



Charlotte is America's Queen City, opening her arms to a diverse and inclusive community of residents, businesses, and visitors alike; a safe family-oriented city where people work together to help everyone thrive.

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RESILIENT TOGETHER

People and Places Are Charlotte's Future

While 2020 will be remembered for economic and social hardships, the resilience of Charlotte and the community have provided a road to recovery. The city has worked together throughout the past fiscal year to sustain core services and advance key priorities. This budget was developed to lead the City of Charlotte's resources toward addressing the most foundational and pressing needs of the city.

As the city builds back, it is more important than ever that Charlotte's residents find value amongst initiatives, investments, and plans. This budget provides funding to advance City Council's Strategic Priorities that will guide and reenergize the city to continue to adapt and grow.

Strategic Priorities

Economic Development; Great Neighborhoods; Safe Communities; Transportation, Planning, and Environment; Well-Managed Government



FY 2022 BUDGET HIGHLIGHTS

Highlights of the Budget Include

- Balances budget without property tax increase and maintains services
- Maintains capital project timelines; no capital project delays due to financial impacts
- Maintains existing employees; no layoffs or furloughs
- Continues to invest in our employees:
 - ◇ Reduces employee healthcare premiums by at least five percent
 - ◇ Reduces employee healthcare deductibles in eligible plans by \$250
 - ◇ Provides a three percent salary increase for eligible general employees
 - ◇ Provides a 1.5 percent market adjustment and step (2.5-five percent) increase for eligible Public Safety Pay Plan employees
 - ◇ Raises minimum full-time pay to \$38,090
 - ◇ Increases the top pay for Firefighter II and Fire Engineer by 2.5 percent and Fire Captain by 3.75 percent
 - ◇ Increases the city's contribution to the Charlotte Fire Fighters' Retirement System by two percent beyond requirement
- Invests in SAFE Charlotte; expanding the Community Policing Crisis Response Team, piloting alternative civilian response models, and funding for Charlotte-based nonprofits addressing violence in the community.
- Delivers a \$14 million investment in Corridors of Opportunity
- Invests \$5.75 million on city building and fleet sustainability
- Supports cultural and arts agencies throughout the city with a \$4 million General Fund allocation; to be paired with \$2 million of Federal funding and \$6 million of private funding (\$12 million total)
- Provides \$40.9 million in the 5-year CIP to address Fire's three highest station priorities
- Plans the 2022 Bond for FY 2023 approval, which includes:
 - ◇ The third consecutive \$50,000,000 allocation for affordable housing
 - ◇ Funding for the Sidewalk and Pedestrian Safety program, \$50,000,000
 - ◇ Increasing funding for Bike Program, \$8,000,000, and the Transportation Safety (Vision Zero) program, \$4,000,000
 - ◇ Investing \$10,000,000 for infrastructure improvements in the Corridors of Opportunity

NONGENERAL FUND HIGHLIGHTS

Aviation



- FY 2022 Budget, \$726.4 million
- CLT has ranked highly among large hubs in retention of air service during the pandemic
- Destination CLT: \$2.5 - \$3.1 billion dollar project to expand and improve the airport



Charlotte Area Transit System

- FY 2022 Budget, \$258.9 million
- CityLYNX Gold Line Phase II planned to open Summer 2021
- Launching Battery Electric Bus Pilot Program



Charlotte Water

- FY 2022 Budget, \$607.7 million
- Serves over 300,000 customers in the region
- Maintains over 8,800 miles of water pipes
- FY 2022 Capital Investment, \$2.38 billion



Storm Water

- FY 2022 Budget, \$108.4 million
- FY 2022 - FY 2026 Capital Investment, \$77 million
- 18 new positions to support storm drainage improvement and water quality enhancement projects

Budgets displayed net of transfers

HOW SERVICES ARE FUNDED

Major Funds

Funds are accounting groups that the city uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state statutes. Other funds are established to control and manage resources designated for specific purposes. The city uses three types of funds:

- Governmental Funds,
- Proprietary Funds, and
- Fiduciary Funds.

Major Governmental Funds include:

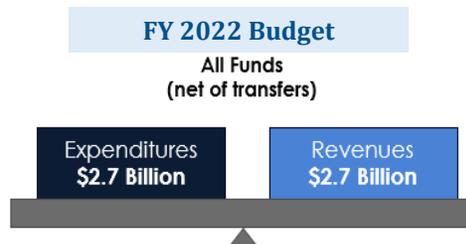
- General Fund – The city’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Debt Service - Accounts for the resources accumulated and payments made for principal and interest on debt of governmental activities.
- Capital Projects - Accounts for financial resources used for the acquisition, construction, and improvement of capital equipment and facilities. These financial resources are primarily proceeds from bonds, other financing agreements, and taxes.

Budget Development Priorities

The city’s budget is focused on the needs of the community and was developed on sound financial principles. As demonstrated over the last five years and most importantly during the pandemic, the city has continued to succeed. The city’s foundational budgeting principles that have allowed the organization to weather the challenges of FY 2021 will continue to be the solid core for advancement in FY 2022.

This Budget Supports:

- Taking Care of Employees who kept city services going,
- Maintaining Core Services,
- Investing in Council Priorities, and
- Continuing Strong Financial Management.



ECONOMIC OUTLOOK

National Economy

In 2020, the U.S. economy experienced a significant shock due to the COVID-19 pandemic. However, the economy rebounded rapidly in the third quarter of 2020 increasing by 33.4 percent and 4.3 percent in the fourth quarter. The most recent advance estimate for the first quarter of 2021 shows an increase at an annual rate of 6.4 percent reflecting the economy’s continuous recovery, reopening of establishments, and impact of government assistance payments to individuals and businesses.

Charlotte’s peak unemployment was 0.6 percent higher than the nation’s average, but recovered faster than the national recovery rate.

Regional Economy

Almost 60 percent of lost jobs were in the leisure and hospitality sector. As of March 2021, a total of 113,600 jobs, or 70 percent of the number lost, have been added back to the regional economy. At this pace, North Carolina could return to pre-pandemic employment levels by the end of 2021.

Local Economy

Property taxes, which make up the largest portion (over 55 percent) of the city’s General Fund revenues, have continued to fare well, even in the face of the pandemic. Property tax collection rates have stood the test of time, surpassing last year collection rates.

Hospitality tax revenues are driven by the leisure and hospitality sector and fell by more than 19 percent in FY 2020. They are expected to decline by almost 30 percent more in FY 2021. At the start of the pandemic, with stay-at-home orders in place, we saw occupancy tax and rental car tax revenues decline by more than 90 percent year-over-year. As restrictions have eased, these hospitality tax revenues have started to recover but have not returned to pre-pandemic highs. Hospitality tax revenues are not forecasted to return to pre-pandemic levels until 2024.

Despite a slow start for the hospitality industry, the Charlotte Regional Business Alliance still reported \$2.98 billion in capital investments in 2020.

OPERATING EFFICIENTLY

Reimagining City Services

From a place of caution and the pandemic, the city grew to be more innovative, enhanced some of our service models to become more accommodating, and stabilized some of our struggling local businesses. The pandemic, in many ways, was a catalyst in changing how the city does business for both internal processes and the external delivery of city services.

Solid Waste

Beginning in FY 2022, the city will transition from plastic to paper bags for yard waste collections. Plastic yard waste bags are not accepted by the Mecklenburg County Landfill, which means collections employees must empty each bag by hand prior to disposal. The city is also continuing to invest in automated side-loading refuse trucks, which reduce employee risk, increase collection rate, and are more efficient to operate than traditional rear-loading trucks.



Planning, Design, and Development

Changes in the city's CLT Development Center approvals have resulted in more approvals in calendar year 2020 (1,460 approvals) than 2019 (1,072 approvals). Development approvals included commercial, residential, and multi-family.

Charlotte Water

Charlotte Water has established the Customer Care Team, a dedicated group of trained customer service professionals to work with customers, connecting customers with community assistance agencies and working through financial hardships one-on-one. Since its establishment the team has contacted over 15,000 customers and helped facilitate the payment of approximately \$239,000 toward customer's bills.

In FY 2022 the city will continue to implement lessons learned during COVID-19

- *Maximize technology for employees and residents*
- *Continue practices that improved efficiency in service*

DISTRIBUTING FEDERAL FUNDS

Taking Care of Employees

The city's front-line employees have remained in the community, delivering essential services throughout the pandemic. The city took every precaution to keep these employees safe by providing personal protective equipment, increased sanitation measures, and social distancing guidelines.

The city also allocated over \$14 million of CARES Act funds to make facility improvements in response to COVID-19 so that our employees feel safe coming to work and residents will feel safe accessing the services they need when buildings reopen to the public.



Supporting City Operations

Out of the *\$154.4 million of CARES Act funding* that city received from the federal government, \$10 million was dedicated toward making improvements to in the city's technology infrastructure to facilitate a better remote work capacity for staff. Around 2,000 city employees daily have been working remotely. Improvements included replacing and increasing the number of laptops, enhancing remote desktop services, adding video conferencing licenses and support, and boosting network security and firewall maintenance.

**\$63.5 million –
CARES Act for
City Operations**

Working Collaboratively

In March 2021 the American Rescue Plan Act (ARPA) was passed in Congress, announcing additional funds for eligible local governments throughout the country. Through Federal guidance, the city will utilize \$149 million in funding toward recovery efforts. Engagement with community partners from Mecklenburg County and Charlotte-Mecklenburg Schools will also provide value as funds are dispersed. By working collaboratively the Charlotte-Mecklenburg community will see investments maximized through an inter-organizational working group **leveraging \$682 million dollars in federal funding** between the entities.

DISTRIBUTING FEDERAL FUNDS

Supporting Our Community

Unlike many cities throughout the country, the city was able to use more than 58 percent of CARES Act funds to support direct initiatives outside of city government services. The City of Charlotte received and disbursed \$91 million in federal funding to help our local artists, small businesses, and residents stay in homes.

\$91.0 million – CARES Act for Community Support

- A key highlight toward community support efforts was providing opportunities for our residents to receive rent, mortgage, and utility relief. Since receiving federal assistance, the city has been able to use \$13.4 million in funding to provide over 5,800 households mortgage, rental, and utility relief
- The city also provided resources to the business community to help stabilize the local economy from the shock of reduced revenues.
 - ◊ \$30.3 million in funding was programmed to create 2,500 small business grants,
 - ◊ provided \$7.7 million for 345 food and beverage grants, and
 - ◊ dedicated \$5.8 million to create over 100 hotel grants.
- The need for digital equity was a concern prior to the pandemic and was boldly apparent as our new normal heavily relied on digital platforms for everyday tasks. With help through the CARES Act, we were able to take steps toward bridging the digital divide by launching Charlotte Connect, providing Wi-Fi to 1,800 households.

\$30.8m:
Provide 2,500 Small Business Grants

\$3.5m:
Workforce Partner Support

\$20.0m:
Homeless and housing stability¹

\$1.5m: Launch Charlotte Connect to serve 1,800 households

\$13.5m: Provide Food and Beverage, and Hotel Grants

\$4.0m:
For Arts and Artists

¹Does not include an additional \$17.1m on ESG and CDBG

POSITIVELY IMPACTING EMPLOYEES

Striving to be the Best Place to Work

City employees have continued to provide core services to the community throughout many challenges this year. It is due to their commitment that we have been able to rise to recovery. More than ever, it is important for budget priorities to reflect the importance of our employees.

5% Reduction in all healthcare plan premiums in 2022
Savings of \$52 to \$572 per year depending on employee plan

Healthcare

The city's use of Marathon Health (formerly MyClinic) healthcare program, has contributed to the City of Charlotte keeping employee healthcare premiums flat in calendar years 2019, 2020, and 2021. **Employees will see a reduced deductible of \$250 on all plans in 2022.** Employees will also see a reduction of at least five percent in all healthcare plan premiums in 2022.

General Employee Compensation

Continuing the city's compensation strategy allows for maintaining support of the city's priority of attracting and retaining top talent for public service careers. The FY 2022 Budget includes:

- ✓ **Three percent merit increase for salaried general employees**
- ✓ **Three percent combined market and merit increase for hourly employees**
- ✓ **Continue All-Access Transit Pass**

Aligning Compensation with Cost of Living

To ensure the city's pay guidelines are in alignment with household income standards within the city, an evaluation of all full-time employees was conducted. From the most recent estimate of the U.S. Census Bureau(2019), Charlotte's median household income is \$63,483. For compensation purposes, 60 percent of the median household income for the city was used based on Census findings. **Beginning in FY 2022 the minimum salary for any full-time city employee will increase to at least \$38,090.**

Minimum Salary for Full-time Employees Beginning in FY 2022, \$38,090

TAKING CARE OF FIRST RESPONDERS

Following Through on Commitments

Police Officers, Police Sergeants, Fire Fighters, Fire Engineers, and Fire Captains make up more than 35 percent of the city’s workforce and more than 50 percent of the General Fund workforce. Following data driven analysis and a peer city review, the city developed a multi-year strategy to address pay adjustment concerns.

Completed a Two-Year Plan for Police

In FY 2018, the compensation for a Police Officer at the top step with a four-year degree was \$72,580. In the FY 2022 Budget, compensation for the same Police Officer is more than \$87,000. This represents a 20 percent increase over the past four years, with the majority of the increase occurring due to the two year strategy.

Additional highlights include:

- Completed two-year plan in FY 2021
 - ◊ Reduced number of years to top pay
 - ◊ Implemented Senior Police Officer Program
- Increased top pay for Police Officer and Sergeant



Completing a Three-Year Plan for Fire

The final year of the three-year strategy is included in the FY 2022 Budget. It includes a 2.5 percent increase for Fire Fighters and Fire Engineers and a 3.75 percent increase for Fire Captains.

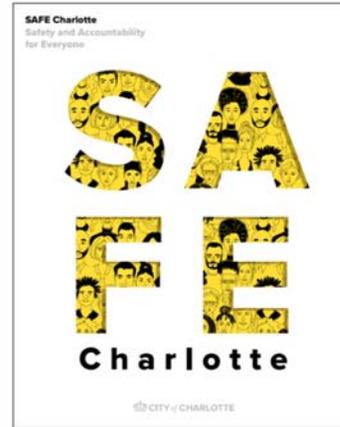
Complete Year 3 of 3-Year Plan in FY 2022

- Increased Top Pay for:
 - ◊ Fire Fighter II
 - ◊ Fire Engineer
 - ◊ Fire Captain
- Increase 410K/457 Retirement Contribution by one percent
 - Now matches Police contribution of 5 percent
- Add two percent employer contribution for Charlotte Firefighters’ Retirement System



SUPPORTING SAFE CHARLOTTE

Implementing the Framework to Address Violence



In October 2020, through months of extensive work in reviewing issues and obtaining public input, Charlotte City Council adopted the SAFE Charlotte report. In many ways this report complemented the work that the city was already doing with the Council Adopted Framework to Address Violence, support for Corridors of Opportunity, work around reimagining policing, and violence interruption efforts in collaboration with Johns Hopkins and GovEx. The SAFE Charlotte report provides recommendations toward making Charlotte a safer, more prosperous community for everyone.

In FY 2022 Charlotte will continue the work to Re-Imagine Policing. After providing \$3.1 million in strategic investments in violence reduction in FY 2021, Charlotte will

\$3.2 million to begin implementing SAFE Charlotte in FY 2022

keep the momentum going and continue working with community partners and developing city programs and initiatives in the next fiscal year for a safer Charlotte.

- Provide \$1.2 million to launch mental health civilian response,
- Support \$1 million to continue SAFE Charlotte Grant,
 - ◊ \$150,000 from the General Fund will complement approximately \$850,000 in CDBG funds in FY 2022,
- Commit \$739,000 to double the number of Community Policing Crisis Response Teams, and
- Dedicate \$250,000 to support Social Justice Data Initiative with UNC Charlotte.

INVESTING IN OUR WORKFORCE

Creating Career Pathways

The city has been working to ramp up efforts in both building career advancement opportunities for existing employees as well as working with community members to provide job skills toward obtaining employment with the city. Focus on these important initiatives will continue into FY 2022.

Build on success of providing 50 career opportunities in FY 2020



Identify up to 50 positions citywide in FY 2022

Creating Opportunity for All

The FY 2022 Budget provides \$250,000 in funding to continue public-private collaboration to support minority entrepreneurs. Additional funding from the private sector has been secured totaling \$250,000 from Atrium Health, for a total investment of \$500,000 dollars. The first cohort of eight businesses completed the NXTCLT program in December of 2020; four of which were former graduates of AmpUp. NXTCLT provides an opportunity for minority business owners to develop their business and leadership skills through:

- Supporting connections to Charlotte business leaders,
- Providing access to financial support,
- Delivering a customized curriculum driven by cohort, and
- Creating targeted emphasis on management, market development, and accessing capital.



STRENGTHENING WATER RESOURCES

Serving the Community



Charlotte Water’s budget focuses on maintaining a high-quality drinking water and wastewater system, guaranteeing a high level of customer satisfaction, ensuring operational efficiency and compliance, improving safety and security, and promoting a thriving, economically sustainable community. To continue with the dedicated work by Charlotte Water employees and to meet the growing demands of the community, the city is programming a fee increase. In FY 2022, the Water and Sewer Fee is planned to increase \$2.33 per month, or by 3.42 percent for the typical homeowner.

Charlotte Water Serves
300,000+
customers in the region

In FY 2020, Storm Water Services committed to initiate a forecasted 1,690 projects to resolve outstanding minor repair requests over five years. This plan represents an 83 percent increase in production over the baseline projection prior to the plans implementation. Storm Water Services is on target to meet this goal. By the end of FY 2021, a total of 526 projects are expected to be resolved. In FY 2022 the Storm Water Services Fee is planned to increase by \$0.29 per month, or 3.36 percent for the typical homeowner. **The FY 2022 Budget will fund 18 new positions to support storm drainage improvement and surface water quality enhancement projects.**



90 percent of single family customers will see an increase of 41¢/month or less, about \$4.92/year

INVESTING IN SUSTAINABILITY

Investing in the Strategic Energy Action Plan

This year was year two for implementing the Strategic Energy Action Plan, and Charlotte continues to prioritize sustainability and resilience. This was also the second year of the city's two-year American Cities Climate Challenge partnership, which has accelerated work towards the city's goals of striving to source 100 percent of the organization's building and fleet energy from zero carbon sources by 2050.



\$1m to purchase 22 Electric Vehicles

\$4.75m for Sustainable Building Infrastructure*

*\$4.0m from COPs, \$750,000 from PAYGO

Green Source Advantage Program



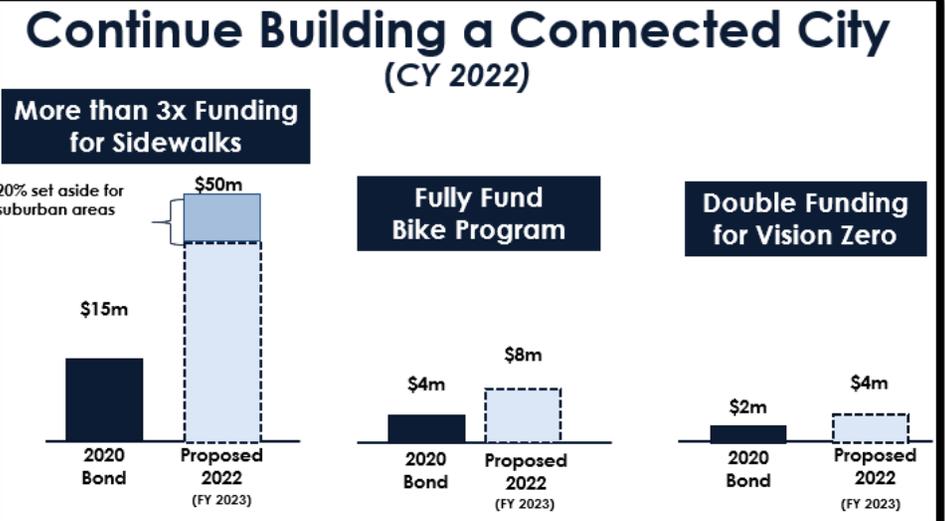
Participating in Duke Energy's Green Source Advantage program will help the city work toward the city's 2030 Zero-Carbon Buildings Strategic Energy Action Plan goal and places the City of Charlotte as the leader in North Carolina for municipal utility-scale renewable energy procurement. **This program is expected to:**

- Create 428 jobs in the region,
- Produce electricity that equates to powering 10,000 homes annually, and
- Reduce carbon emissions equivalent to removing 12,000 passenger vehicles from the road.

MAXIMIZING CAPITAL INVESEMENTS

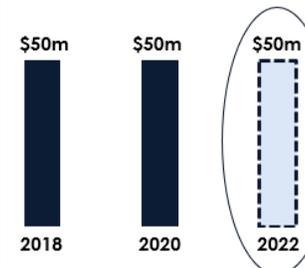
2022 and 2024 Bonds

The 2022 and 2024 Bonds both include \$50 million, for a total of \$100 million, to create and preserve affordable housing. The planned 2022 Bond represents the third consecutive bond that includes \$50 million to increase affordable housing in the Charlotte community.



Provide Access to Diverse Housing (CY 2022)

\$50M Planned for Housing Trust Fund in 2022 Bond



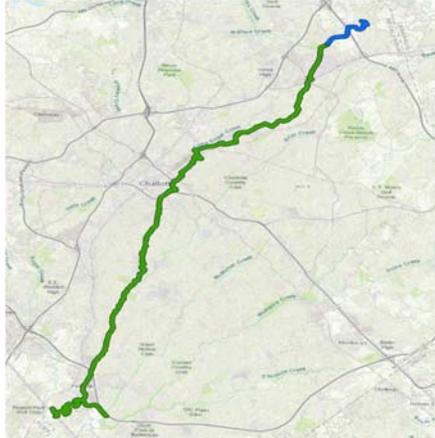
MAXIMIZING CAPITAL INVESEMENTS

Programming Charlotte's Capital Plans

Investing in the needed infrastructure to build and sustain city services and meet the needs of the public remains foundational to Charlotte's capital progress. The Capital Investment Plan provides a balanced framework for key investment of resources towards meeting community needs.

Completing the Cross Charlotte Trail

The Cross Charlotte Trail is divided into 11 segments: segments two and three are currently under construction; segments five, six, seven, eight, and nine are in design; and segments one and four are complete. The FY 2022 - FY 2026 CIP includes \$20.5 million in funding to complete segments 10 and 11, which have been studied in the Advanced Planning and Design Program since FY 2020.



Fortifying the Fire Infrastructure Program

The FY 2022 Budget includes a new program using Certificates of Participation debt to construct new Fire facilities and replace existing Fire facilities that no longer function properly for Charlotte Fire. This multi-year program is intended to construct three fire stations. Based on Fire's current priorities, the three fire stations are:

- New infill fire station in the Hidden Valley neighborhood, Council District 4;
- Replacement of Fire Station 11, currently located at 620 West 28th Street in Council District 1; and
- Replacement of Fire Station 30, currently located at 4707 Belle-Oaks Drive in Council District 3.



CAPITALIZING ON CORRIDORS

Continuing The Momentum

After comprehensive corridor analysis, intentional engagement, and strategic investment, strides are being made towards building and maintaining great and safe communities.

Building on Success

Work continues as the city advances all six Corridors of Opportunity in FY 2022. In FY 2022, \$7 million is programmed to support economic development efforts including:

- Public-private partnerships,
- Business support and redevelopment and investments in jobs, and
- Implementing recommendations from the Strategic Employment Plan.



An additional \$7 million is planned for housing and neighborhood stabilization. This will include a staying in place program and a new approach focusing on pilot geographies to support neighborhood stabilization. This program will be about strategically leveraging and layering many of our existing housing programs, while adding and testing new concepts where appropriate

FY 2022 Infrastructure and Mobility Improvement Opportunities:

- Intersection and pedestrian safety improvements,
- Enhanced lighting for safety,
- New and/or improved sidewalks,
- Leading pedestrian intervals, or
- New or enhanced bike facilities.



\$10m in CY 2022 Bond to continue infrastructure and mobility improvements in Corridors

DESIGNING ARTS AND CULTURE

The Future of Arts and Culture

Over the course of the last year, a Mayor appointed ad-hoc Council Committee recommended a future funding plan for arts and culture, including Arts and Science Council (ASC) and the city-owned cultural facilities. To demonstrate and continue the city's commitment to arts and culture, the Adopted Budget recommends \$4 million dollars in FY 2022 supported by the General Fund. This will complement \$2 million in funding from the American Rescue Plan Act for a total of \$6 million in city support. These funds, will be in addition to \$6 million in funding from the private sector match, would be administered by the Foundation for the Carolinas. ***This will result in investments of \$12 million per year for the next three years, totaling \$36 million.***



City Support:

\$4m FY 2022 General Fund
+
\$2m American Rescue Plan

\$6m Total City Support

+
\$6m Private Sector Match

**\$12m per year;
\$36m over three
years**

Also in FY 2022 the city plans to:

- Establish an Arts and Culture Officer,
- Continue funding operating grants, and
- Fund Vision Grants and Individual Artist Grants.



Looking ahead to the future of arts and culture, beginning in FY 2022 through FY 2024 the city will:

- Develop an inclusive Comprehensive Arts and Culture Plan, and
- Identify plan for long-term sustainability in arts funding.



Vi Alexander Lyles, Mayor
Julie Eiselt, Mayor Pro Tem
Braxton Winston, At Large
Dimple Ajmera, At Large
Greg Phipps, At Large
Larken Egleston, District 1
Malcolm Graham, District 2
Victoria Watlington, District 3
Renee' Johnson, District 4
Matt Newton, District 5
Tariq Bokhari, District 6
Edmund H. Driggs, District 7

Mayor Vi Lyles

Mayor Pro Tem Julie Eiselt

- Council Member Braxton Winston, At Large
- Council Member Dimple Ajmera, At Large
- Council Member Greg Phipps, At Large
- Council Member Larken Egleston, District 1
- Council Member Malcolm Graham, District 2
- Council Member Victoria Watlington, District 3
- Council Member Renee' Johnson, District 4
- Council Member Matt Newton, District 5
- Council Member Tariq Bokhari, District 6
- Council Member Edmund H. Driggs, District 7

FY 2022 Budget Calendar

| | |
|--------------------------------|--------------------------|
| City Manager's Proposed Budget | May 3, 2021, 5:00 p.m. |
| Council Budget Public Hearing | May 10, 2021, 5:00 p.m. |
| Council Budget Adjustments | May 19, 2021, 1:00 p.m. |
| Council Straw Votes | May 26, 2021, 12:00 p.m. |
| Council Budget Adoption | June 14, 2021, 5:00 p.m. |

This Budget in Brief includes the highlights of the Adopted FY 2022 Budget. For additional details, please visit the city's website www.charlottenc.gov to view information about the budget or to read additional budget documents.