is a chart outlining the most critical corporate technology projects. Appendix M provides additional detail in support of the chart.

**FY2011 - 2015 Technology Investment Characteristics:
Charted for Level of Citizen Impact against Funding Status**



Key Points:

- 12 projects are citizen facing; 13 are back office-oriented; and 2 have mixed impacts.
- 56% of projects are unfunded (\$13.7 million estimated need); 22% are partially funded (approx. \$13.9 million funded and \$22.4 million needed); and 22% are fully funded (\$11.8 million).
- Level of Risk/Vulnerability to organization: 70% are severe/moderate risk if not conducted while 30% are considered a minor risk.
- Preliminary summary cost estimates: \$32+ million on corporate-wide projects and \$30+ million on KBU-specific projects.
- Technology investments are generally focused on 1) simplifying citizen requests for service and access to information; and 2) increasing business efficiency, effectiveness, and productivity.

Funding for Criminal Justice System Technology

One component of the City's budget that came forward as a part of the work of the Task Force was the issue of proper funding of the Criminal Justice System, particularly in technology. While technically not part of the City's budget, it was clear from the work of the Task Force that inefficiencies in the Criminal Justice System and lack of sufficient resources hampered the City's efforts to improve public safety and maximize our Charlotte-Mecklenburg Police Department (CMPD) resources.

Finding #15: The Task Force finds that inefficiencies in the system and lack of sufficient resources have hampered the City's efforts to improve public safety and maximize our Charlotte-Mecklenburg Police Department (CMPD) resources.

CMPD hopes that a new State court computer system will eventually streamline many of the current, manual paper processes between CMPD and the court system. CMPD has already automated many of its manual process and electronic document management capabilities on its side of the criminal justice equation.

Unfortunately, the court's outdated computer system limits the ability to integrate these CMPD efficiencies with the court system. For example, CMPD has the capability to forward officer documents electronically to the courts; however, since the court system doesn't have the capability to receive and manage the electronic documents, officers must hand delivery hard copies of their documents to the court. Improvements would effectively reduce the amount of time officers spend in court and increase their presence in the community.

Improving court system technology is an issue that applies to all 100 North Carolina counties – not just Mecklenburg County. It's possible that the State may consider a single computer system for the entire state court system. Obviously, such an approach would represent a significant time and technology investment by the State.

In May 2008, City Council approved setting aside \$3 million in a Criminal Justice Technology Reserve for the purpose of addressing technology system issues impacting public safety in the criminal justice system. Release of the funds was contingent upon the State's Administrative Office of the Court presenting a detailed project plan for use of the funds. The State has yet to present a detailed project plan for use of the funds. As a result – and due to other Council priorities and limited resources during this difficult financial environment – City Council chose to reallocate \$2.6 million of the \$3 million reserve to other priorities in the City's FY2011 budget.

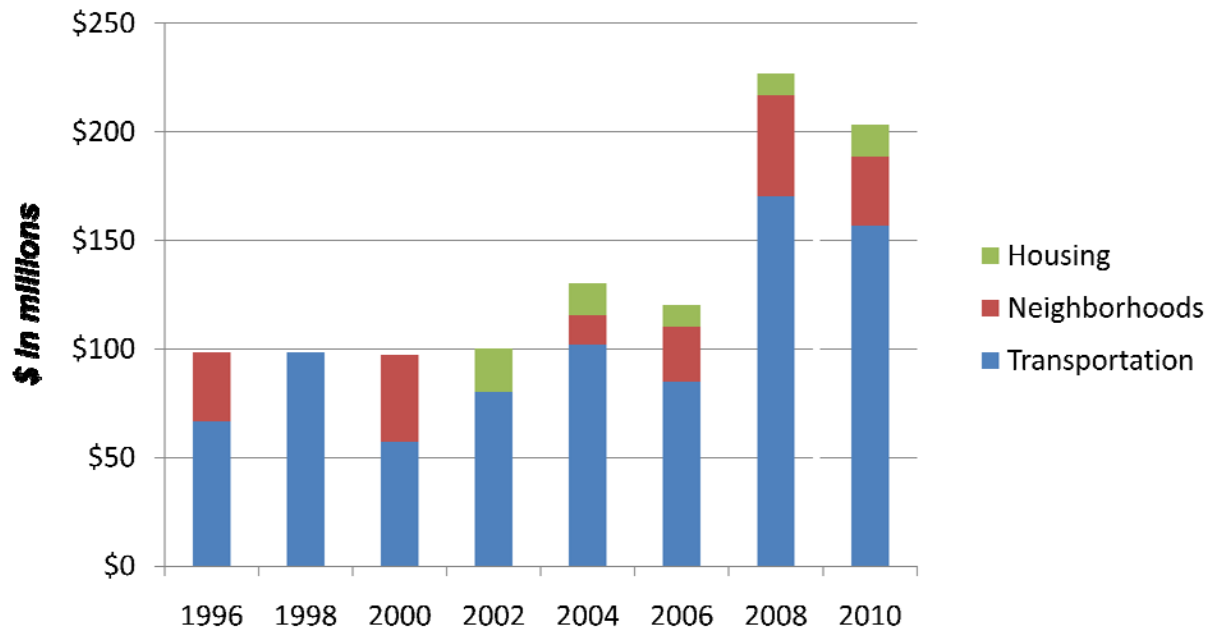
Recommendation #5: The Task Force recommends the City continue to work with the State to implement a way for the Criminal Justice System to acquire a computer system to manage documents and cases electronically. This would result in freeing up Police Officers time for more patrol related services.

Capital bond funding

The City has a strong commitment to capital infrastructure investment. One component is the use of General Obligation bonds approved by City of Charlotte voters for general capital such as road construction and widening, intersection improvements, sidewalk construction, installation of curb and gutter, neighborhood improvement projects and affordable housing. The Council’s current practice is to place General Bond referendum items on the November ballot for approval in every even numbered year. The November 2010 bond referendum included \$203.6 million for transportation, neighborhood improvement and affordable housing.

Below is a chart illustrating recent bond referenda:

**City Bond Referenda
General Capital Projects Trend**

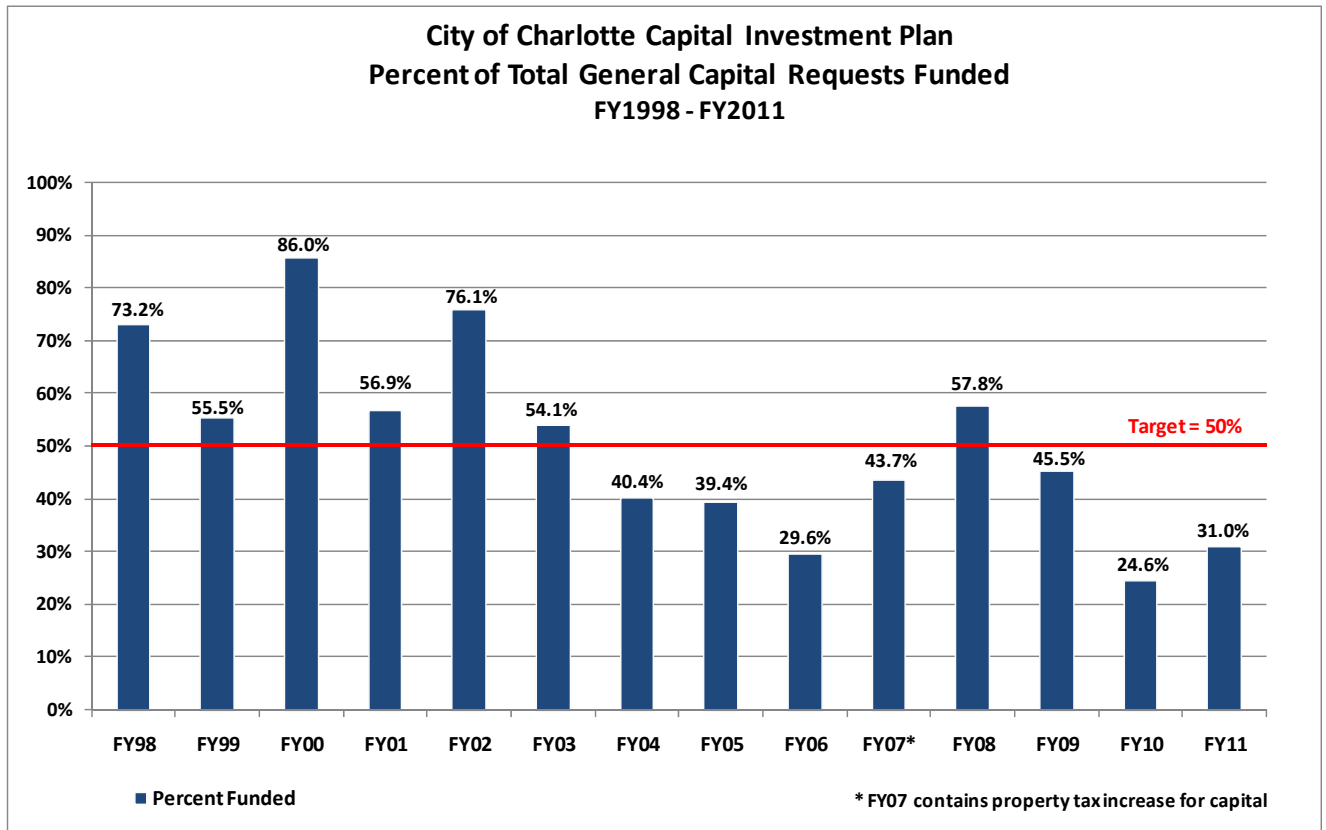


According to City staff, no bond referendum has failed in at least the last 25 years. This history of capital infrastructure investment approved by Charlotte citizens every two years has produced significant improvements to public infrastructure, supported the City’s AAA bond rating and contributed to Charlotte’s image as a strong, progressive and growing city.

There have been periods where the capital investment needs have not kept pace with growth demands on City infrastructure. In FY2007, the Council approved a property tax rate increase to fund three bond referendums – 2006, 2008 and 2010. This November 2010 bond referendum is the last one funded from the FY2007 property tax rate increase. Unfortunately, the recent economic downturn and the associated impact on City revenues mean there is no debt capacity currently projected for future bond referenda.

The Task Force is concerned about the lack of sufficient revenues capable of continuing our investment in public infrastructure. Without additional investment, the City’s public infrastructure will deteriorate and prove insufficient to address transportation, neighborhood and affordable housing needs.

Below is a chart showing the trend of funded vs. unfunded infrastructure:



The Task Force believes the City will continue to need to fund capital projects in the future to address infrastructure needs.

Recommendation #6: The Task Force recommends the City address the lack of capital funding for future bond referenda as part of the upcoming budget processes.

Future impacts of State budgets

As a part of the process examining City budget structural issues, the Task Force considered the potential impact of the State of North Carolina’s financial problems on the City of Charlotte. In the next fiscal year, the State is facing a possible budget shortfall of at least \$3.5 billion. Although there are only a few State-collected local revenues, the threat of unfunded mandates, changes in State law or loss of revenue is very possible as the State attempts to close its budget gap.

In that context, one threat to City revenues is changes to the rules associated with the City's business privilege license tax. For FY2011, the City budgeted \$16.6 million in the General Fund from the business privilege licenses. The total loss or reduction of this revenue stream would have a significant adverse impact on City services. Other possible State budget impacts to the City of Charlotte could be changes or reductions to the City's receipt of sales tax revenue or various types of user fee revenue.

Recommendation #7: The Task Force recommends the Mayor and Council aggressively work with members of the local Mecklenburg delegation as well as other municipal interest groups to protect local government revenues.

It is important to educate new members of the N.C. General Assembly and the local members of the Mecklenburg delegation. We understand the difficult economic circumstances, but the Task Force hopes the State will not pass along State budget issues down to the local governments.

VI. Conclusions and Thanks

Overall, the Task Force is impressed after our review of the City's budget. The City uses strong financial policies, conservative financial decision making and excellent budget structures to protect the City's fiscal position. The Task Force is also impressed with the City's history of applying private sector business principles to service delivery choices.

Still, structural budget issues exist. Namely, this includes unsustainable growth of the Public Safety Pay Plan and inadequate investment in corporate technology. We urge the Mayor and City Council to take address these issues and the others outlined in this report.

The Task Force would like to thank the Budget staff without whom our work would have been impossible. The magnitude of the amount of information could have been overwhelming, but staff was able to create a system of review that allowed us to receive information, ask questions, probe for clarity and make recommendations. They also facilitated conversations with key departments and enterprise funds. One of our findings should be that the Budget staff is top draw and the City Council should know that we found them knowledgeable and committed to their work at all levels. Additionally, we would like to thank the time and contributions from other departments including Finance, Office of the Chief Information Office, Business Support Services, Human Resources, Police and Fire.

Appendix

14. Mayor's Small Business Opportunities and Efficient & Effective Government Review Task Forces

Action: Approve the creation of the Mayor's Small Business Opportunities and Budget Review Task Forces.

Explanation

- The Mayor has requested the creation of two Task Forces to evaluate City practices and processes.

Small Business Opportunities Task Force

- The City's Small Business Opportunities Program began in 2003, seeking to enhance competition in City contracting and promote economic growth and development in the Charlotte Regional Area.
- There are currently 794 City certified Small Business Enterprises (SBE).
- The Mayor has requested the Small Business Opportunities Task Force in response to concerns he has received from small business owners regarding difficulties of participating in the program.
- The Small Business Task Force will review the Small Business Opportunities Program outcomes to identify ways to strengthen SBE utilization. The Task Force may also recommend additional strategies to promote small business growth.
- The structure of the Task Force will be as follows:
 - Up to nine members, including a Chair, appointed by the Mayor
 - Members to represent local, small business owners
 - City staff will support the Task Force as needed
- The Task Force will be expected to complete its work by March 1, 2010

Efficient & Effective Government Review Task Force

- In this time of economic recession, the Mayor has requested the creation of an Efficient & Effective Government Review Task Force.
- This Task Force will evaluate the City budget for opportunities to improve efficiency, productivity, and cost effectiveness.
- The structure of the Task Force will be as follows:
 - Up to nine members, including a Chair, appointed by the Mayor
 - Membership will include representatives from the private and public sectors, knowledgeable about budgeting and finance
 - City staff will support the Task Force as needed
- The Task Force will be given up to a year to complete its work.

15 Year History of City Council Approved Compensation Changes

Pay Plan	FY97	FY98	FY99	FY00	FY01	FY02	FY03 *	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Public Safety															
HR Recommended											2.5%				
Market	-0-	4.0%	-0-	5.0%	3.0%	5.0%	3.0%	2.5%	2.5%	2.5%	3.0%	3.7%	3.5%	-0-	2.0%
Merit/Steps	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	-0-	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	-0-	2.5%
Total if not at top step	5.0%	9.0%	5.0%	10.0%	8.0%	10.0%	3.0%	7.5%	7.5%	7.5%	8.0%	8.7%	8.5%	-0-	4.5%
Broadbanding															
Merit/Market	3.7%	3.7%	3.7%	4.5%	4.0%	4.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.7%	3.5%	-0-	2.0%
Career Development/ Recruit & Retain	0.3%	0.3%	0.5%	0.5%	0.5%	0.8%	-0-	0.5%	0.1%	-0-				-0-	-0-
HR Recommended									\$401,000	\$400,000					
Career Development/Recruit &Retain \$ General Fund								\$552,000	\$95,000	\$0	\$150,747	\$162,753	\$227,488	-0-	-0-
Total	4.0%	4.0%	4.2%	5.0%	4.5%	5.0%	3.0%	3.5%	3.1%	3.0%	3.0%	3.7%	3.5%	-0-	2.0%

* FY03 = Across the Board Market Adjustment

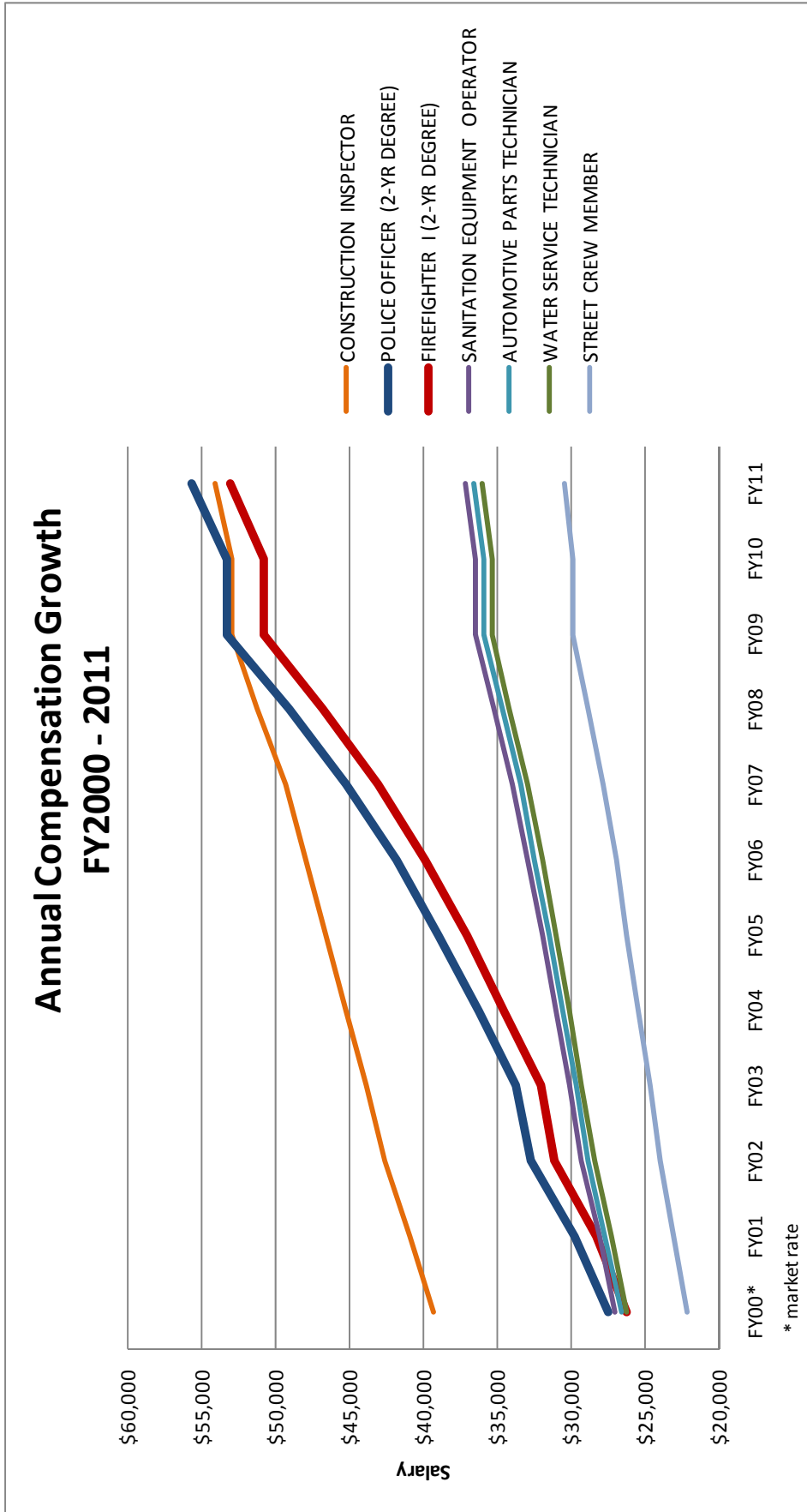
**Police and Fire
Public Safety and Broadbanding Pay Plans - going into FY2011**

	Police			Fire		
	<u>Sworn</u>	<u>Civilian</u>	<u>Total</u>	<u>Sworn</u>	<u>Civilian</u>	<u>Total</u>
At Top PSPP Step	633	35.86%	633	613	59.06%	613
In PSPP Steps	1083	61.36%	1083	391	37.67%	391
In Broadband Pay Plan	49	2.78%	532.5	34	3.28%	161
Totals	1765	100.00%	2248.5	1038	100.00%	1165
	78.50%	21.50%	100.00%	89.10%	10.90%	100.00%

Totals for Public Safety Pay Plan

	In Steps	At Top Step	Total
Police	1083	633	1716
Fire	391	613	1004
Total	1474	1246	2720
	54.19%	45.81%	100.00%

The Public Safety Pay Plan includes Police ranks below Captain and Fire ranks below Battalion Chief. The information above includes 21 additional fire positions (for a new Airport fire station) that were approved by City Council with the FY11 budget. The number of employees identified as "At top" may vary from year to year. Retirements may result in a reduction in the number at top pay. Promotions of those at top two classifications with steps also impacts the number at top pay.



Note: Chart uses FY2000 market rates as baseline. Compensation growth assumptions derived from Broadbanding and Public Safety Pay Plan changes listed in Appendix B. Assumes new employee as of FY2000.

Appendix E: Employee Turnover Rates

Employee Turnover Rates Calendar Year 2009 Summarized by Job Category

Category	Total		Retirement		Voluntary		Involuntary	
	# of Terminations	Turnover	Retirements	Turnover Rate	Terminations	Turnover Rate	Terminations	Turnover Rate
Service Maintenance	83	14.0%	11	1.9%	21	3.5%	51	8.6%
Skilled Craft	34	5.5%	15	2.4%	10	1.6%	9	1.4%
Clerical/Admin. Support	71	10.4%	14	2.0%	28	4.1%	29	4.2%
Protective Services	7	8.2%	2	2.4%	4	4.7%	1	1.2%
Technicians	34	6.0%	11	1.9%	16	2.8%	7	1.2%
Professional/Mid Management	54	5.9%	15	1.6%	33	3.6%	6	0.7%
Executive/Official	4	7.1%	2	3.6%	1	1.8%	1	1.8%
Broadbanding Total	287	8.1%	70	2.0%	113	3.2%	104	2.9%
Police Sworn Rank	69	4.2%	31	1.9%	31	1.9%	7	0.4%
Police Sworn Management	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Fire Uniformed Rank	21	2.1%	17	1.7%	0	0.0%	4	0.4%
Fire Uniformed Management	3	8.6%	3	8.6%	0	0.0%	0	0.0%
Public Safety Total	93	3.5%	51	1.9%	31	1.2%	11	0.4%
Total	380	6.1%	121	1.9%	144	2.3%	115	1.9%

Note

Six Involuntary Terminations are not included in these totals, because the following jobs were eliminated:
Administrative Officer III, Administrative Secretary I, Contracts Admin Coordinator, Contracts Admin Specialist,
Public Information Specialist, and Transit Deputy Director Operations

Employee Turnover Trends 2007 – 2009

2009

Category	Total	Retirement	Voluntary	Involuntary
Broadbanding Total	8.1%	2.0%	3.2%	2.9%
Public Safety Total	3.5%	1.9%	1.2%	0.4%
Total	6.1%	1.9%	2.3%	1.9%

2008

Category	Total	Retirement	Voluntary	Involuntary
Broadbanding Total	10.1%	1.6%	5.4%	3.1%
Public Safety Total	3.8%	1.6%	1.9%	0.2%
Total	7.5%	1.6%	4.0%	1.9%

2007

Category	Total	Retirement	Voluntary	Involuntary
Broadbanding Total	13.5%	2.0%	7.9%	3.6%
Public Safety Total	4.3%	1.9%	2.3%	0.2%
Total	9.7%	2.0%	5.6%	2.2%

Appendix F: Police and Fire Recruitment Applicants

FIRE		
Calendar Year	Number of Applicants*	Total Hired
2005	1,093	0
2006	1,112	47
2007	893	25
2008	1,158	55
2009	1,569	90

*Fire defines applicants as all those who sit for test

Police		
Calendar Year	Number of Applicants	Total Hired
2005	785	68
2006	891	69
2007	727	131
2008	963	135
2009	1,550	111

Appendix G: FY2010 Market Rates for Police and Fire

City of Charlotte Comparison of Police Sworn Positions FY2010

	<u>Charlotte Avg.</u>	<u>Survey Avg.</u>	<u>% to Mkt.</u>
National			
Police Officer	54,666	55,898	97.80%
Sergeant	75,730	71,309	106.20%
Regional			
Police Officer	54,666	43,489	125.70%
Sergeant	75,730	61,817	122.51%
Local			
Police Officer	54,666	41,568	131.51%
Sergeant	75,730	54,228	139.65%

City of Charlotte Comparison of Fire Rank Positions FY2010

	<u>Charlotte Avg.</u>	<u>Survey Avg.</u>	<u>% to Mkt.</u>
National			
Fire Fighter *	47,813	51,708	92.47%
FF Engineer	57,894	61,360	94.35%
Fire Captain	73,148	70,882	103.20%
Regional			
Fire Fighter *	47,813	38,024	125.74%
FF Engineer	57,894	50,095	115.57%
Fire Captain	73,148	60,487	120.93%
Local			
Fire Fighter *	47,813	33,946	140.85%
FF Engineer	57,894	44,676	129.59%
Fire Captain	73,148	51,722	141.43%

* Weighted Average of FFI and
FFII

Appendix H: Police Benchmarking

National Police Staffing Benchmark, 2008

The Charlotte-Mecklenburg Police Department compares its staffing levels with comparably sized cities (service population of 500,000 - 999,999) across the country, as reported on the Federal Bureau of Investigation crime website (www.fbi.gov/publications.htm). The table below lists the 2008 per capita data, arranged from largest to smallest service population. This data has not been consolidated for other years.

State	City	Population	Sworn Staff	Civilian Staff	Total Staff	Staff per 1,000 pop	Sworn per 1,000 pop
CA	SAN JOSE	945,197	1,383	371	1,754	1.86	1.46
HI	HONOLULU	906,349	2,125	495	2,620	2.89	2.34
MI	DETROIT	905,783	3,032	369	3,401	3.75	3.35
IN	INDIANAPOLIS	808,329	1,590	258	1,848	2.29	1.97
FL	JACKSONVILLE	806,080	1,693	1,307	3,000	3.72	2.10
CA	SAN FRANCISCO	798,144	2,391	382	2,773	3.47	3.00
NC	CHARLOTTE-MECKLENBURG	758,769	1,640	482	2,122	2.80	2.16
TX	AUSTIN	753,535	1,466	568	2,034	2.70	1.95
OH	COLUMBUS	751,887	1,876	336	2,212	2.94	2.50
TX	FORT WORTH	701,345	1,486	413	1,899	2.71	2.12
TN	MEMPHIS	672,046	2,098	425	2,523	3.75	3.12
MD	BALTIMORE	634,549	2,998	680	3,678	5.80	4.72
KY	LOUISVILLE METRO	629,679	1,207	246	1,453	2.31	1.92
TX	EL PASO	612,374	1,129	326	1,455	2.38	1.84
MA	BOSTON	604,465	2,213	649	2,862	4.73	3.66
TN	NASHVILLE	602,181	1,230	325	1,555	2.58	2.04
WI	MILWAUKEE	602,131	2,016	694	2,710	4.50	3.35
WA	SEATTLE	598,077	1,318	507	1,825	3.05	2.20
CO	DENVER	592,881	1,541	250	1,791	3.02	2.60
OR	PORTLAND	553,023	989	270	1,259	2.28	1.79
OK	OKLAHOMA CITY	552,452	1,043	258	1,301	2.35	1.89
GA	ATLANTA	533,016	1,619	344	1,963	3.68	3.04
NM	ALBUQUERQUE	527,464	1,029	459	1,488	2.82	1.95

Appendix I: Fire Benchmarking

NORTH CAROLINA BENCHMARKING DATA, FIRE DEPARTMENT STAFFING, FY02-FY09

FY02	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	189.0	N/A	201.0	863.0	108.0	178.0	N/A	N/A	N/A	92.0	191.0	54.0	198.0	60.0	267.0
Civilians	15.0	N/A	15.0	103.0	46.4	108.0	N/A	N/A	N/A	20.0	20.0	9.0	17.0	29.0	20.0
Service Population	69,726.0	N/A	100,219.0	570,257.0	58,710.0	191,041.0	N/A	N/A	N/A	37,975.0	86,494.0	26,631.0	90,400.0	44,965.0	188,605.0
Firefighters Per 1,000	2.7	N/A	2.0	1.5	1.8	0.9	N/A	N/A	N/A	2.4	2.2	2.0	2.2	1.3	1.4

FY03	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	180.5	N/A	201.0	863.0	108.0	180.0	130.0	357.0	92.0	191.0	449.0	57.0	198.0	61.0	267.0
Civilians	18.5	N/A	15.0	103.0	47.0	105.0	11.0	50.0	20.0	21.0	45.0	10.0	17.0	32.0	22.0
Service Population	71,634.0	N/A	106,715.0	597,307.0	59,791.0	200,000.0	70,000.0	231,740.0	42,283.0	90,494.0	311,744.0	28,033.0	94,600.0	44,800.0	188,699.0
Firefighters Per 1,000	2.5	N/A	1.9	1.4	1.8	0.9	1.9	1.5	2.2	2.1	1.4	2.0	2.1	1.4	1.4

FY04	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	189.5	N/A	147.0	894.0	108.0	180.0	134.0	357.0	105.0	191.0	458.0	57.0	198.0	61.0	265.0
Civilians	18.5	N/A	63.0	121.0	46.7	105.0	11.0	51.0	23.0	20.1	49.0	10.5	19.0	32.0	23.0
Service Population	73,206.0	N/A	106,304.0	599,771.0	61,070.0	201,660.0	68,513.0	229,180.0	42,433.0	89,203.0	313,004.0	28,158.0	92,668.0	46,556.0	193,922.0
Firefighters Per 1,000	2.6	N/A	1.4	1.5	1.8	0.9	2.0	1.6	2.5	2.1	1.5	2.0	2.1	1.3	1.4

FY05	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	189.0	24.0	191.0	897.0	108.0	198.0	134.0	376.0	102.0	191.0	473.0	60.0	198.0	61.0	274.0
Civilians	21.0	4.5	19.0	118.0	46.7	88.0	11.0	47.0	22.0	33.0	50.0	8.0	19.0	31.0	23.0
Service Population	74,714.0	21,354.0	111,039.0	624,564.0	62,291.0	208,816.0	68,518.0	235,262.0	43,148.0	90,363.0	335,512.0	29,260.0	94,344.0	47,441.0	193,922.0
Firefighters Per 1,000	2.5	1.1	1.7	1.4	1.7	0.9	2.0	1.6	2.4	2.1	1.4	2.1	2.1	1.3	1.4

FY06	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	189.0	24.0	191.0	958.0	135.0	209.0	134.0	399.0	102.0	202.0	473.0	60.0	198.0	62.0	301.0
Civilians	21.0	3.5	19.0	125.0	19.7	92.0	12.0	60.8	22.0	22.0	50.0	8.0	19.0	31.0	24.0
Service Population	74,714.0	22,103.0	115,854.0	651,101.0	62,291.0	207,697.0	70,278.0	256,360.0	43,098.0	93,352.0	353,604.0	29,087.0	95,193.0	47,911.0	193,922.0
Firefighters Per 1,000	2.5	1.1	1.6	1.5	2.2	1.0	1.9	1.6	2.4	2.2	1.3	2.1	2.1	1.3	1.6

FY07	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	210.0	29.0	191.0	960.0	141.0	209.0	134.0	415.0	102.0	202.0	488.0	69.0	198.0	63.0	316.0
Civilians	18.0	3.5	18.0	123.0	20.0	92.0	11.0	60.8	24.0	22.0	65.0	22.0	22.0	31.0	24.0
Service Population	74,307.0	22,878.0	122,139.0	658,848.0	65,431.0	212,568.0	70,243.0	267,072.0	43,422.0	95,630.0	367,995.0	30,700.0	96,631.0	48,316.0	227,811.0
Firefighters Per 1,000	2.8	1.3	1.6	1.5	2.2	1.0	1.9	1.6	2.3	2.1	1.3	2.2	2.0	1.3	1.4

FY08	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	201.0	32.0	191.0	960.0	162.0	275.0	130.0	429.0	105.0	201.0	509.0	69.0	198.0	79.0	316.0
Civilians	26.0	4.5	19.7	123.0	19.0	26.0	11.0	54.0	20.8	23.0	48.0	12.0	26.0	14.0	27.0
Service Population	83,168.0	24,911.0	133,925.0	674,752.0	71,522.0	222,491.0	72,848.0	261,927.0	45,523.0	108,030.0	367,313.0	31,023.0	100,746.0	49,954.0	224,889.0
Firefighters Per 1,000	2.4	1.3	1.4	1.4	2.3	1.2	1.8	1.6	2.3	1.9	1.4	2.2	2.0	1.6	1.4

FY09	Asheville	Carrboro	Cary	Charlotte	Concord	Durham	Gastonia	Greensboro	Hickory	High Point	Raleigh	Salisbury	Wilmington	Wilson	Winston-Salem
Firefighters	214.0	33.0	191.0	978.0	160.0	275.0	130.0	448.0	105.0	201.0	518.0	69.0	196.0	79.0	316.0
Civilians	22.0	3.5	19.4	124.0	24.8	25.0	10.0	52.8	20.5	23.0	50.0	23.0	25.0	14.0	27.0
Service Population	84,312.0	23,563.0	142,641.0	700,464.0	80,141.0	228,482.0	74,518.0	275,055.0	45,816.0	110,023.0	378,508.0	31,315.0	101,977.0	50,652.0	228,459.0
Firefighters Per 1,000	2.5	1.4	1.3	1.4	2.0	1.2	1.7	1.6	2.3	1.8	1.4	2.2	1.9	1.6	1.4

Source: North Carolina Local Government Performance Measurement Project, UNC School of Government

Appendix J: 15-Year History of Position Allocation Changes in Police and Fire

15 YEAR HISTORY OF SWORN AND CIVILIAN POSITION ALLOCATION CHANGES IN FIRE AND POLICE

CHARLOTTE FIRE DEPARTMENT					
Fiscal Year	Total Positions	Sworn	Civilian	Sworn Change	Civilian Change
1997	793.00	727.00	66.00		
1998	852.00	777.00	75.00	50.00	9.00
1999	851.00	777.00	74.00	0.00	(1.00)
2000	874.00	797.00	77.00	20.00	3.00
2001	892.00	815.00	77.00	18.00	0.00
2002	963.00	868.00	95.00	53.00	18.00
2003	966.00	869.00	97.00	1.00	2.00
2004	1,015.00	908.00	107.00	39.00	10.00
2005	1,083.00	966.00	117.00	58.00	10.00
2006	1,082.00	964.00	118.00	(2.00)	1.00
2007	1,083.00	964.00	119.00	0.00	1.00
2008	1,083.00	964.00	119.00	0.00	0.00
2009	1,102.00	982.00	120.00	18.00	1.00
2010	1,144.00	1,017.00	127.00	35.00	7.00
2011	1,164.00	1,038.00	126.00	21.00	(1.00)
				311.00	60.00

Notes

1998	Addition of 50 for Annexation and 9 for telecommunications
1999	Elimination of Office Assistant for Logistics
2000	Addition of 20 for minimum manning, 2 Inspectors for workload, and a Fire Education for response to requests in the community
2001	Addition of 18 for staffing Station 33
2002	Addition of 68 for Annexation and addition of 3 administrative positions supporting the new Training Academy
2003	Addition of 1 position for ETJ and transfer of 2 positions from Police in support of the Training Academy
2004	Addition of 47 positions for Annexation and 2 positions supporting Plans Review and Technology
2005	Addition of 68 for Annexation
2006	Reorganization and transfer of one Technology position to Business Support Services
2007	Addition of Fire Plans Examiner
2008	No Changes
2009	Addition of 18 for Arboretum Station and 1 Fire Plans Examiner
2010	Addition of 42 for Annexation
2011	Addition of 21 for Airport Fire Station and deletion of 1 Administrative Officer

CHARLOTTE MECKLENBURG POLICE DEPARTMENT					
Fiscal Year	Total Positions	Sworn	Civilian	Sworn Change	Civilian Change
1997	1,671.50	1,275.00	396.50		
1998	1,814.50	1,386.00	428.50	111.00	32.00
1999	1,812.50	1,388.00	424.50	2.00	(4.00)
2000	1,980.50	1,533.00	447.50	145.00	23.00
2001	1,981.50	1,533.00	448.50	0.00	1.00
2002	1,992.50	1,522.00	470.50	(11.00)	22.00
2003	1,987.50	1,520.00	467.50	(2.00)	(3.00)
2004	1,987.50	1,520.00	467.50	0.00	0.00
2005	1,976.50	1,520.00	456.50	0.00	(11.00)
2006	2,012.50	1,557.00	455.50	37.00	(1.00)
2007	2,096.50	1,629.00	467.50	72.00	12.00
2008	2,108.50	1,640.00	468.50	11.00	1.00
2009	2,121.50	1,640.00	481.50	0.00	13.00
2010	2,248.50	1,765.00	483.50	125.00	2.00
2011	2,240.50	1,757.00	483.50	(8.00)	0.00
				482.00	87.00

Notes

1998	Additions for Council Priority Alignment (69 positions were deleted in other business units)
1999	Deletion of 2 Parking Meter positions (privatized) and reorganization for implementation of on street parking program
2000	Addition of 2 for Training, 12 for HITS, 130 for Community Policing and 24 for Animal Control
2001	Addition of 1 for Passenger Vehicle for Hire Ordinance
2002	Addition of 14 in support to Technology, 2 for Animal Licensing, 2 sworn supporting CATS and the CMGC, 3 support for the Academy, 5 supporting administrative functions and secondary employment, and 1 Lab Technician. Mid year, 16 lower level sworn positions were eliminated so that more higher level (Sgt/Capt) positions could be available for supervision and management.
2003	Transfer of allocations to Customer Service and the City Manager's Office
2004	No Changes
2005	Transfer of 11 positions to Customer Service
2006	Addition of 36 sworn positions to support growth and trade of one civilian to sworn mid year
2007	Addition of 72 sworn positions to support patrol, detectives, and community coordination. Addition of 12 civilian positions supporting crime reporting, "Gang of One", and Technology
2008	Addition of 8 sworn position in support of CATS, 3 sworn for Electronic Monitoring, and 1 Investigative Technician for the University Division
2009	Addition of 13 positions supporting Telecommunications and the Crime Lab
2010	Addition of 50 officers in association with ARRA grant, 75 officers for growth, and 2 civilian positions supporting the Rental Property Ordinance
2011	Deletion of 8 positions supporting Charlotte Area Transit

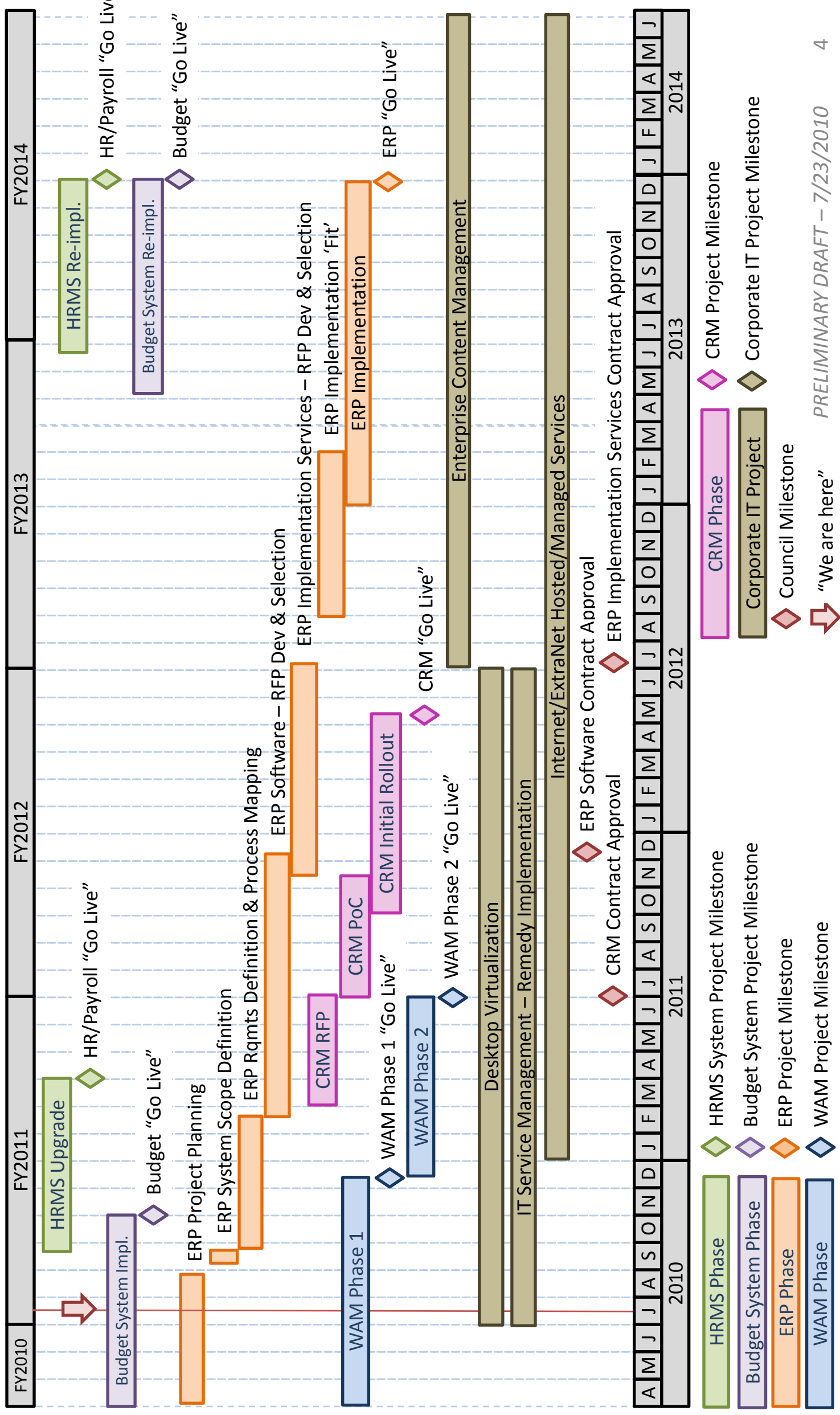
Appendix K: Corporate Technology Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

<p><u>Strengths</u> <i>(What do we do well?)</i></p> <p><u>Communication</u></p> <ol style="list-style-type: none"> Improved communication with Mayor and Council on status of current corporate technology <p><u>Technology Governance</u></p> <ol style="list-style-type: none"> Improved corporate-level coordination and decision-making (as opposed to “silo” KBU technology decision-making): <ol style="list-style-type: none"> Included hiring of Chief Information Officer (CIO) and formulation of the Office of the Chief Information Officer (OCIO) within the City Manager’s Office Technology Governance Policy <ol style="list-style-type: none"> Senior Business Team (SBT) – Determination of “what we’re going to do” Senior Technology Advisory Team (STAT) – Determination of “how to do it” Office of the Chief Information Officer (OCIO) – Provides strategic coordination of corporate technology needs Technology Project Evaluation Team (TPET) – Cross-departmental project review team; provides recommendations on funding; conducts quality and project consistency reviews <p><u>Operations</u></p> <ol style="list-style-type: none"> “Run the Business” model has led to some extremely high quality, specialized systems Use of automatic vehicle location (AVL) devices to improve service efficiency and effectiveness Security Technology refresh purchase and replacement program (desktop hardware and software) Human Resources management and payroll Radio infrastructure <p><u>Best Practice Reviews</u></p> <ol style="list-style-type: none"> Best practices and lessons learned from other cities/counties implementing Enterprise Resource Planning (ERP) systems 	<p><u>Weaknesses</u> <i>(In what areas do we struggle? Where could we improve?)</i></p> <ol style="list-style-type: none"> Fragmentation: <ol style="list-style-type: none"> Enterprise systems and software Too many separate customer service systems (e.g. CharMeck 311 uses 13 different software programs) Lack of consolidated support for enterprise systems Many current systems are near the end of their life Shared services model – Ability to implement projects once and then scale the project to other parts of the organization Citizen Relationship Management (CRM) / CharMeck 311 app suite – Ability to communicate citizen needs and requests across the organization Procurement/eProcurement: <ol style="list-style-type: none"> Management reporting on procurement and financials Project/grant cost accounting Mobile employee access (i.e. “field” employee access to information) Electronic document management, retention, and disposition
<p><u>Opportunities</u> <i>(Any areas that we haven’t taken advantage of yet, but which offer prospects for advancing corporate technology investments and improved service to citizens?)</i></p> <ol style="list-style-type: none"> Ability for the citizen to use the City’s website for more of their service/inquiry needs Development of a corporate technology investment master plan Increasing number of channels/methods for citizens to communicate with City and to enhance management of existing channels (e.g. CharMeck 311, website, and mobile apps) Improved interaction with customers to lower costs More consolidation and/or reallocation of existing resources to manage corporate technology needs Federal grants could provide upfront investment needed for City-owned, County-wide high speed wireless infrastructure 	<p><u>Threats</u> <i>(What could get in our way of achieving success?)</i></p> <ol style="list-style-type: none"> Lack of adequate funding: <ol style="list-style-type: none"> Competing priorities – such as public safety and transportation – usually demand first set of available resources; It’s difficult for IT support resources to “compete” with other needs Not supporting new systems with adequate levels of personnel and operating resources <ol style="list-style-type: none"> Current support staff is efficient and effective, but the number of support staff is below average for the City’s size Can/should technology investments “compete” on a par level to other capital investments (i.e. roads, public facilities, etc.)? Simply purchasing new software and systems yields few immediate benefits; however, the long-term benefits yield greater efficiency and improved customer service: <ol style="list-style-type: none"> Automation does not produce immediate reductions in headcount (efficiency gains produced over long-term at fractional levels per employee) Implementation stages may require additional staff <p><u>Threats (cont.)</u></p>

	<ul style="list-style-type: none">3. Mitigating risk associated with new systems:<ul style="list-style-type: none">a. Project cost and/or schedule overrunsb. Solution functions as expectedc. Organizational culture changes/adjustments needed to maximize solution's functionality and capabilities 4. Major technology decisions are hard to make. They require:<ul style="list-style-type: none">a. A long-term perspectiveb. Significant financial resources to install and maintainc. Appropriate staff levels and organizational structure to support the system(s) 5. Public sector return on investment (ROI) is difficult to prove due to public goods being provided to citizens (there is no competitive advantage)
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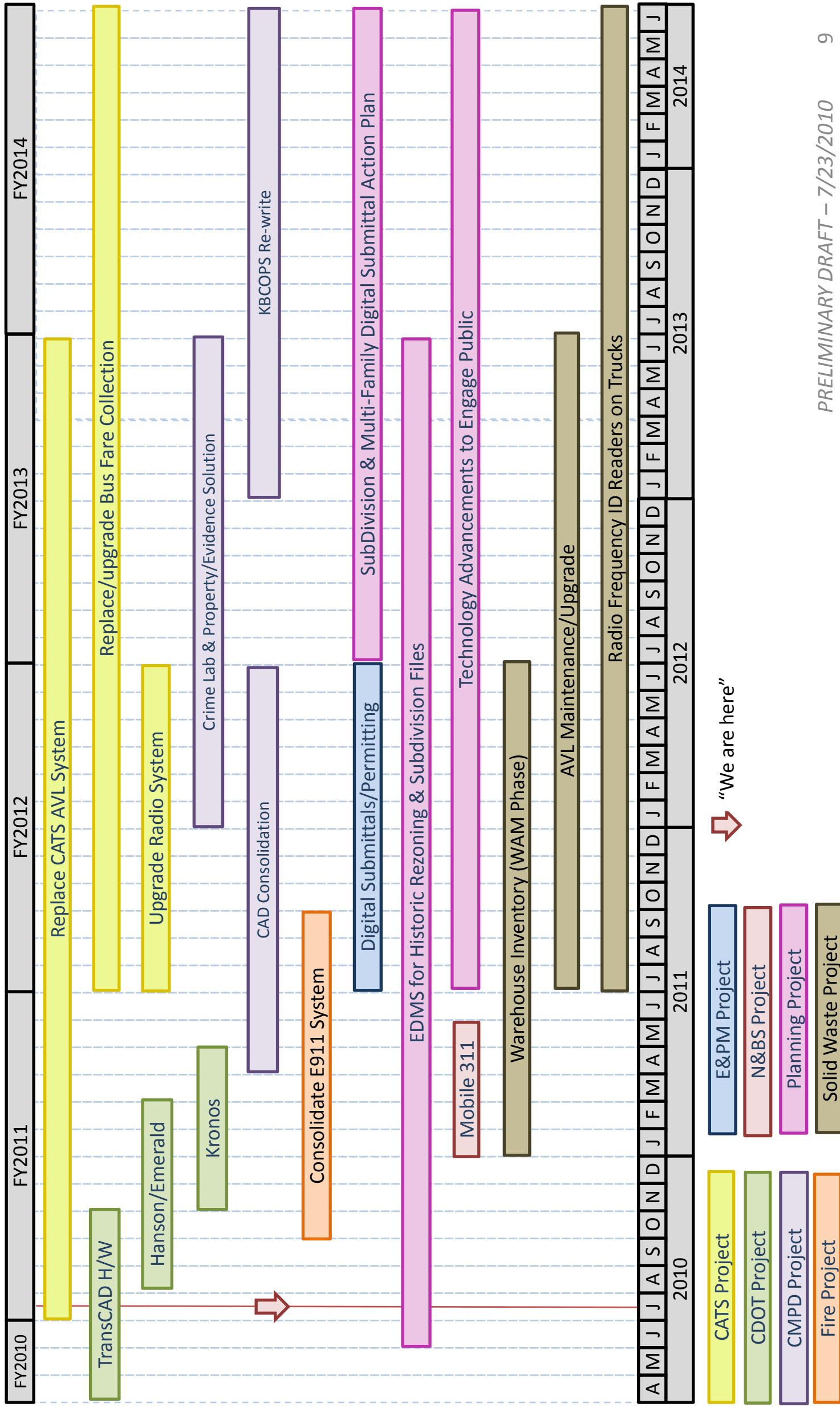
Current Estimated Timeline for Major Corporate Technology Initiatives

7/23/2010



Current Estimated Timeline for Major KBE Technology Initiatives

7/23/2010



Appendix M: Corporate Technology Chart Detail

Investment	Project Cost Preliminary Estimate* (Implementation only)	Fund Status	Risk Level
A. Budget and Performance Management	\$ 1,300,000	Partially Funded (\$0.9M)	Moderate
B. Citizen Relationship Management	\$ 5,000,000	Unfunded	Severe
C. Enterprise Resource Planning	\$ 15,800,000	Partially Funded (\$15.8M)	Severe
D. Human Resource Management (HRMS) Upgrade	\$ 2,000,000	Partially Funded (\$1.5M)	Severe
E. Work and Asset Management (WAM)	\$ 6,000,000	Funded	Moderate
F. IT Service Desk Software	\$ 1,000,000	Unfunded	Minor
G. Desktop Virtualization	\$ 150,000	Funded	Minor
H. Internet/ExtraNet services	\$ 1,250,000	Unfunded (= 5 yrs. X \$250k/yr)	Moderate
I. Enterprise Content Management	\$ 500,000	Unfunded	Moderate
J. Replacement/Upgrade of Fare collection for CATS Bus Fleet	\$ 5,100,000	Unfunded	Moderate
K. Upgrade the CATS Radio system	\$ 2,900,000	Unfunded (CATS has applied for Federal Grant)	Severe
L. Replace CATS Vehicle Location System	\$ 4,800,000	Unfunded (CATS has applied for Federal Grant)	Moderate
M. Hansen/Emerald interface	\$ 250,000	Funded	Minor
N. Kronos Workforce Timekeeper	\$ 174,000	Partially funded	Moderate
O. Improve Traffic Modeling & Simulation (TransCAD)	\$ 80,000	Funded	Severe
P. Re-write CMPD Knowledge-Based Community Policing Solution	\$ 2,000,000	Unfunded	Moderate
Q. Crime Lab and Crime Scene Solution	\$ 3,500,000	Unfunded	Minor
R. Digital Submittals/Permitting	\$ 350,000	Funded	Moderate
S. Consolidated E911 System	\$ 5,000,000	Funded	Moderate
T. Emergency Dispatch Consolidation	\$ 3,000,000	Partially Funded (\$750k)	Moderate
U. Mobile 311	\$ 21,000	Unfunded	Minor
V. Improved Access to Historic Rezoning & Subdivision Files	\$ 200,000	Partially Funded (\$100k)	Minor
W. Digital Submittal Action Plan for Subdivision Plans	\$ 100,000	Unfunded	Minor
X. Technology Advancements to Engage Public	\$ 100,000	Unfunded	Minor
Y. Warehouse Inventory	\$ 850,000	Unfunded	Moderate
Z. Radio Frequency ID (RFID) Readers on Garbage Trucks	\$ 600,000	Unfunded	Moderate
ZZ. Upgrade Solid Waste Vehicle Location Solution	\$ 200,000	Unfunded	Moderate
Preliminary Total Cost Estimate	\$ 62,225,000		

* Estimates are preliminary and could change substantially as more information is uncovered in project design processes.