



Proposed
**FY 2020
BUDGET**

FY 2020 - 2024 Capital Investment Plan



CHARLOTTE
STRONG



Proposed
**FY 2020
BUDGET**

FY 2020 - 2024 Capital Investment Plan

ALIGNING AROUND PRIORITIES



MAYOR & CITY COUNCIL



ECONOMIC
DEVELOPMENT



NEIGHBORHOOD
DEVELOPMENT



TRANSPORTATION
& PLANNING

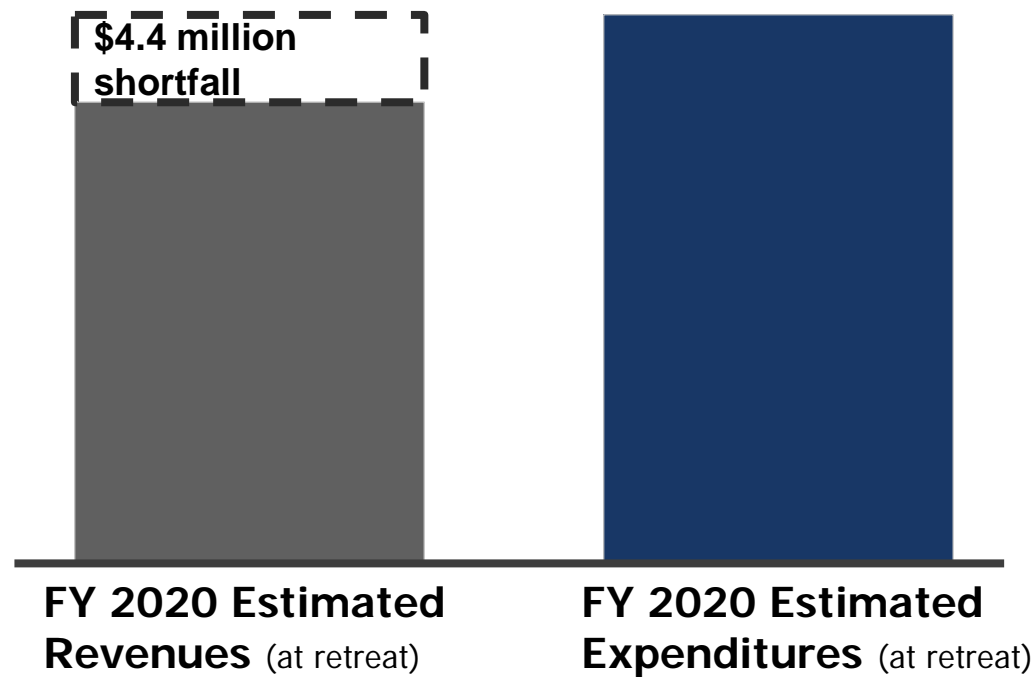


WELL-MANAGED
GOVERNMENT

EVALUATING THE NEEDS OF A GROWING CITY

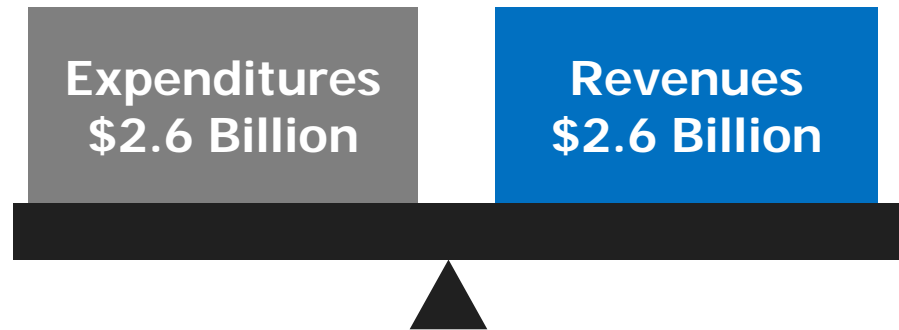
Budget Outlook - At Retreat:

- \$4.4 million budget shortfall after new salary increase
- Tax increase **not** needed to fund new service levels

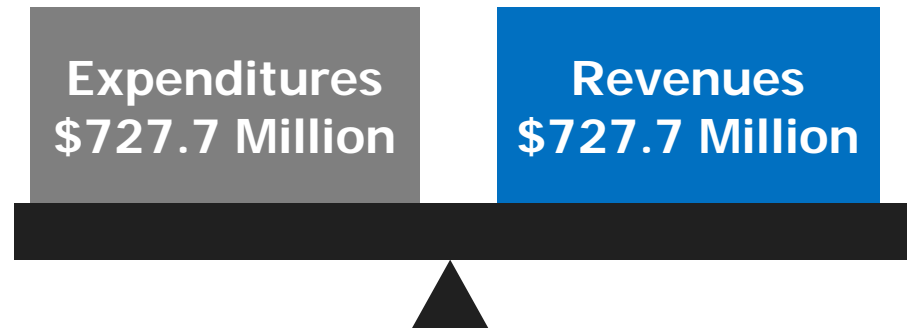


REMAINING STRUCTURALLY BALANCED

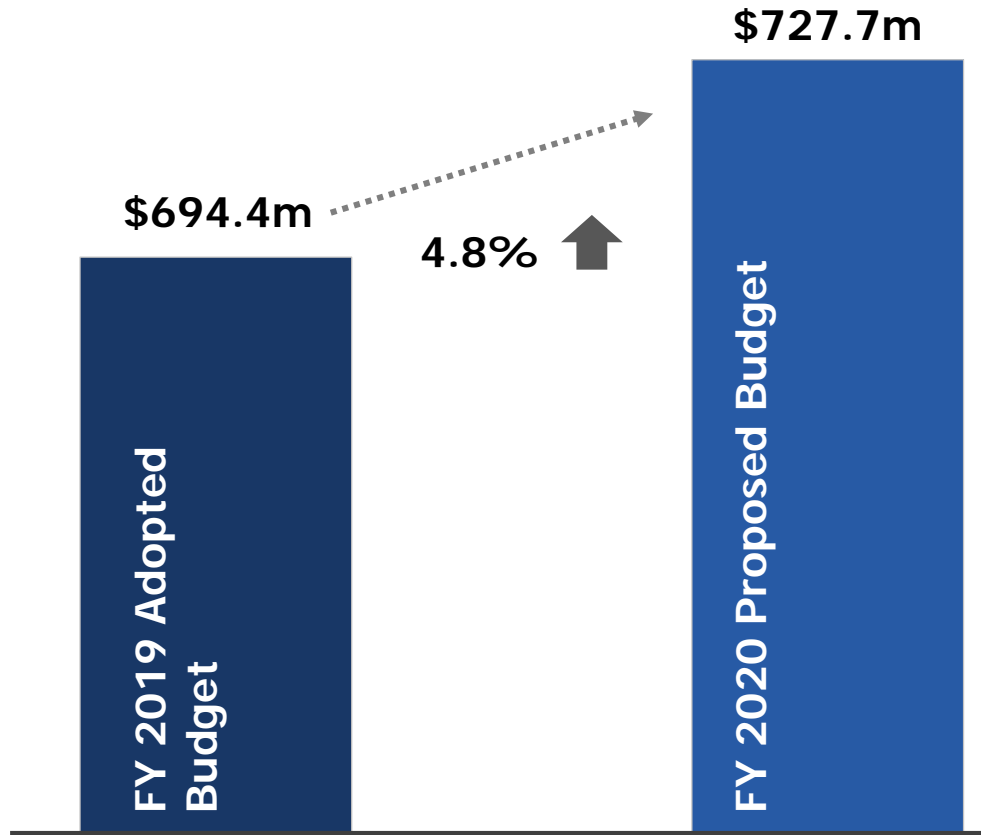
Proposed FY 2020:
All Funds
(Net of Transfers)



Proposed FY 2020:
General Fund



PROPOSED FY 2020 GENERAL FUND



WE INVEST IN OUR COMMUNITY



\$4.2 Billion Capital Investment
Over the next five years



WE ARE GLOBAL



Charlotte Douglas Airport

- FY 2020 Operating Budget:
\$233.1 million
- FY 2020 – FY 2024 Capital Investment:
\$2.0 billion
- \$23 billion annual economic impact
- 175 nonstop destinations,
36 international destinations
- 6th busiest airport in the nation



WE CONNECT PEOPLE REGIONALLY

Charlotte Area Transit System

- FY 2020 Operating Budget: **\$170.5 million**
- FY 2020 – FY 2024 Capital Investment: **\$139.1 million**
- Charlotte Gateway Station Phase 1 in construction
- Continue planning for future regional Silver Line rail connection
- 2018 Recipient of the Innovation in Transit Service Award – Envision My Ride



WE FLOW THROUGH PIPES AND STREAMS

Charlotte Water

- FY 2020 Operating Budget: **\$167.4 million**
- FY 2020 – FY 2024 Capital Investment: **\$1.6 billion**
- Serves over 1 million customers
- Maintains over 4,300 miles of water pipes



Storm Water Services

- FY 2020 Operating Budget: **\$15.8 million**
- FY 2020 – FY 2024 Capital Investment: **\$451.5 million**
- Maintains 5,000 miles of pipe and open drainage



BECOMING A WELL-MANAGED GOVERNMENT:

Getting our House in Order

ALIGNING AROUND PRIORITIES

Internal Collaboration



IMPLEMENTING CHANGE – INTERNAL ASSESSMENTS

Human Resources

Evaluated
organizational
structure, policies,
governance,
provision of
services

Assessment by
AON Hewitt

Finance

Evaluated internal
controls using the
COSO framework

Gap analysis by
Grant Thornton

Procurement

Identified areas to
centralize
information and
improve internal
controls

Review
procurement
processes to
mitigate risk

Innovation and Technology

Conducted a risk
assessment for
functions such as
applications,
systems, and
access to data

RSM and
Internal Audit
recommendations

TAKING CARE OF OUR MOST VALUABLE ASSETS

- ✓ 3 percent merit increase for salaried general employees
- ✓ 3 percent combined market and merit increase for hourly employees
- ✓ **Continue All-Access Transit Pass**
- ✓ Employee health insurance premiums will have **no increase in 2020**





**ALL FULL-TIME
EMPLOYEES EARN
AT LEAST \$16/HOUR**

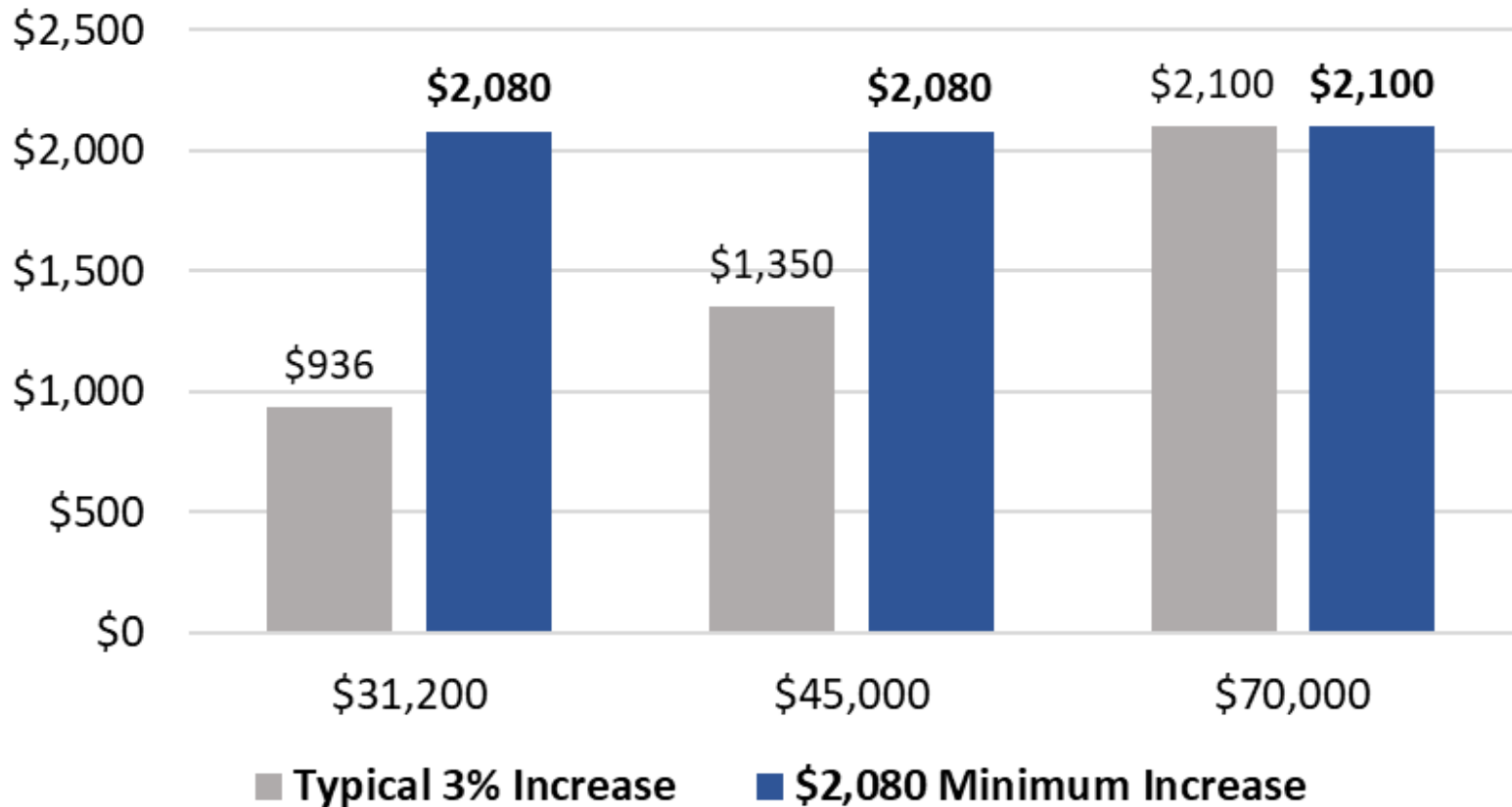


**Continue to work with
our employees to
address upward
mobility**

BUDGET PROVIDES A MINIMUM \$1/HOUR INCREASE FOR GENERAL EMPLOYEES

Improves upward mobility for lowest paid employees

Impact of \$1/hour





LISTENING TO OUR EMPLOYEES

We Listened



We Learned



We Can Improve

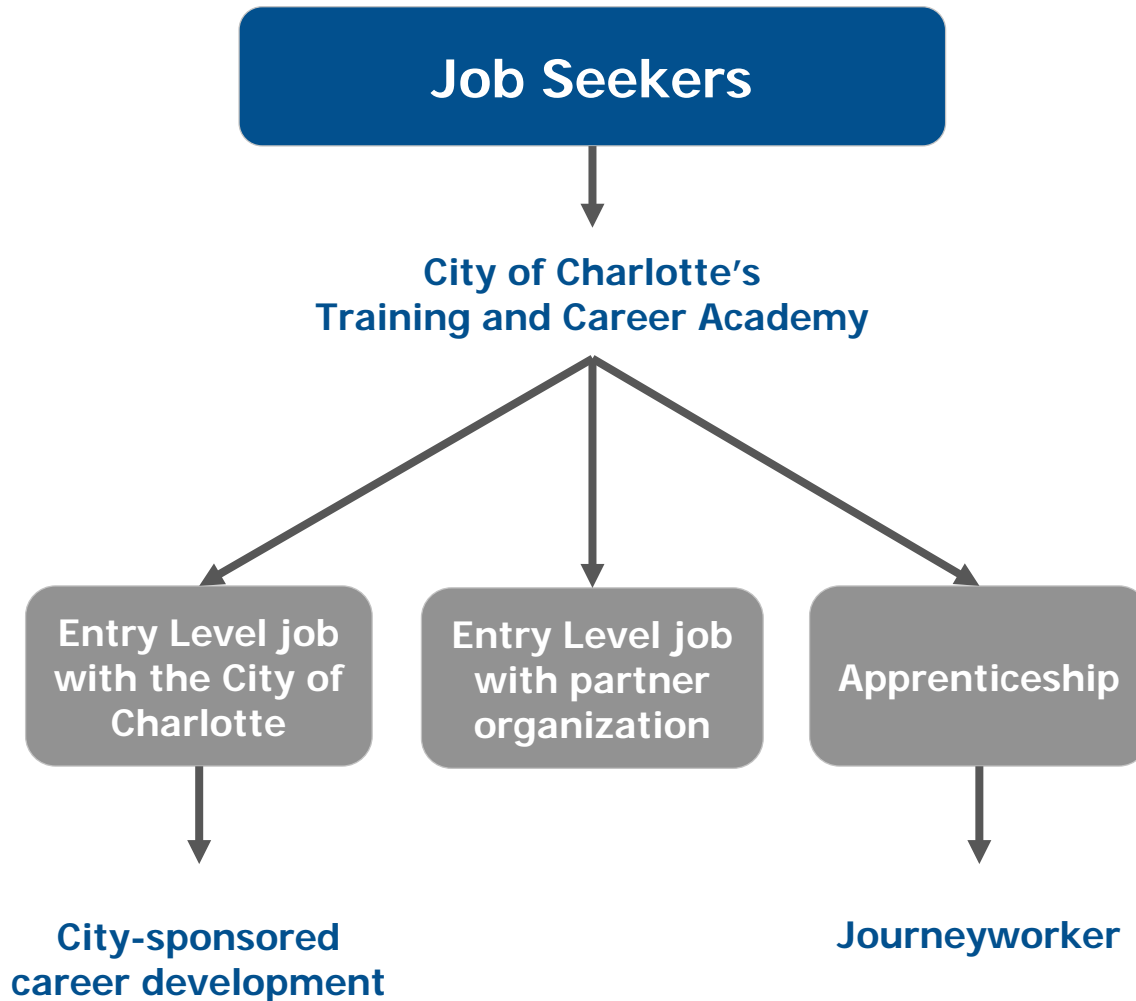
- Increase communication and engagement between levels of the organization
- Enhance career opportunities within the organization

BUILDING OUR WORKFORCE

FY 2020 NEW PROGRAMS



CREATING OUR CAREER PIPELINE



FY 2020 Enhancements to
Charlotte's Training and Career
Academy

\$600,000 citywide to
provide **50 participants**
career training opportunities

WORKING WITH OUR FIRST RESPONDERS



Collaboratively Addressing Existing Challenges

- Attrition Rate in Police
- Results of the peer city pay comparison
- Pay structure concerns



SUPPORTING OUR FIREFIGHTERS

FIRE

Standard FY 2020 Proposed Actions

- ✓ Step Increase (2.5% - 5%)
- ✓ 1.5% Market Increase
- ✓ Continue Retiree Healthcare Savings Plan

Additional FY 2020 Proposed Actions

- ✓ Increase all Fire Captain pay by 2.5%
- ✓ Increase top pay for Fire Engineers by 2.5%
- ✓ Increase 401k contribution by 1%
(January 2020)

ALIGNING COMPENSATION WITH PEERS

POLICE

Standard FY 2020 Proposed Actions

- ✓ Step Increase
- ✓ 1.5% Market Increase
- ✓ Continue Retiree Healthcare Savings Plan

Additional FY 2020 Proposed Actions

- ✓ Increase top pay for Police Officers by 5% through Senior Police Officer Program
- ✓ Increase all Police Sergeant pay by 5%
- ✓ Reduce number of Police Officer Steps
- ✓ Reduce pay inequities between officers



ACCELERATING PUBLIC SAFETY TRAINING

**Additional \$2.0 million
in FY 2020**



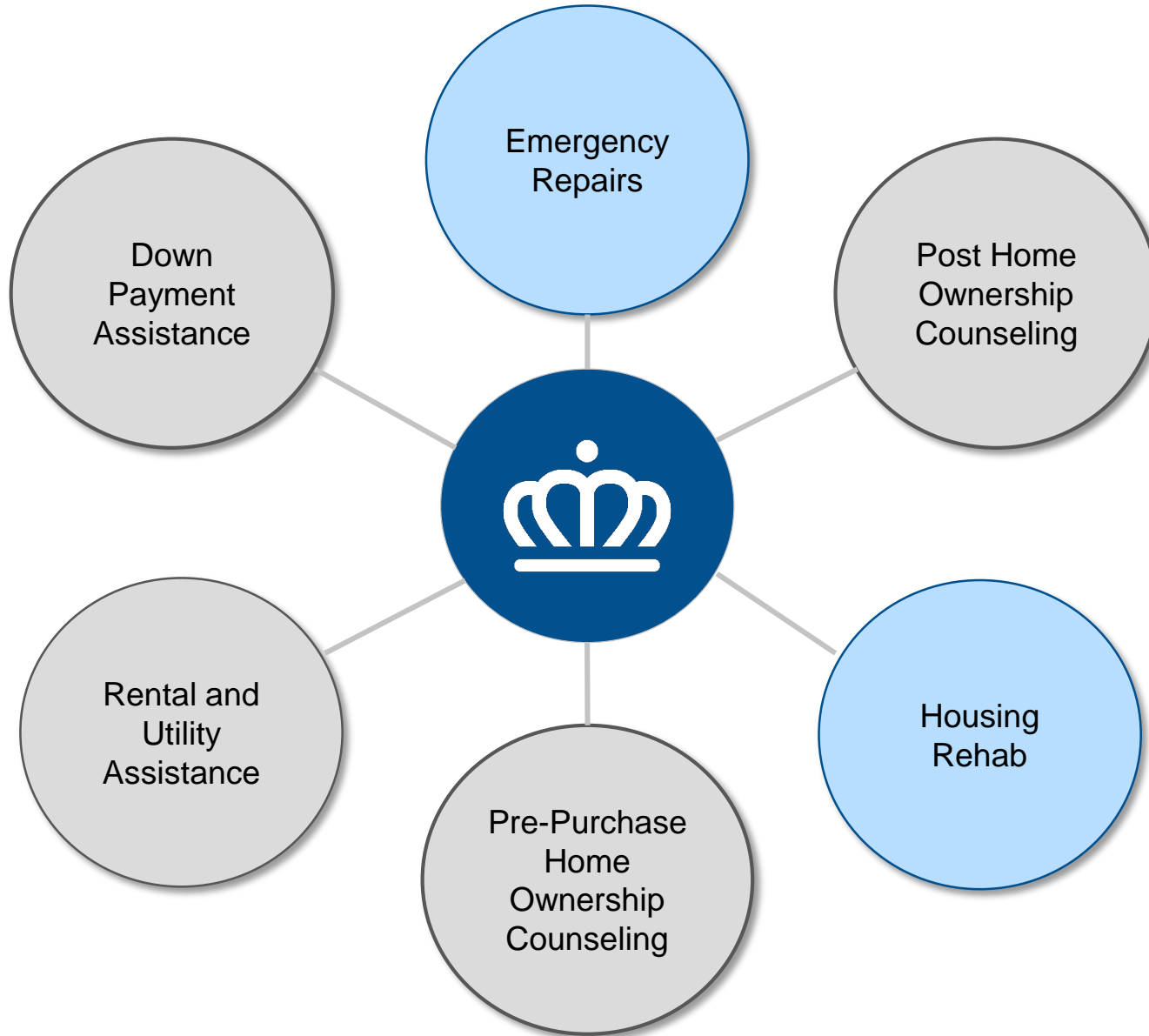


NEIGHBORHOOD DEVELOPMENT:

Providing Safe, Healthy, & Inclusive Communities



SUPPORT FOR AFFORDABLE HOUSING





ADDITIONAL SUPPORT FOR HOUSING PRESERVATION

\$6.3 million

Preservation of Naturally
Occurring Affordable
Housing

\$5.1 Million

LISC Match for Naturally
Occurring Affordable
Housing

Additional
\$1.0 million
Housing Rehab*

Additional **\$250,000**
Emergency Repair –
Double FY 2019 amount

\$12.7 Million

Combined City and LISC Investment in FY 2020

*Includes \$640,000 in FY 2019 Unallocated CDBG funding.

HELPING OUR SENIORS AGE IN PLACE

\$750,000 to continue the
Aging in Place Program

\$1.5 million total over FY
2019 and FY 2020



PRESERVING OUR NATURAL ENVIRONMENT



Beginning implementation of the Strategic Energy Action Plan



Innovation Barn target 2019 Opening



Recipient of Bloomberg Philanthropy's American Cities Climate Challenge



KEEPING OUR CITY CLEAN

Proposing \$1/month increase in Solid Waste fee:

- Maintain existing service levels
- Adding two new crews and two new trucks to address increasing growth
- Cover all additional Solid Waste operating expenditures in the upcoming fiscal year
- Prepare for the future of waste collection and disposal

CONTINUING TO CONNECT WITH OUR NEIGHBORS

Leverage 311

Placemaking Tours

Bridging the Difference

Civic Leadership Academy

Citizen's Academy

Neighborhood Board Retreats





ECONOMIC DEVELOPMENT:

Jobs, the Economy, and Upward Mobility

“...America’s Queen City, opening her arms to a diverse and inclusive community of residents, businesses, and visitors alike..”

IMPLEMENTING OUR STRATEGY

Economic Development Strategy



1 GREAT PLACES

Create Great Places that Attract Great Talent

Plan and deliver major development projects and placemaking initiatives*

Support neighborhood development to fuel micro economies
(Opportunity Zones)



2 BUSINESS INNOVATION

Strengthen Ecosystem Where Startups and Existing Businesses Thrive

Support startups and small business

Help businesses grow and innovate



3 TALENT DEVELOPMENT

Cultivate partnerships and programs that grow talent and MWSBEs

Support diversified talent development training

Engage MWSBEs in capacity-building initiatives



4 PROSPECTIVE BUSINESSES

Close New Prospects and Grow Targeted Categories

Manage and close new business leads (CRBA)

Grow targeted industry clusters (CLT, International Finance, etc.)

JOBS AND UPWARD MOBILITY ARE ESSENTIAL



UPWARD MOBILITY STARTS IN OUR ORGANIZATION

Creating the **Office of Equity, Mobility, and Immigrant Integration**
within Housing and Neighborhood Services to coordinate:

**Immigrant
Relations**

**Economic
Opportunity**

**Diversity,
Equity, and
Inclusion**

Across All City Departments*

*Utilizing existing resources.

PUTTING RESOURCES DIRECTLY INTO OUR COMMUNITY

JumpStart Microgrants:

\$500,000 in FY 2020

5x FY 2019 funding



Neighborhood
Matching Grants:

\$400,000 in FY 2020



Historic West End
Initiative:

\$150,000 in FY 2020

\$150,000 from LISC

\$300,000 Total in
FY 2020



UPWARD MOBILITY CONTINUES IN OUR NEIGHBORHOODS

Westside
Collaborative
Initiative:

\$500,000

Eastside
Collaborative
Initiative:

\$500,000

LISC Investment:

- Capacity building grants to nonprofits
- Small business loans
- Micro-loans
- Financial Opportunity Center

\$500,000

**Total New
Funding in FY
2020**

\$1.5 million



FOSTERING INNOVATION

MWSBE Capacity
Building:

\$450,000

New Business Creation,
Innovation, and
Entrepreneurship:

\$1.7 Million

**Targeted Economic
Development
Initiatives:**

\$2.1 Million



BREAKING DOWN BARRIERS AND INCREASING UPWARD MOBILITY

Implementing **Phase 2** of Project P.I.E.C.E.

Additional \$300,000 in FY 2020

Continue training and job placement initiatives

Since 2017: **300** individuals trained, **65** percent of graduates placed in jobs



NO PROPOSED PROPERTY TAX RATE INCREASE

Revenue Neutral Rate: 34.81c

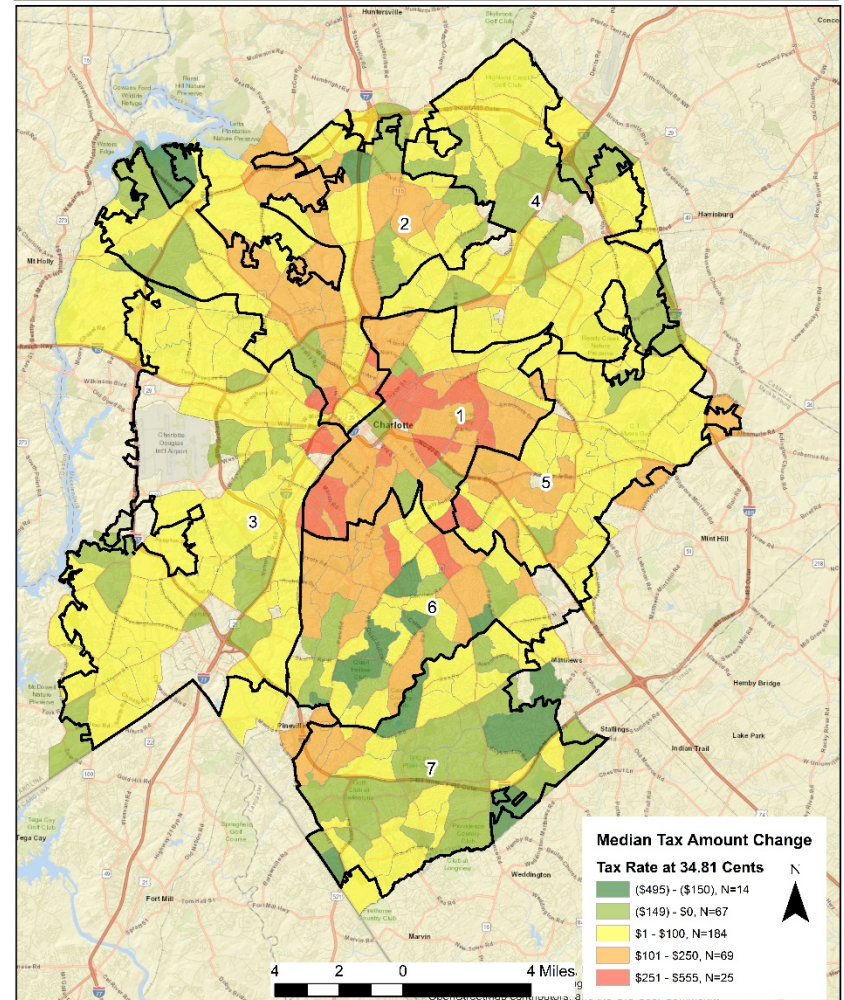


REVALUATION IMPACTS SOME OF OUR MOST CHALLENGED NEIGHBORHOODS

FY 2019 Tax Rate:
\$.4887

Recommend
Revenue Neutral Tax Rate:
\$.3481

Median Change in Annual Residential Real Property City Tax Amount by NPA (2018 - 2019)
Tax Rate at 34.81 Cents





TRANSPORTATION AND PLANNING:

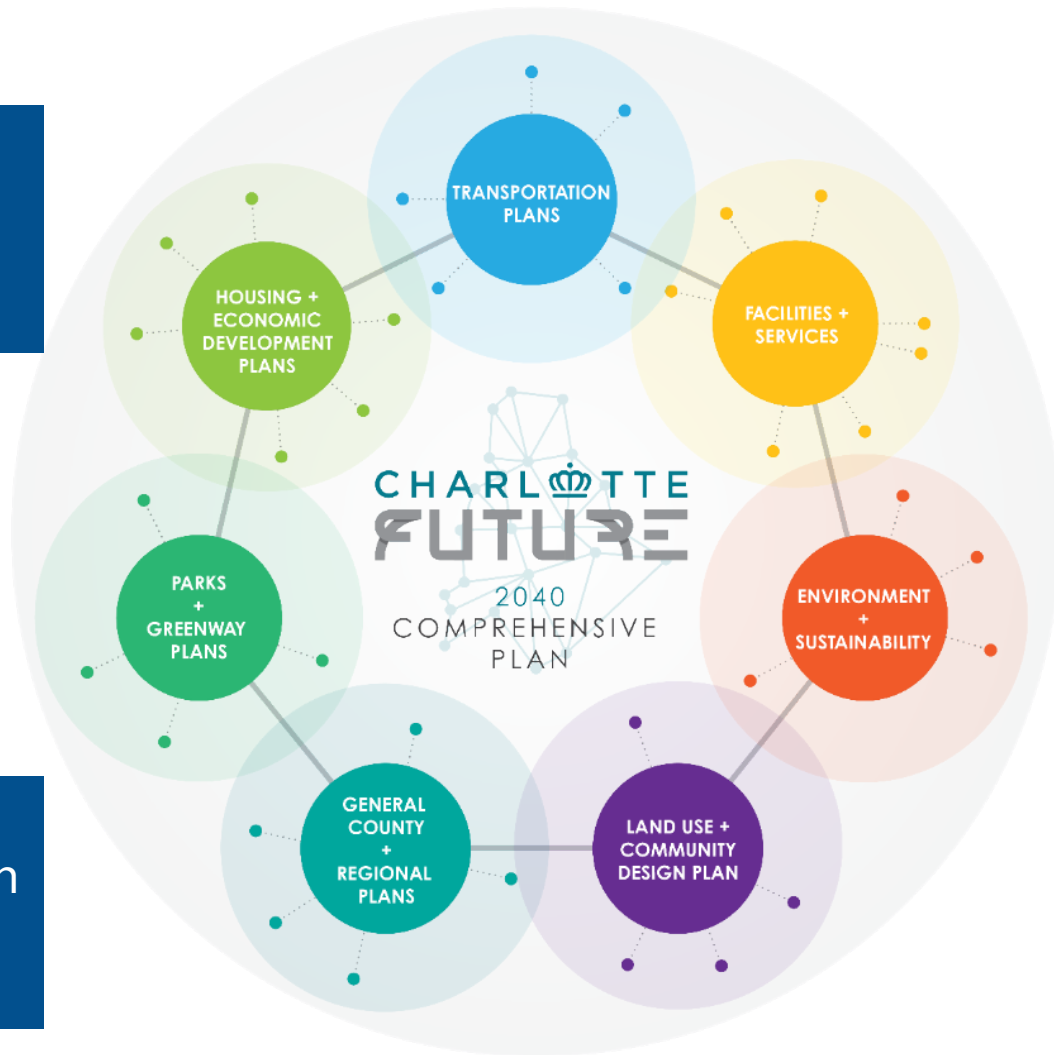
Mobility, Accessibility, and Connectivity

“...where people work together to help everyone thrive.”

PLANNING FOR THE NEXT GENERATION

\$250,000 to continue the
Placemaking Program

\$550,000 for Comprehensive Plan
engagement and implementation

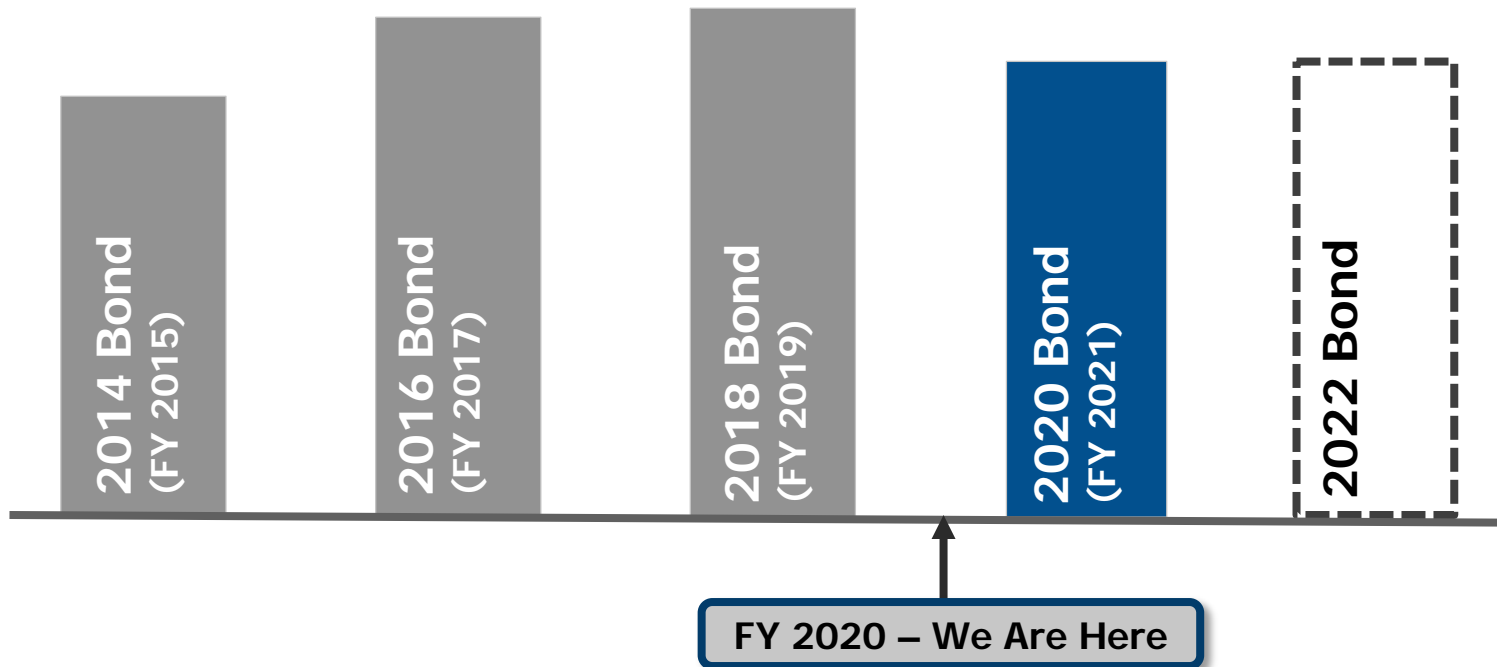


COMPLETING THE 2014-2020 COMMUNITY INVESTMENT PLAN

Bond Years 2014 – 2020: The “Big Ideas”

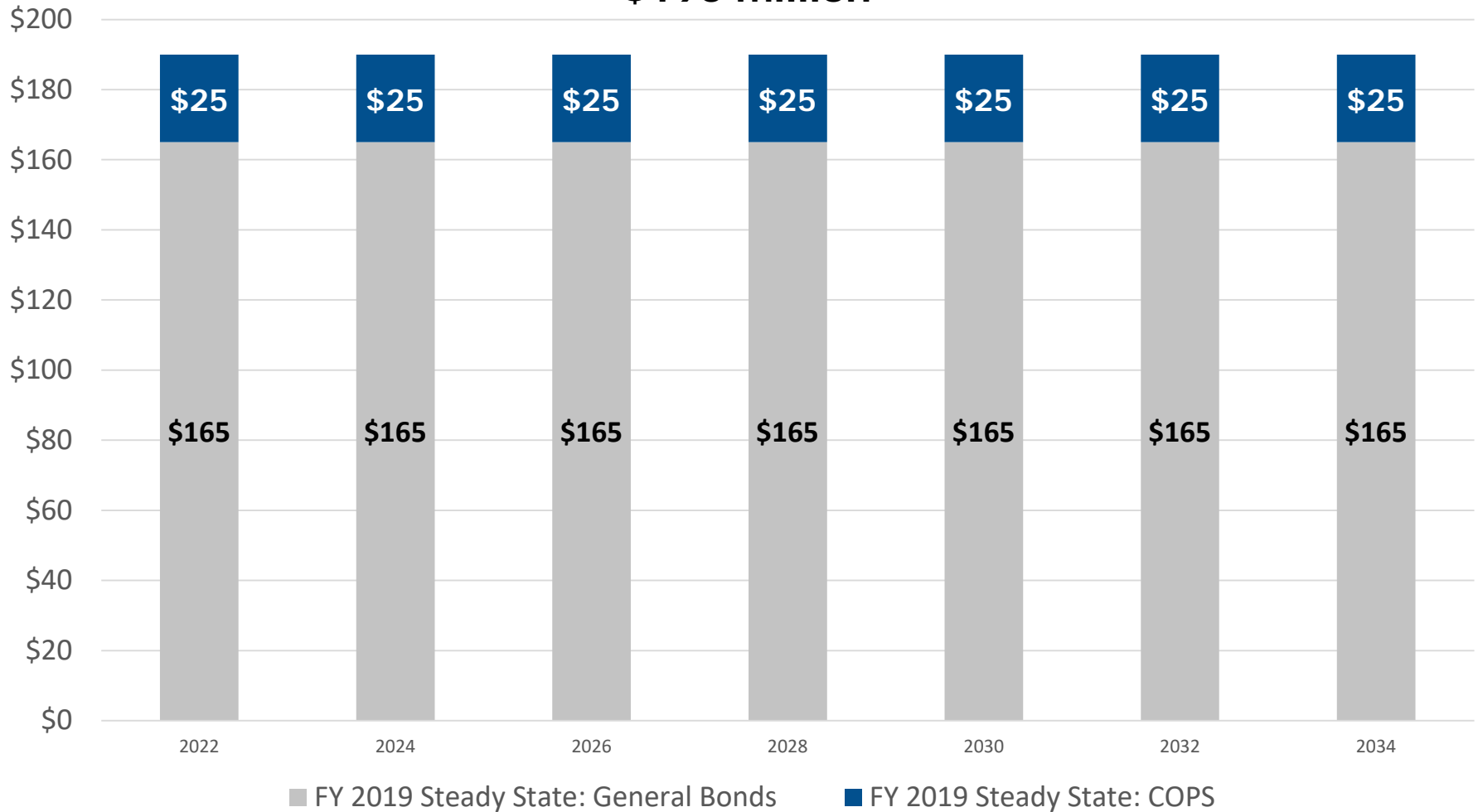
- Four Pre-Programmed Bond Cycles
- Only 2020 Bond Remains to finish program

Prior to FY 2019 **NO** capital plan after 2020 Bond existed



PREVIOUS STEADY STATE DEBT CAPACITY

Ensuring Affordability
\$190 million



REDEFINING CAPITAL DEVELOPMENT AND PUTTING THE PIECES TOGETHER

**Defining the
Need**

**Project
Management**

**Project and
Account
Review**

**Debt
Affordability**

**Funding
Existing
Projects**

**Planning for
the Future**

PRESERVING OUR CAPITAL ASSETS

Conducted the first Capital Needs Inventory in over a decade

Developed 10-year long-term planning tool for public infrastructure

Involved all city departments in planning to prioritize future needs

Defining the Need

Project Management

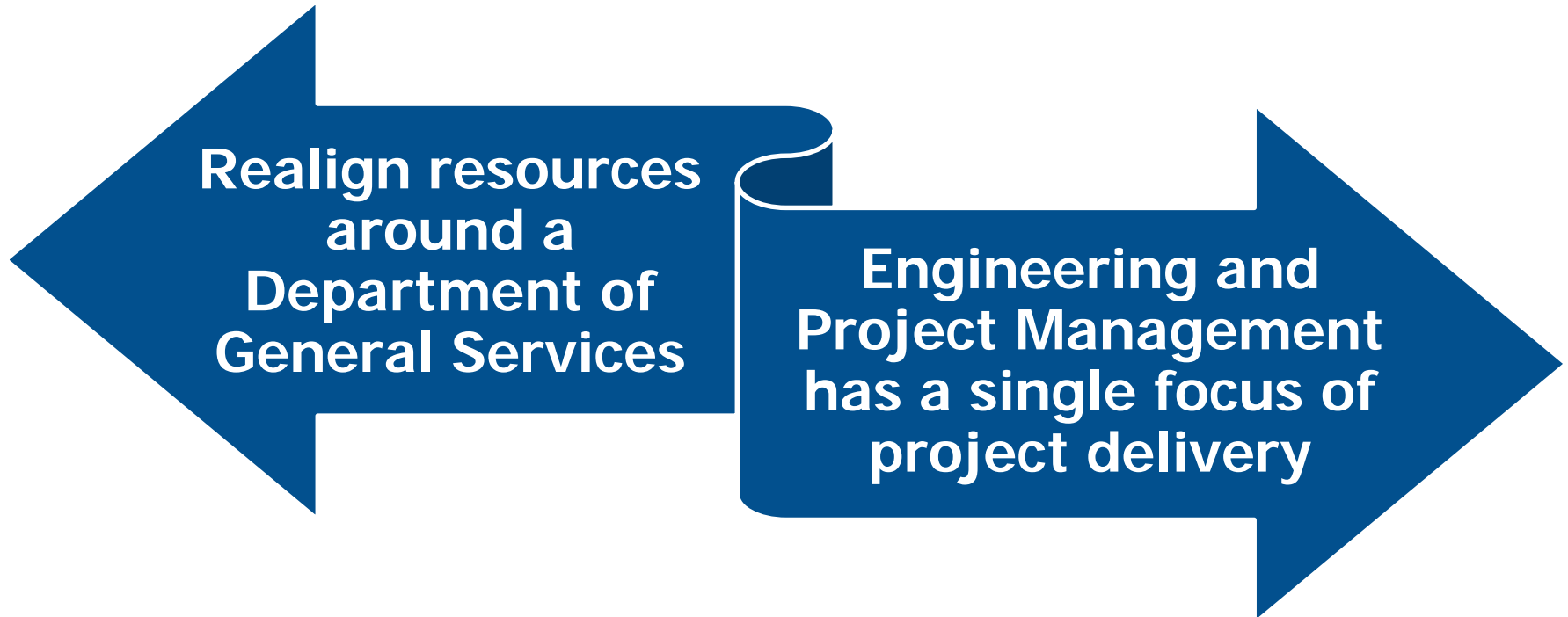
Project and Account Review

Debt Affordability

Funding Existing Projects

Planning for the Future

IMPLEMENTING THE CHANGE



Defining the Need

Project Management

Project and Account Review

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SCRUBBING OUR ACCOUNTS

Began to Review Every Capital Project

Reappropriating funds for active projects

Identified savings from old programs, complete projects, or near-complete projects

Identified **\$11.7** in capital project funds that can be re-programmed for active projects

Identified **\$13.5 million** in Pay-As-You-Go capital funds recommended to be used for capital projects

Refunding Opportunity

\$14.0 million available from planned refunding of debt at lower interest rate

Defining the Need

Project Management

Project and Account Review

Debt Affordability

Funding Existing Projects

Planning for the Future

DETERMINING DEBT AFFORDABILITY

Main Drivers of Debt Affordability

1

Project
Spend Rates

2

Interest
Payments

3

Property and
Sales Tax
Revenues

4

Investment
Returns

Defining the
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UPDATING AFFORDABILITY ASSUMPTIONS

Previous Debt Model Assumptions

Unrealistically high
projected spend rate



Interest assumptions
not aligned with market



Revenue projections
below historical averages

Outcome: High cash point in current debt model

Recommendation: Use cash-in-lieu-of-debt in FY 2020

Defining the
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ADDRESSING HIGH PRIORITY PROJECTS

Central Division Police Station

Provide an additional \$1.8 million
in FY 2020

New Infill Fire Station

Provide an additional \$3.35 million
in FY 2021

Cross Charlotte Trail



Defining the
Need

Project
Management

Project and
Account Review

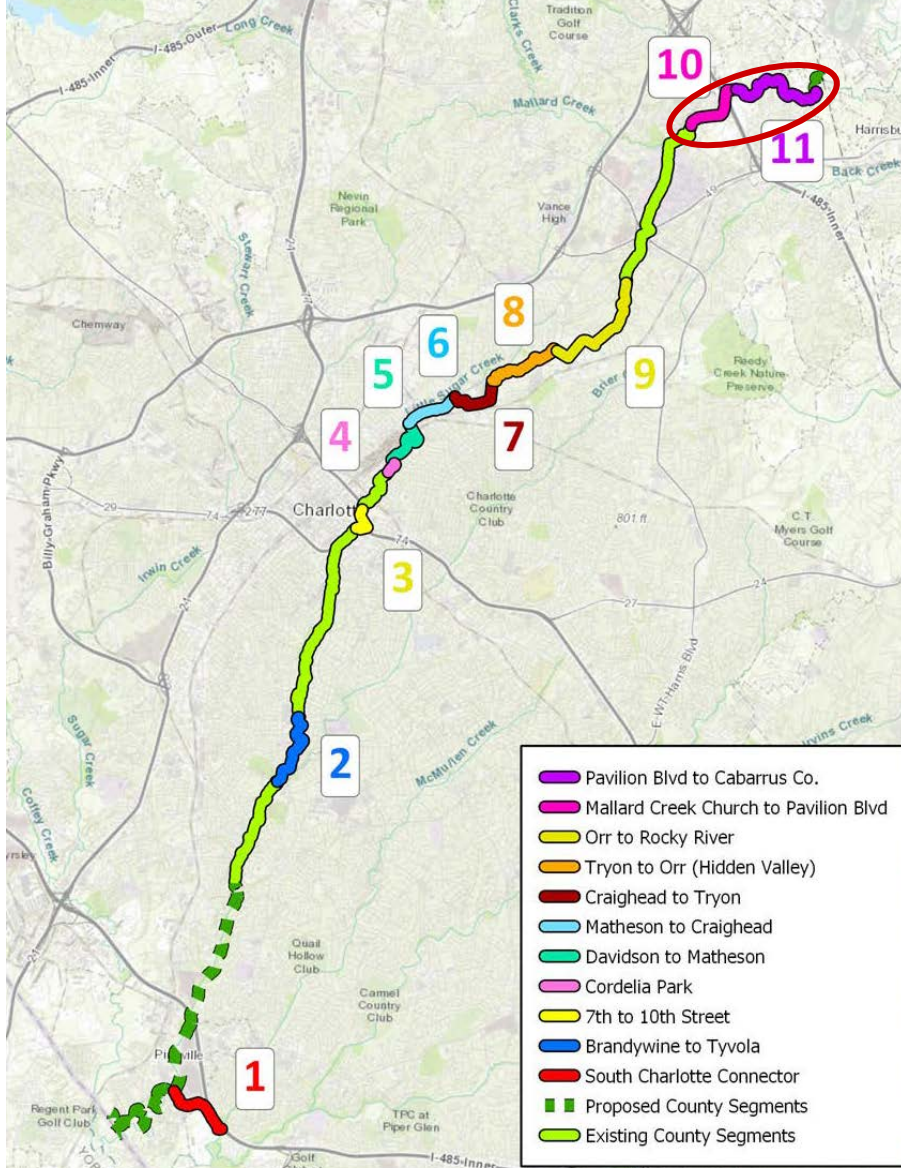
Debt
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CROSS CHARLOTTE TRAIL

\$54.4 million needed to complete planned and designed segments



Segment	Phase
1	Planned/Designed
2	Planned/Designed
3	Planned/Designed
4	Complete
5	Planned/Designed
6	Planned/Designed
7	Planned/Designed
8	Planned/Designed
9	Planned/Designed
10	Not Planned
11	Not Planned

Defining the
Need

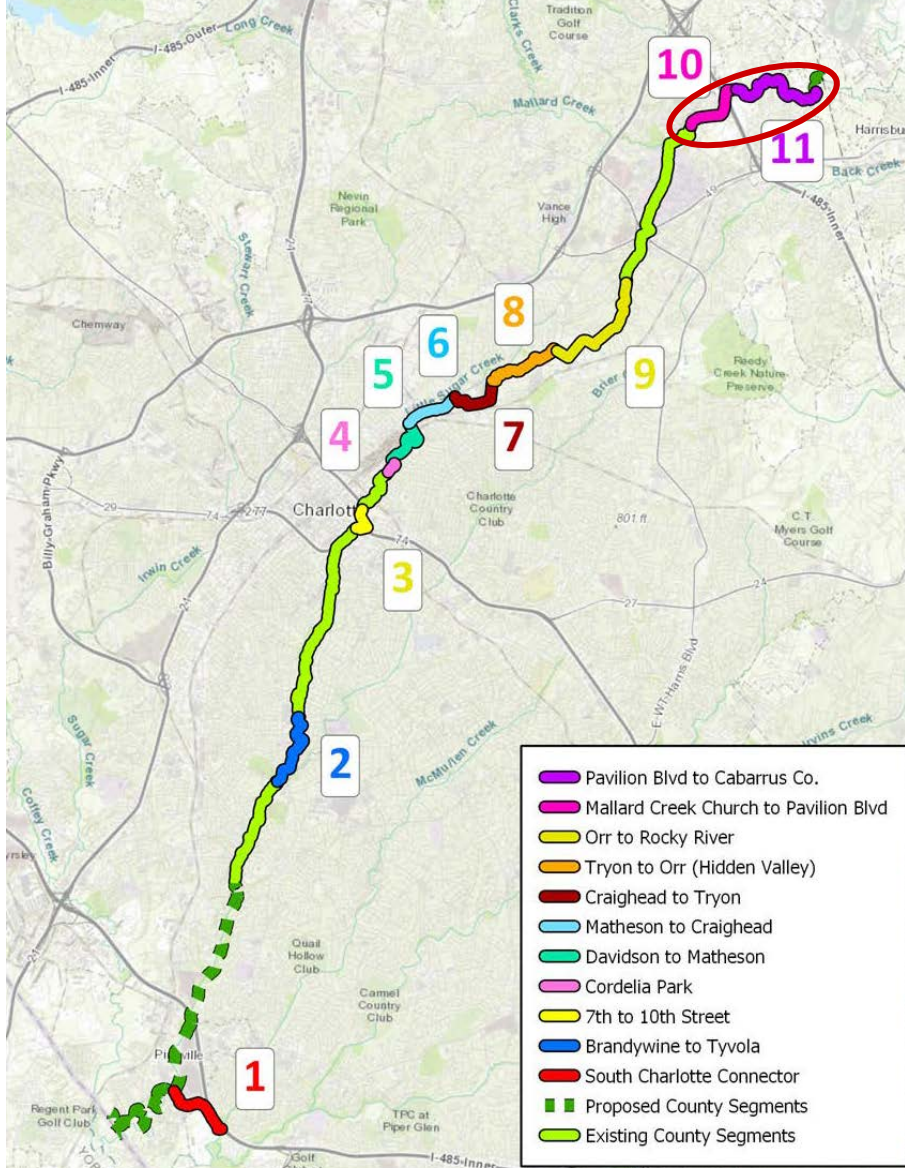
Project
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FUNDING PLANNED SEGMENTS OF THE CROSS CHARLOTTE TRAIL

Proposed Use of Balances

\$11.7 million in project savings
 \$13.5 million in Pay-Go funding
 \$14.0 million in debt refunding

\$39.2 million

Additional Recommended Funding

\$15.2 million cash-in-lieu-of debt

Proposed FY 2020 Capital Funding

\$54.4 million

Defining the
Need

Project
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Project and
Account Review

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Affordability

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REFINING OUR PROJECT PLANNING

Developing a Project Planning Program

Work collaboratively with Mayor and Council to understand capital program priorities

Increase accuracy of cost estimates

Understand full project scope and cost prior to bond referendum

Defining the Need

Project Management

Project and Account Review

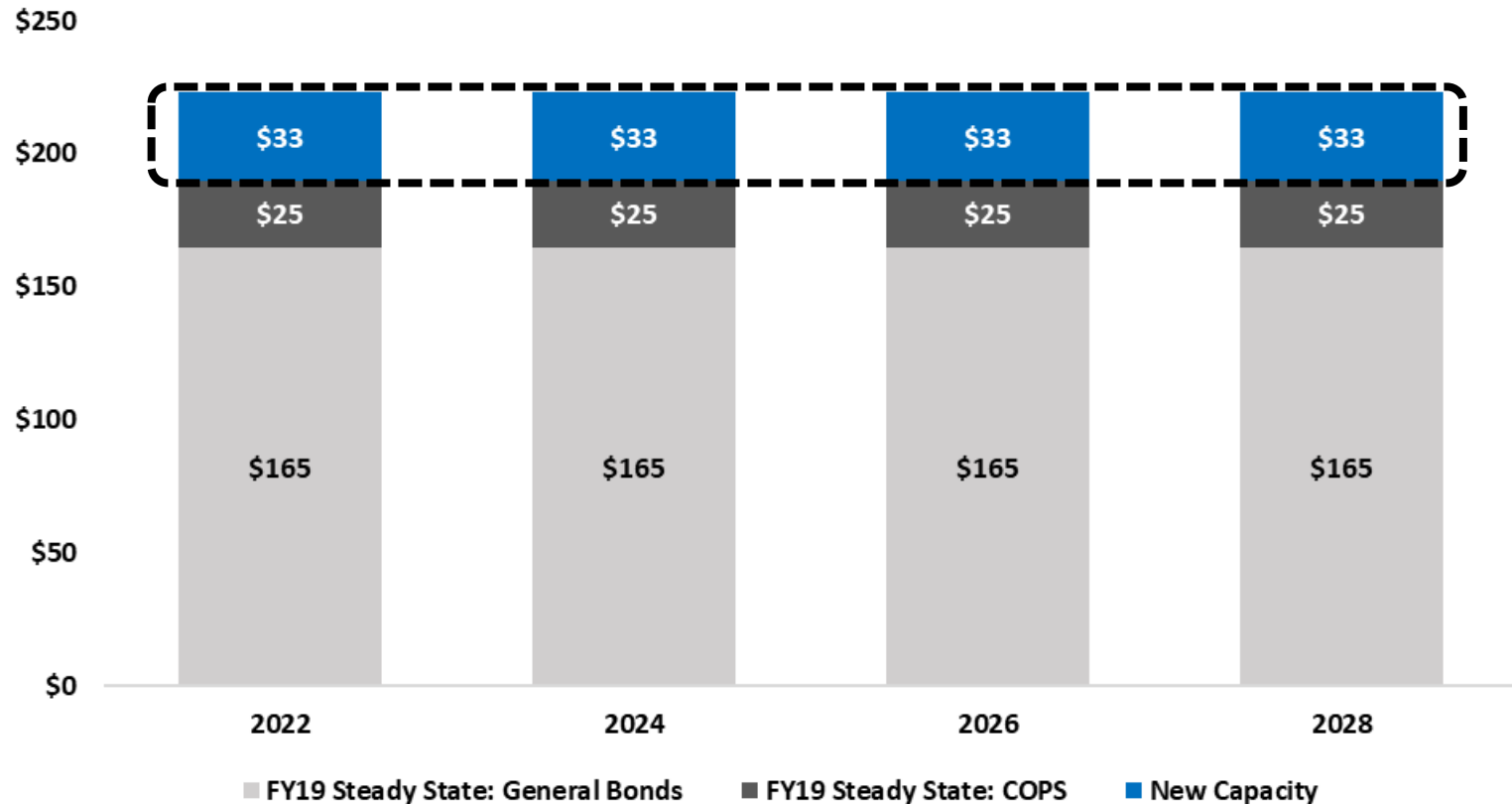
Debt Affordability

Funding Existing Projects

Planning for the Future

NEW STEADY STATE AFTER ADDRESSING HIGH PRIORITY PROJECTS AND INITIATIVES

Revised Steady State: **\$223 million**



Defining the
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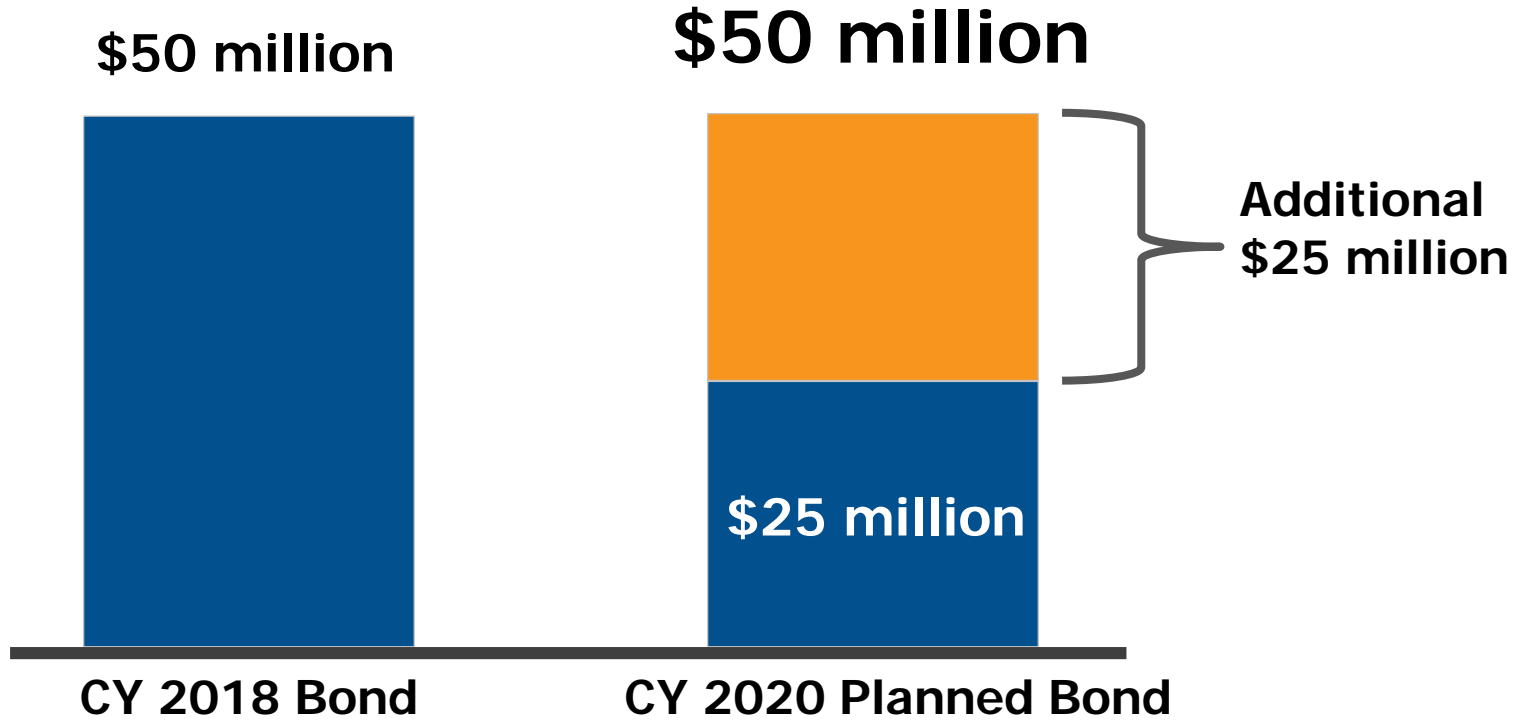
Debt
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CONTINUING THE MOMENTUM IN AFFORDABLE HOUSING

Affordable Housing Bond Funding



Defining the
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UTILIZING THE BUDGET AS A COMMUNICATION DEVICE



Charlotte Water

FY 2020 Adjustments

Budget Action	FTE	Amount
Provide funds for citywide compensation increase Support compensation increase for employees in FY 2020 which includes: a three percent merit increase pool for salaried employees; a 1.5 percent market increase and 1.5 percent merit increase pool for hourly employees; and a 1.5 percent market increase and step increase (2.5 to five percent) for eligible public safety pay plan employees.	-	\$908,661
Provide additional compensation for general employees Provide additional funds to hourly employees beyond a typical three percent salary increase. The adjustment includes acceleration of the hourly employee market increase to December (from February), and funds to ensure that all general employees with an acceptable performance review will receive at least a \$1/hour increase in FY 2020.	-	\$500,000
Enhance Charlotte Water's Rehabilitation and Replacement efforts with 16 new positions Add 16 positions, including a CCTV crew and two Right-of-Way clearing crews, to support the rehabilitation and replacement of water and sewer infrastructure. The renewal of aging infrastructure is necessary to maintain water quality standards and system pressures needed for fire protection, and to maintain resident and environmental health.	16.00	\$837,254
Enable Charlotte Water to keep pace with service area growth with six new positions Add six positions, including a Senior Engineer and Engineering Project Manager, to assist in prioritizing projects and effectively executing Charlotte Water's Capital Investment Plan. These positions will support enhanced water and sewer system capacity that can accommodate continued growth and economic development around Mecklenburg County.	6.00	\$595,425
Maintain compliance with regulatory requirements with 12 new positions Add 12 positions, including a Compliance Supervisor, Water Quality Program Specialist, and five Water Treatment Plant Operators, to ensure customers have the best water and wastewater service available.	12.00	\$964,128



Repair and Replace Bridges

Project Description

This program provides for the inspection, repair, and replacement of bridges throughout the city. Work completed through this program helps maintain a safe bridge system by repairing and replacing bridges that do not meet structural capacity and width standards. Locations for bridge repairs and replacements are identified through the city's biennial inspection program, which is required by the North Carolina Department of Transportation.

Department	Transportation
Location	TBD
Council District	TBD
Priority Area	Transportation and Planning (Mobility, Accessibility, and Connectivity)



Budget Overview

Funding Category	Proposed	Planned				TOTAL
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
Planning and Design	-	-	-	-	-	-
Construction	-	\$3,996,000	-	-	-	\$3,996,000
Public Art	-	\$4,000	-	-	-	\$4,000
Total	-	\$4,000,000	-	-	-	\$4,000,000
Prior Appropriations						\$10,000,000
Grand Total						\$14,000,000

THANKS TEAM CHARLOTTE



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.



NEXT STEPS

May 8 – Council Budget Briefing

May 13 – Council Budget Public Hearing

May 22 – Budget Briefing

May 23 – Budget Adjustments

May 29 – Budget Adjustments/Straw Votes

June 10 – Budget Adoption