



**CITY of CHARLOTTE**  
**ADOPTED FY 2021**  
**BUDGET IN BRIEF**  
 FY 2021 - 2025  
**CAPITAL INVESTMENT PLAN**

**RESILIENCE**  
 & **RECOVERY**

*“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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# BUILDING A RESILIENT CITY

## Setting our Foundation

The City of Charlotte has a solid history of maintaining a strong financial organization. The last four years have been spent building a resilient, adaptable, and well-managed government. Being financially resilient includes making projections and decisions that are both forward-thinking and financially conservative. It means maintaining strong financial reserves and avoiding the use of those reserves on anything other than core services. It involves protecting those same core services from volatile revenue sources. This means thinking long-term with the city’s Capital Investment Plan to ensure that the city maintains capacity to achieve current as well as future infrastructure goals.



Since 2017 the city has set a foundation that prepares for the potential of when acute shocks and chronic stresses affect our services and the economy.

**Almost four years of momentum since 2017**



# FY 2021 BUDGET HIGHLIGHTS

## Highlights of the Budget Include

- No property tax increase
- No reduction in core services
- No capital project delays due to financial impacts
- No use of one-time revenues such as operating reserves
- No layoffs or furloughs
- Restructures government by eliminating 26 vacant positions from the General Fund without impacting core services
- Keeps employee healthcare premiums flat in FY 2021
- Provides a 1.5 percent market adjustment and 1.5 percent merit pool for hourly employees
- Provides a three percent merit pool for salaried general employees
- Provides a 1.5 percent market adjustment and step (2.5-5 percent) increase for Public Safety Pay Plan employees
- Enhances public safety employee compensation beyond a typical salary increase
  - ◊ Increases the top pay for all Police Officers and Police Sergeants by 5 percent
  - ◊ Increases the top pay for Firefighter II by 2.5 percent, Fire Engineer by five percent, and Fire Captain by 3.75 percent
  - ◊ Fulfills the Charlotte Firefighter's Retirement System's request for \$1 million in additional funding
- Continues offering CATS All-access Transit pass to employees
- Invests \$50 million in Affordable Housing, completing a \$100 million investment over two bond cycles
- Invests \$24.5 million in the city's designated Opportunity Corridors
- Invests \$14.3 million in congestion mitigation in Steele Creek, University City, and South Charlotte
- Spends \$2 million on city building sustainability, \$1 million on electric vehicle infrastructure, and adds 20 fully electric vehicles to the city's fleet
- Maintains level funding for all of the city's existing financial partners
- Restricts new purchases of chemical agents used for crowd control by

# NONGENERAL FUND HIGHLIGHTS

## Aviation



- 6<sup>th</sup> busiest airport in the nation
- 178 nonstop destinations and 38 international destinations
- \$23 billion regional economic impact
- FY 2021 Budget, \$510.3 million
- FY 2021 - FY 2025 Capital Investment, \$2.0 billion

## Charlotte Area Transit System



- A 2.5 mile extension of the existing streetcar running from Elizabeth and Hawthorne to Center City. It is expected to open in FY 2021
- Continues planning for future regional Silver Line rail connection
- FY 2021 Budget, \$204.3 million
- FY 2021 - 2025 Capital Investment, \$149.1 million

## Charlotte Water



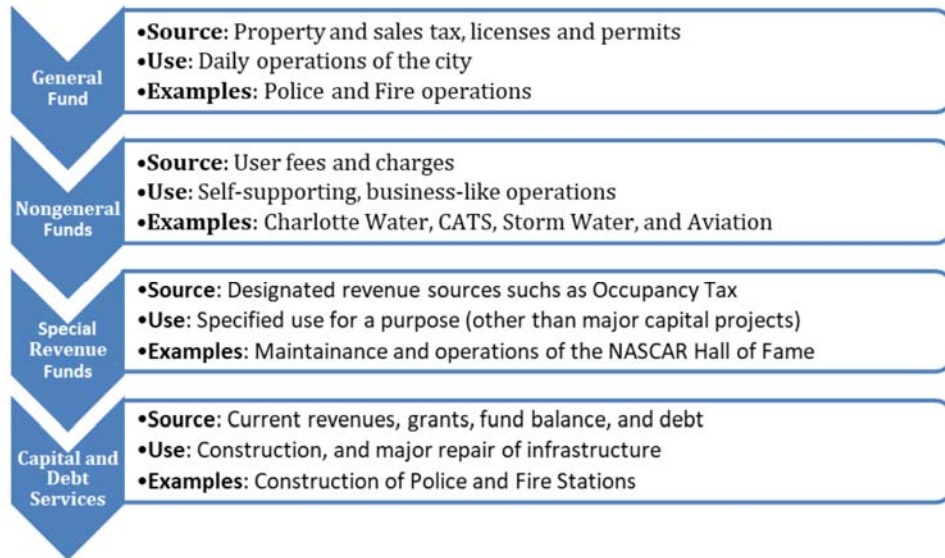
- Serves over one million customers
- Maintains over 8,700 miles of water pipes
- FY 2021 Budget, \$577.1 million
- FY 2021 - FY 2025 Capital Investment, \$1.9 billion

## Storm Water



- Manages 600+ projects to improve drainage infrastructure, reduce flood risks, and enhance surface water quality
- FY 2021 Budget, \$79.2million
- FY 2021 - FY 2025 Capital Investment, \$518.5 million

# HOW SERVICES ARE FUNDED



## Paying for Infrastructure

The construction of buildings, acquisition of property and repairs and improvement of property, are costly and often cannot be fully paid upfront. To finance these long-term investments, the city uses methods such as cash (Pay-As-You-Go—PAYGO), grants, and the issuance of bonds.

General government debt is typically repaid over a 20-year period and enterprise debt is normally repaid over a 30-year period. The city pays off principal and interest on bonds issued for a specific project long after physical construction is complete. In Charlotte, our AAA credit rating allows us to borrow money at competitive interest rates.

	Moody's	STANDARD & POOR'S	Fitch Ratings
GENERAL OBLIGATION	Aaa	AAA	AAA
AVIATION	Aa3	AA-	AA-
STORM WATER	Aaa	AAA	N/A
WATER SEWER	Aaa	AAA	AAA

# OUR RESILIENCE CHALLENGED

## Economic Disruption

In March 2020 the country and economy were abruptly impacted by the COVID-19 health pandemic. In a nationwide effort to reduce the spread of the virus schools, restaurants, hotels, gyms, and other non-essential businesses temporarily shut down. These efforts to control the spread of the virus in cities across the nation led to significant reductions in business activity.

### Economic Volatility of City Taxes

Type of Tax	General Fund	General Capital	Transit Fund	Hospitality Funds
Property Tax	Low	Low	NA	NA
Sales Tax	<b>High</b>	<b>High</b>	<b>High</b>	NA
Occupancy Tax	NA	NA	NA	<b>Very High</b>
Food and Beverage Tax	NA	NA	NA	<b>Very High</b>

## Assessing the Economic Challenges of COVID-19

The city relies on sales tax revenue and investment income to partially fund services such as the police department, fire department, and solid waste collection. **A decline in economic activity due to COVID-19 is projected to reduce the city's sales tax revenue, and create a \$21.8 million gap between projected revenue and expenditures for FY 2021.** Other parts of the city's budget, such as nongeneral and special revenue funds, will also experience reduced revenue from service fees, food and beverage taxes, and hotel taxes. However, the city's day-to-day operations are shielded from these impacts.



# BUDGET DEVELOPMENT

## Budget Development Process

The city's budget is focused on the needs of the community, and was developed through engagement with our community, business leaders, community service organizations, and city employees. This year, the COVID-19 pandemic impacted the entire Charlotte community and created a unique set of challenges for the city's finances and operations. To mitigate these impacts and challenges, the adopted budget was driven by the following principles:

- Assessing and addressing the budget gap,
- Remaining structurally balanced,
- Providing core services, and
- Protecting existing employees.

## Remaining Structurally Balanced Beyond COVID-19

The \$21.8 million budget gap caused by COVID-19 equates to a 1.5 cent tax increase. Rather than increase taxes, the city worked creatively to adjust and reduce expenditures across all city's departments. **This strategy allows the organization to remain balanced and protect core services without tax increases, employee layoffs, or the use of one-time revenues such as operating reserves.** This means Charlotte's budget is not only balanced for FY 2021, but creates a foundation for maintaining structural balance and financial sustainability into the future.

<b>Budget Gap Due to COVID-19</b>	<b>(\$21.8 Million)</b>
Department Adjustments and Actions	\$8.5 Million
Shifting Revenue to the General Fund to Protect Operations	\$6.8 Million
Move Street Supplement from General Fund to PAYGO	\$4.3 Million
Additional Revenue	\$3.5 Million
<b>Remaining Resources after Strategies</b>	<b>+\$1.3 Million</b>
Available for additional investments	\$1.3 Million

# BUDGET DEVELOPMENT

## Managing the Cost of Growth

As Charlotte grows, so do the needs of our communities. To help close the budget gap created by COVID-19, city departments developed innovative solutions to limit the cost of this growth. By eliminating vacant positions, reorganizing duties, and realigning spending with core services, **Department Directors were able to save \$8.5 million towards balancing the FY 2021 budget.**



To keep up with a growing demand and cover increased contractual costs, the FY 2021 Budget includes an 80 cents/month, or \$9.60/year Solid Waste fee increase.

## Prioritizing Core Services with Existing Resources

In the wake of COVID-19, city revenues were reexamined to prioritize core services. **An additional \$6.8 million was added to the General Fund by:**

- Shifting the distribution of sales tax revenue between the General Fund and Pay-As-You-Go Fund, resulting in an additional \$5.1 million in resources for daily city operations.
- Shifting \$1.7 million in revenue from the Alcohol Beverage Commission from the Municipal Debt Service Fund to the General Fund. This aligns Charlotte's use of this revenue with other large cities in North Carolina, without impacting any current projects in the city's FY 2021 Capital Investment Plan.



# ASSESSING OUR SERVICES

## Continuing to Connect People

While the COVID-19 crisis affected Aviation and CATS exceptionally hard, the foundational work the city has done over the prior fiscal years, along with receiving federal CARES Act funds and altering service levels to match demands, is allowing core transportation services to continue. These provisions have also allowed the city to protect employees from layoffs, to maintain a capital program, and to keep moving forward on community priorities. Charlotte will continue to connect the community by:

- Remaining financially strong
- Receiving federal assistance
- Maintaining core service levels to meet community demands



## Resourceful Project Financing

To further address the budget challenge, the FY 2021 Budget shifts the cost of the current street resurfacing supplement from the General Fund to the PAYGO Fund and General Obligation (GO) bonds. This action expands the program, allows for an additional \$1 million per year to be invested in street resurfacing, and provides \$4.26 million to the General Fund to create a structurally balanced budget.



# INVESTING IN SAFE COMMUNITIES

## Investing in Emergency Management and Fire Safety

In FY 2021, the city is committed to adding additional resources to assist with emergency management planning. The city will continue to cover the cost of one Emergency Management Planner that was previously funded by a grant, plus more emergency management positions will be added. **These positions will increase the capacity of Charlotte's stellar Emergency Management Division** to manage through the current pandemic and help proactively plan the city's response for future emergencies.

## Leveraging Partnerships for Safer Communities

Unprecedented violence in 2019 brought about a challenging and unfortunate time within the community. As part of our vision to make Charlotte a safer, more equitable, and more inclusive city, it was important to address these issues head on. The city organized a team of city staff, leveraged partnerships across the city, and worked alongside nationally renowned partners like Bloomberg Philanthropies and the Johns Hopkins University Center for Government Excellence to address the causes of violence.

Led by CMPD and the city's Data Analytics Team within the Department of Innovation and Technology, a plan to develop and approve a framework to address violence efforts to enhance neighborhoods into safer communities will continue in Fiscal Year 2021 as work continues towards pilot programs, policy development, and community outreach.



## CONTINUING TO INVEST IN CAPITAL PROJECTS

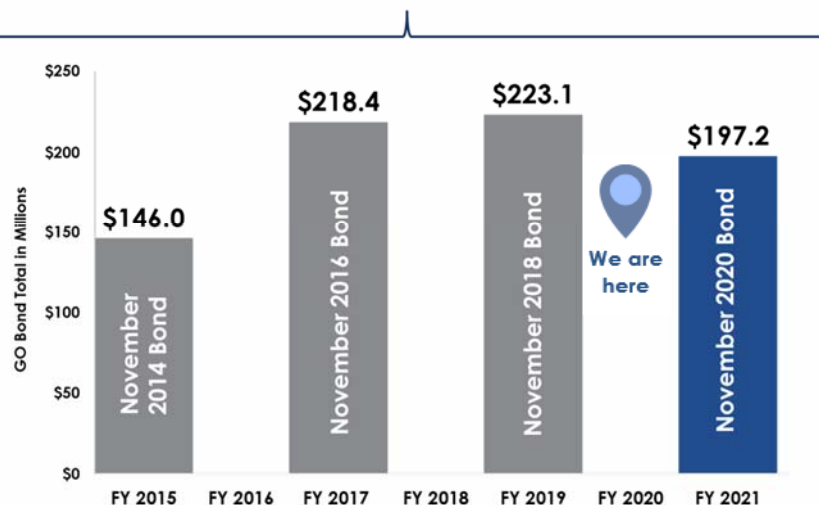
### Completing the Big Ideas

The Big Ideas Community Investment Plan was originally adopted in FY 2014, with bonds planned over eight years in 2014, 2016, 2018, and 2020. As The Big Ideas come to a close with the FY 2021 Budget and 2020 Bond Referendum, the five-year FY 2021 – 2025 Capital Investment Plan (CIP) includes two new bond years: 2022 and 2024. These bond years have been purposely held blank in anticipation of the completion of the 2040 Comprehensive Plan. Once complete, the Comprehensive Plan, along with project planning and design work from the Advanced Planning and Design Program, will inform the development of a five-year CIP that best supports the next 20 years of growth and development in Charlotte.

The City Council-adopted 2020 GO Bond, which will be presented to voters during FY 2021 in November 2020, totals \$197,232,000, and has three components:

- **\$44,500,000 for neighborhood improvements**
- **\$50,000,000 for affordable housing**
- **\$102,732,000 for transportation investments**

**"The Big Ideas" = \$784.7 Million over eight Years**



## INVESTING IN GREAT NEIGHBORHOODS

### Opportunity Corridors

Building and maintaining great neighborhoods and safe communities is a predominate focus City Council stressed at the 2020 Annual Strategy Meeting.

\$24,500 in resources are available in FY 2021 for a new Opportunity Corridors

<b>\$14.5 Million (CIP)</b> <b>+</b> <b>\$10.0 Million (PAYGO)</b>	program. Each corridor will have projects and strategies tailored to the specific business development, placemaking, community engagement, and transportation infrastructure needs within the corridor. Six corridors have been identified for investment: Beatties Ford/Rozzelles Ferry, Central/Albemarle, Freedom/Wilkinson, I-85/West Sugar Creek, North Tryon/ Graham, and West Boulevard.
<b>\$24.5 Million in FY 2021</b>	

### Keeping the Momentum in Affordable Housing

City Council's and the community's commitment to increasing the affordable housing supply led to the creation of the privately-financed Charlotte Housing Opportunity Investment Fund in spring 2018, which has now exceeded its \$50,000,000 fundraising goal. Together with the Housing Trust Fund, this funding leverages public, private, and non-profit dollars to increase the supply and accessibility of housing in the community.

**Affordable Housing:  
\$50.0 Million**

The 2020 Bond brings the total investment in housing bonds in Charlotte to \$130,000,000 since the start of The Big Ideas, which is an increase of \$70,000,000 above the amount originally planned. The 2018 Bond and the 2020 Bond have proposed \$100,000,000 in affordable housing bond funding. As comparison, this same amount was approved over 14 years from 2002 through 2016.

### Unified Development Ordinance

City staff will continue to work with the Unified Development Ordinance (UDO) Advisory Committee to draft and refine the Charlotte Future 2040 Plan. An additional \$250,000 is programmed for FY 2021. Regulations from eight different development ordinances will be combined into a single comprehensive document. Over the next fiscal year, staff will present the first draft of the UDO for public review since this important initiative began!



## INVESTING IN TRANSPORTATION AND MOBILITY

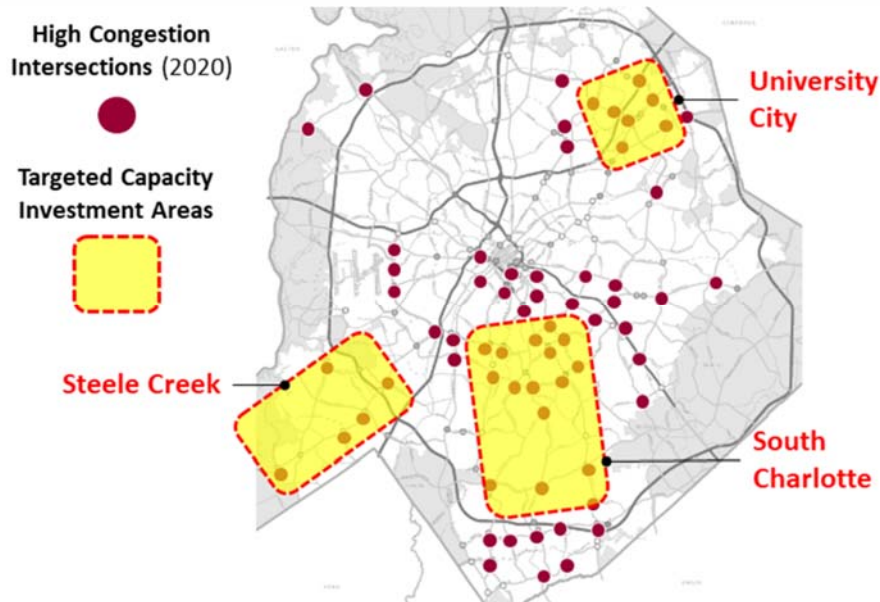
### Bryant Farms Road Extension

The 2020 Bond includes \$18,000,000 to finish design and construct phase one of the Bryant Farms Road extension, 0.4 miles from Elm Lane to Rea Road. This extension provides a critical east/west connection in the rapidly-growing Ballantyne area. The project includes a 12-foot shared-use path and eight-foot planting strip; it also rebuilds the intersection of Bryant Farms Road, Elm Lane, and Blakeney Heath Road.

**\$18.0 Million** to construct Phase 1 of Bryant Farms Road

### Congestion Mitigation Program

The transportation bond funding also includes \$7,612,000 for a new Congestion Mitigation program intended to improve traffic flow through small-scale, quick infrastructure projects such as adding turn lanes at intersections, extending existing lanes, or making new road connections to enhance the street grid. Funding is intended to support enhancements in the Steele Creek, South Charlotte, and University City areas. To supplement the bond funding, an additional \$6,700,000 is available in previously-approved PAYGO funding for a program total of \$14,312,000.



## PEDESTRIAN AND BICYCLE SAFETY

### Transportation Safety Program

Several programs focused on pedestrian and bicyclist safety were introduced in the 2018 Bond and are proposed for additional funding in the 2020 Bond. The Transportation Safety (Vision Zero) program received \$2,000,000 in the 2018 Bond, and another \$2,000,000 is proposed in the 2020 Bond. This program supports Charlotte's Vision Zero Action Plan, which is based on the global



Vision Zero strategy to eliminate all traffic-related deaths and severe injuries, while increasing safety, health, and mobility for all. Projects in the Transportation Safety program may include new or enhanced streetlighting, speed humps, or pedestrian crossing signals.

### Sidewalk and Pedestrian Safety Program

The 2020 Bond also continues funding for the Sidewalk and Pedestrian Safety program with \$15,000,000 to construct new sidewalks, connect sidewalk gaps, and install pedestrian safety crossings and signals. This funding brings The Big Ideas total investment to \$75,000,000 in support of implementing the Council-adopted Charlotte WALKS plan and making Charlotte a more walkable city.

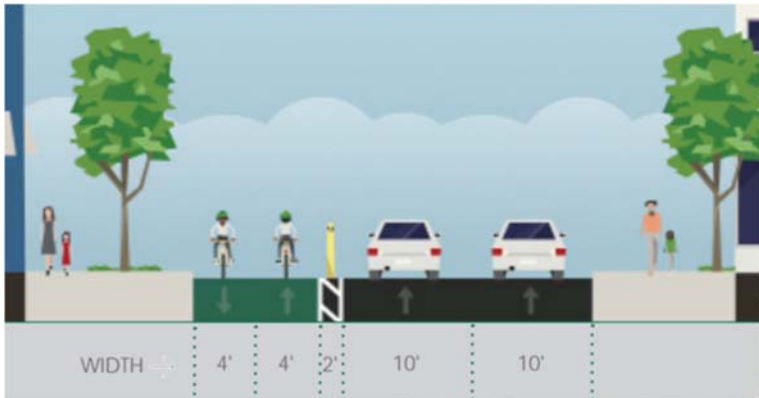


# PEDESTRIAN AND BICYCLE SAFETY

## The Bicycle Program

The Bicycle Program provides for the expansion of the bicycle network by focusing on important connections and projects that repurpose existing infrastructure to create space for cyclists. Bicycle program funding helps implement the Charlotte BIKES plan, adopted by City Council in 2017, which provides the vision, strategies, and recommendations with the goal of making bicycling safe, comfortable, and convenient for people of all ages, abilities, and neighborhoods. The Bicycle program received \$4,000,000 in the 2018 Bond, an additional \$4,000,000 is proposed in the 2020 Bond. This funding enhances mobility options and continues the goal of making Charlotte a bicycle friendly community.

**\$4.0 Million** to  
advance  
Charlotte's Bike  
Program



# MAKING SUSTAINABLE INVESTMENTS

## Strategic Energy Action Plan

This year the city developed an internal Strategic Energy Action Plan (SEAP) Operations Team with representatives from across the city's departments committing to collaborate and guide this work. Within the community, engagement with residents was important, speaking with over 1,300 members of the public about the city's goals and holding focused meetings with stakeholder groups in the areas of transportation, workforce development and equity, and buildings and energy generation.



**Purchasing 20 Electric Vehicles and  
\$1.0 Million**  
for Charging Infrastructure



The City of Charlotte made an investment of \$300,000 in equitable workforce development, to support the growing green economy sector.

## Sustainable Infrastructure

This upcoming year, the city will also focus on sustainable infrastructure for city buildings and electric vehicle infrastructure to continue to support the city's investment in sustainable fleet.

**\$2.0 Million** in FY 2021 to increase  
Building Sustainability





# MANAGING WATER RESOURCES

## Storm Water Services

Storm Water Services works year around to protect residents all over Charlotte from storm water runoff, restoring floodplains, reducing flooding, and protecting surface water quality county-wide. Once again, there will be no storm water rate increase. City staff will continue to deliver the same level of high-quality service to all residents throughout the county while also protecting the environment.



▶ **No Rate Increase**

## Charlotte Water

Charlotte Water continues to serve over a million customers in the Charlotte area. Being the largest water utility in the Carolinas, the city is proud of our award-winning services and staff. Over the next year a rate increase at 1.9 percent, the lowest rate increase in at least ten years



will take affect. For the typical Charlotte household this results in a monthly increase of about \$1.24. This increase will provide additional resources to continue investing in the water needs of the community.



- **1.9% rate increase—lowest rate increase in more than 10 years!**

# INVESTING IN OUR WORKFORCE

## Protecting and Investing in our Employees

Protecting existing employees is one of the most valuable and impactful ways the City of Charlotte can invest in the community. To ensure this, the city has put measures in place to protect funding for existing staff. The dedicated staff who have helped the city and community through this health crisis will continue to provide the core services needed for the city. Due to the balancing measures taken, the City of Charlotte is able to provide a budget that does not include any layoffs.

## Healthcare and Benefits

- The calendar year 2021 benefits program will not include any medical premium increases for employees.

**Third straight year that premiums will remain unchanged!**

- Continued CATS All-Access Transit Pass



## General Employee Compensation

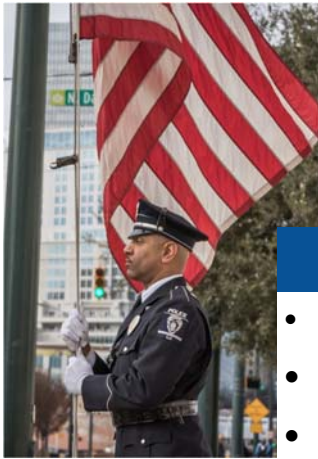
Prioritizing funding for a traditional salary increase carries forward the city's strategy to build an organization that puts employees first, and attracts and retains top talent for public service careers. One of Charlotte's principles of this year's budget development was protecting current employees. With that in mind, the FY 2021 Budget includes:

- **No layoffs!**
- A three percent merit pool for salaried employees.
- Includes a 1.5 percent market increase and 1.5 percent merit pool for hourly employees.

# INVESTING IN OUR WORKFORCE

## Prioritizing our First Responders

### Changes to Police Compensation



The FY 2021 Budget builds off the momentum from the FY 2020 Budget and completes the two-year plan to enhance veteran pay. Both eligible Police Officers and Sergeants will receive an additional five percent beyond their 1.5 percent market adjustment in December 2020.

#### Completing Two-Year Police Pay Plan

- Improved Officer Attraction
- Increased Officer Top Pay
- Reach Top Pay Sooner
- Established a Senior Police Officer Program

### Changes to Fire Compensation

City staff have been working closely with the Charlotte Firefighters' Retirement System on a long-term funding strategy to improve its funded status. The FY 2021 Budget permanently increases the city's contribution from 12.65 cents on every dollar of Firefighter salary to 14 cents. This increase costs an extra \$1.1 million in FY 2021 and is likely only the first in a series of several increases to provide for a secure retirement for our firefighters.

#### Complete Year 2 of 3-Year Fire Plan

- Increased Top Pay for:
  - ◊ Fire Fighter II
  - ◊ Fire Engineer
  - ◊ Fire Captain
- Reduced number of years to Top Pay
- Previously "topped out" Fire Captains and Fire Engineers have not received increases 4 years in a row



Mayor Vi Lyles

Mayor Pro Tem Julie Eiselt  
 Council Member Dimple Ajmera, At Large  
 Council Member Tariq Bokhari, District 6  
 Council Member Edmund H. Driggs, District 7  
 Council Member Larken Egleston, District 1  
 Council Member Malcolm Graham, District 2  
 Council Member Reneé Johnson, District 4  
 Council Member James Mitchell, Jr., At Large  
 Council Member Matt Newton, District 5  
 Council Member Victoria Watlington, District 3  
 Council Member Braxton Winston, At Large

City Manager Marcus D. Jones

## FY 2021 Budget Calendar

Council Budget Briefing	May 4, 2020, 5:00 p.m.
Council Budget Public Hearing	May 11, 2020, 5:00 p.m.
Council Budget Adjustments	May 20, 2020, 1:00 p.m.
Council Straw Votes	May 27, 2020, 12:00 p.m.
Council Budget Adoption	June 8, 2020, 5:00 p.m.

*This Budget in Brief includes the highlights of the Adopted FY 2021 Budget. For additional details, please visit the city's website [www.charlottenc.gov](http://www.charlottenc.gov) to view information about the budget or to read the adopted budget document.*