

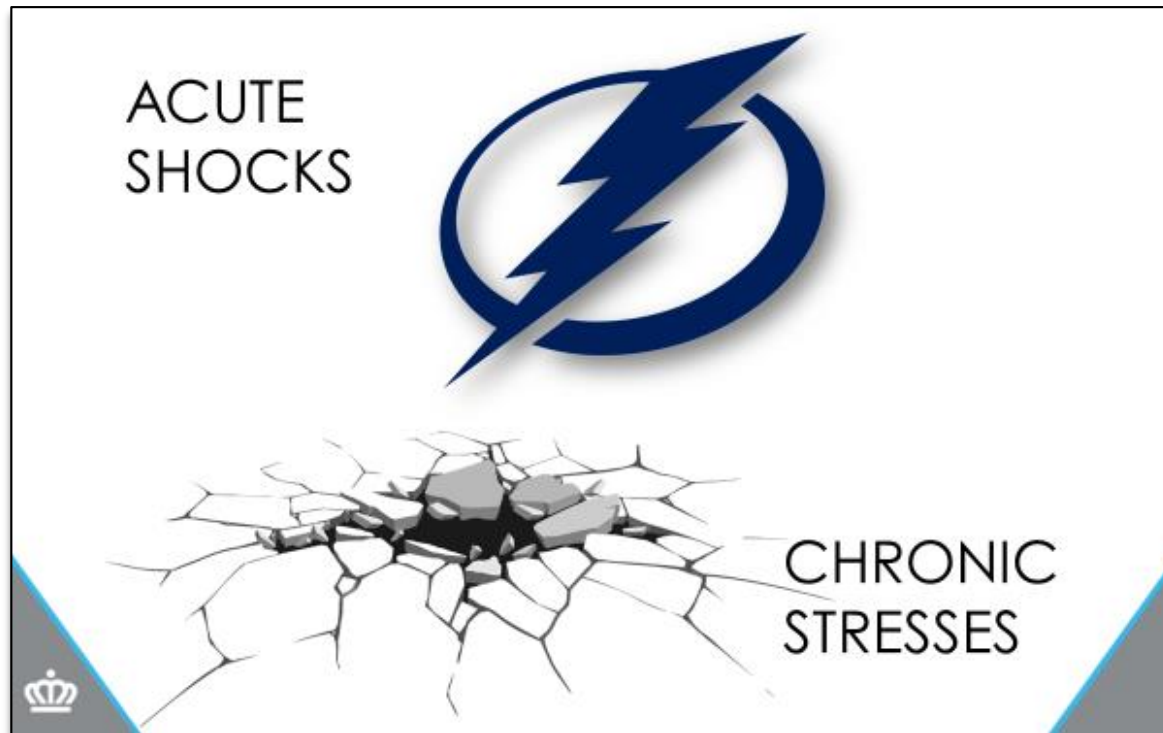
# Proposed FY 2021 Budget

**RESILIENCE & RECOVERY**

MAY 4, 2020

# We Set the Foundation in 2017

## *FY 2018 Proposed Budget*



**The last four years have  
been spent building a  
resilient, adaptable, well-  
managed government**

# Almost Four Years of Momentum





A photograph of two cyclists riding on a city street. The cyclist on the left is wearing a red shirt and a blue face mask. The cyclist on the right is wearing a blue shirt and a white face mask. They are both wearing helmets. In the background, there are city buildings, traffic lights, and a sign for 'THE EVENING MUSE'. The text 'March 2020' is overlaid in white, and 'COVID-19' is overlaid in red.

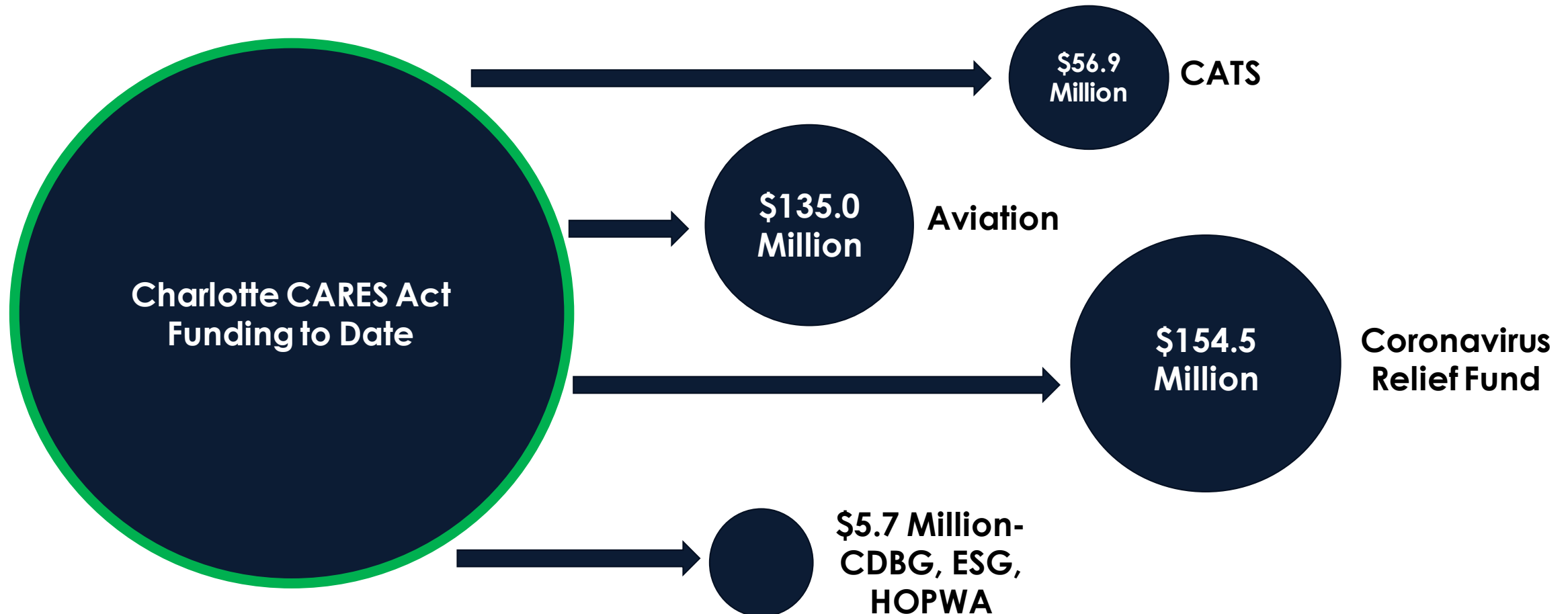
# March 2020 COVID-19

# COVID-19: Our Resilience Challenged

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>

*Above table does not reflect revenue impacts associated with fees and services.*

# CARES Act Federal Funding for State and Local Governments





# Continuing to Connect People



	Aviation	Charlotte Area Transit
Financially Strong	✓	✓
Receiving Federal Assistance	✓	✓
Maintaining Service Level	✓	✓

# Financial Challenges of COVID-19

FY 2021 General Fund Projection Due to Covid-19 Revisions			
Revenues by Source	FY 2020 Budget (Millions)	FY 2021 January Projection (Millions)	FY 2021 Projection (Millions)
Property Tax	\$390.2	\$399.0	\$399.8
Sales Tax	\$117.7	\$120.0	\$108.9
Utility Franchise Sales Tax	\$55.8	\$56.4	\$55.8
All Other	\$164.0	\$169.8	\$164.7
<b>Total Revenues</b>	<b>\$727.7</b>	<b>\$745.2</b>	<b>\$729.2</b>
		<b>+\$17.5 Million</b>	<b>+\$1.5 Million</b>



# FY 2021 Budget Gap

Projected FY 2021 Expenditures	\$752.0 Million
Projected FY 2021 Revenues	\$729.2 Million
<hr/>	
<b>April Budget Gap</b>	<b>(\$22.8 Million)</b>

Additional Technical Expenditures identified after Retreat	(\$2.8 Million)
Reduction in Formula-Driven Pass Through	+\$3.8 Million
<hr/>	
<b>Revised Budget Challenge</b>	<b>(\$21.8 Million)</b>

# Value of a Tax Increase

**1.5c Tax Increase = \$21.8 Million in New Revenue in FY 2021**

*\*Not an option we pursued*

# Followed Budget Principles



## FY 2021 Budget Principles

Assess and Address the Budget Gap

Remain Structurally Balanced

Provide Core Services

Protect Existing Employees



# Identifying Efficiencies in Operations

## Department Actions

- ☒ Elimination of 26 vacant positions
- ☒ Departments solved growth challenges with existing resources
- ☒ Reduction in discretionary expenditures
- ☒ **Without significant reduction in services**

**\$8.5 Million**

# Use Available Revenue Sources to Protect Core Services

**\$5.1  
Million**

Shift sales tax  
from PAYGO to  
General Fund

**\$1.7  
Million**

Capture ABC  
Revenue in  
General Fund

**\$4.3  
Million**

Use capital  
capacity to  
transfer and  
expand street  
resurfacing

**\$11.1 Million**

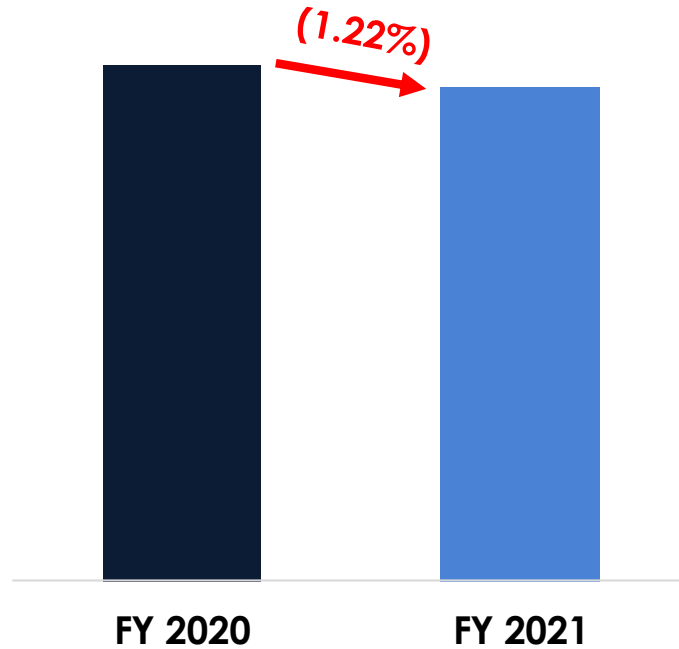
# Solving the Budget Challenge

<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

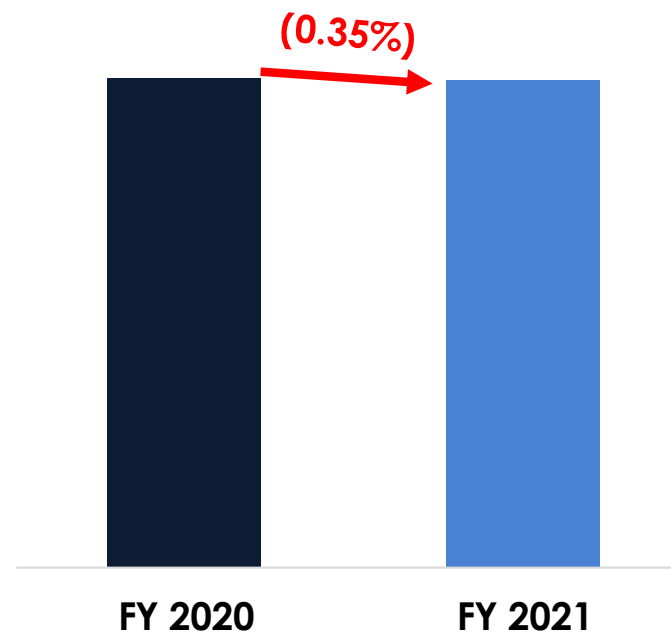


# Proposed FY 2021 General Fund

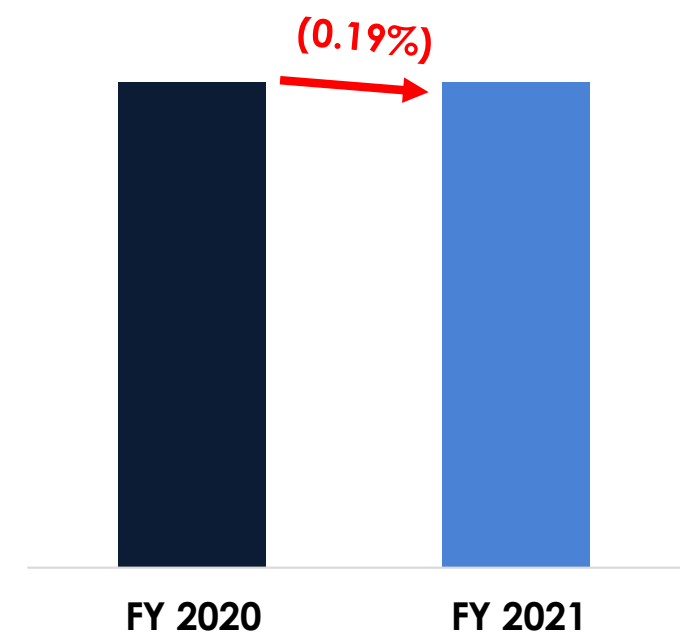
Proposed FY 2021 General Fund Budget: **\$718.8m**



Proposed FY 2021 General Fund Positions: **5,731**

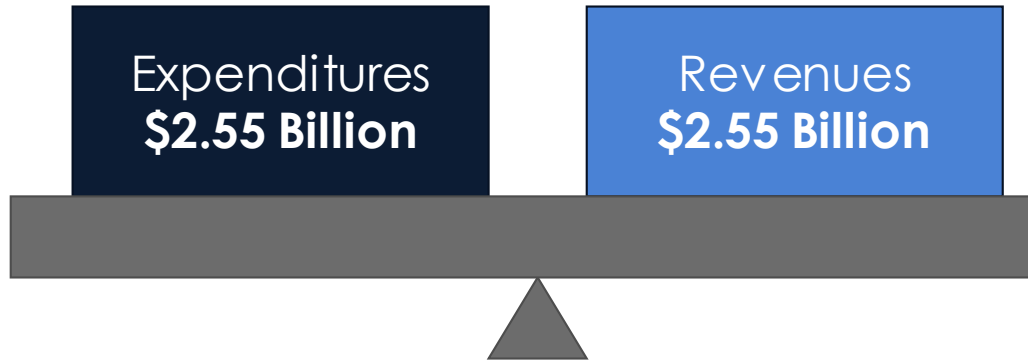


Proposed FY 2021 All Funds Positions: **8,217**

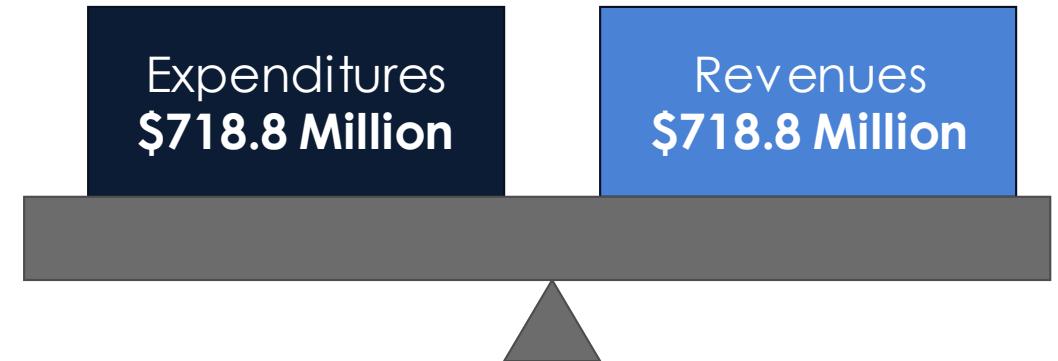


# Remaining Structurally Balanced

**Proposed FY 2021:  
All Funds  
(net of transfers)**



**Proposed FY 2021:  
General Fund**



**No Use of Operating Reserves**

# During a crisis, a financially resilient organization can:

**Protect Core Services**



**Protect Its Employees**



**Protect Its Capital Program**



**Keep Moving Forward on Priorities**





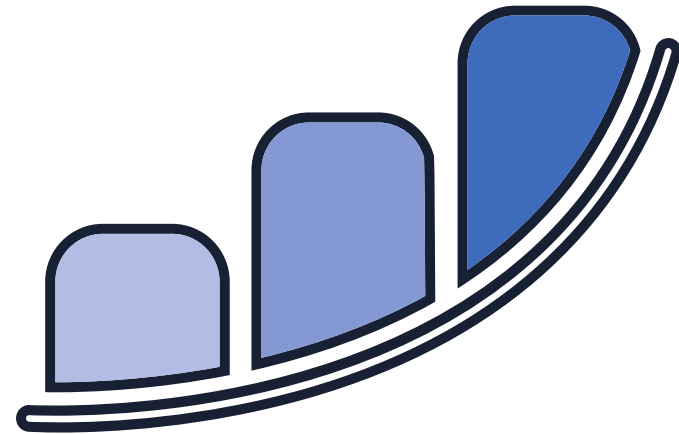
# Providing Core Services

## Core Services

- ✓ 311
- ✓ Fire/Emergency Management
- ✓ Housing
- ✓ Permitting
- ✓ Police
- ✓ Solid Waste
- ✓ Transit
- ✓ Transportation
- ✓ Water

## Preparing for the Future

Deliberate and methodical  
approach to ramping back up



# Protect Existing Employees



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**Employees continue to deliver services**

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**Safety is our priority**

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**Strive to be an Employer of Choice**

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# Everything Starts with Our Employees

- ✓ **3 percent** merit increase for salaried general employees
- ✓ **3 percent** combined market and merit increase for hourly employees
- ✓ Employee health insurance premiums will have **no increase in 2021**
- ✓ Continue All-Access Transit Pass





# Completing Two-Year Police Pay Plan



## Fully Fund Plan

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

# Continuing the Plan with Fire



## 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 now received increased 4 years in a row

# Impact of Investments in Public Safety

## Compensation

### Cumulative Three Year Impact to Top Step<sup>1</sup>

	FY 2018	FY 2021	Change <sup>2</sup>
Police Officer	\$72,580	\$86,086	+19%
Police Sergeant	\$86,064	\$99,709	+16%
Firefighter II	\$69,124	\$76,224	+10%
Fire Engineer	\$70,852	\$82,037	+16%
Fire Captain	\$83,934	\$96,140	+15%

<sup>1</sup> Table includes 10% incentive pay for a 4-year degree

<sup>2</sup> Includes 2%, 1.5%, and 1.5% market adjustments from FY 2019-FY 2021

## Recruitment and Retention (2018 to 2019)

### Voluntary Resignations (reasons unrelated to performance)

**Police:**  
Down 25%

**Fire:**  
Down 50%<sup>1</sup>

### New Recruit Applications

**Police:**  
Up 24%

**Fire:**  
Up 7%

<sup>1</sup> Charlotte firefighters have an independent retirement system, resulting in a low attrition rate. The 2018 to 2019 change was from 6 to 3 resignations



# Remaining Disciplined in FY 2021

- ▶ Core services will continue
- ▶ Delivery of services will change
- ▶ Expenditures plans may change based on actual revenues



# Resilience in Capital Planning

FY 2018

**FY 2018-2022 Community Investment Plan**

**INTRODUCTION**

The City of Charlotte recognizes the importance of long-range capital investment planning to maintain the growth and vitality of the community. The City's Community Investment Plan is a five-year capital expenditure and infrastructure plan, which matches the City's highest priority capital needs with a financing schedule.

The FY 2018-2022 Community Investment Plan totals **\$4.1 billion**, and includes investments in neighborhoods, housing, storm water projects, roads, transit, water and sewer projects, the airport, and government facilities.

The following pages of this section of the document provide summary information and detailed funding schedules for the FY 2018-2022 Community Investment Plan and are organized into the following subsections:

Community Investment Plan Subsections	Contents
1. General Community Investment Plan Summary	Provides an overview of the funding sources and capital projects included in the recommended General Community Investment Plan, including investments in neighborhoods, housing, roads, economic development, environment, and facilities.
2. Municipal Debt-Funded Project Summary	Provides a list of the General Community Investment Plan projects funded with debt-supported Certificates of Participation and General Obligation Bonds scheduled over four bond referenda between 2024 and 2030.
3. General Pay-As-You-Go-Funded Project Summary and Schedule	Provides a list of the General Community Investment Plan projects funded with cash-supported Pay-As-You-Go revenues for smaller and one-time capital investments.
4. Transit Investment Pay-As-You-Go-Funded Project Summary and Schedule	Provides a list of funding sources and uses for City-supported transit investments.
5. General Community Investment Plan Program Expenditure and Revenue Summary	Provides list of total expenditures by General Capital Program and a list of each revenue source supporting the General Community Investment Plan.
6. Enterprise Community Investment Plan Revenue and Expenditure Summary	Provides a list of capital revenue sources supporting each of the four Enterprise Community Investment Plans along with the total expenditures for each program.
7. Detailed Program Schedules A - E	Sections 7.A through 7.E provide detailed funding and expenditure schedules for each capital program area, including Housing and Neighborhoods, Transportation, Economic Development, Environment, and Facility Investments. These schedules identify the individual capital projects within each program area for the four-year Community Investment Plan.
8. Preliminary Public Art Schedule	Provides a summary of the public art funding allocations to each of the eligible projects.
9. Estimated Operating Budget Impact from Major Capital Investments	Provides a list of estimated annual operating costs associated with major capital investments and the fiscal year in which those operating costs will begin upon completion of the capital project.
10. Capital Program and Financial Policies	Provides a description of the City Council-approved programmatic and financial policies governing the development and management of the Community Investment Plan.

FY 2019

**FY 2019-2023 Community Investment Plan**

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FY 2020



FY 2021



# Continuing to Invest throughout the City

## Big Ideas – Community Investment Highlights

**\$135.0m** in six different Comprehensive Neighborhood Improvement Program areas

**\$130.0m** to develop affordable housing (more than double over planned amount of \$60.0m)

**\$127.7m** to support enhanced street network and improved traffic flow

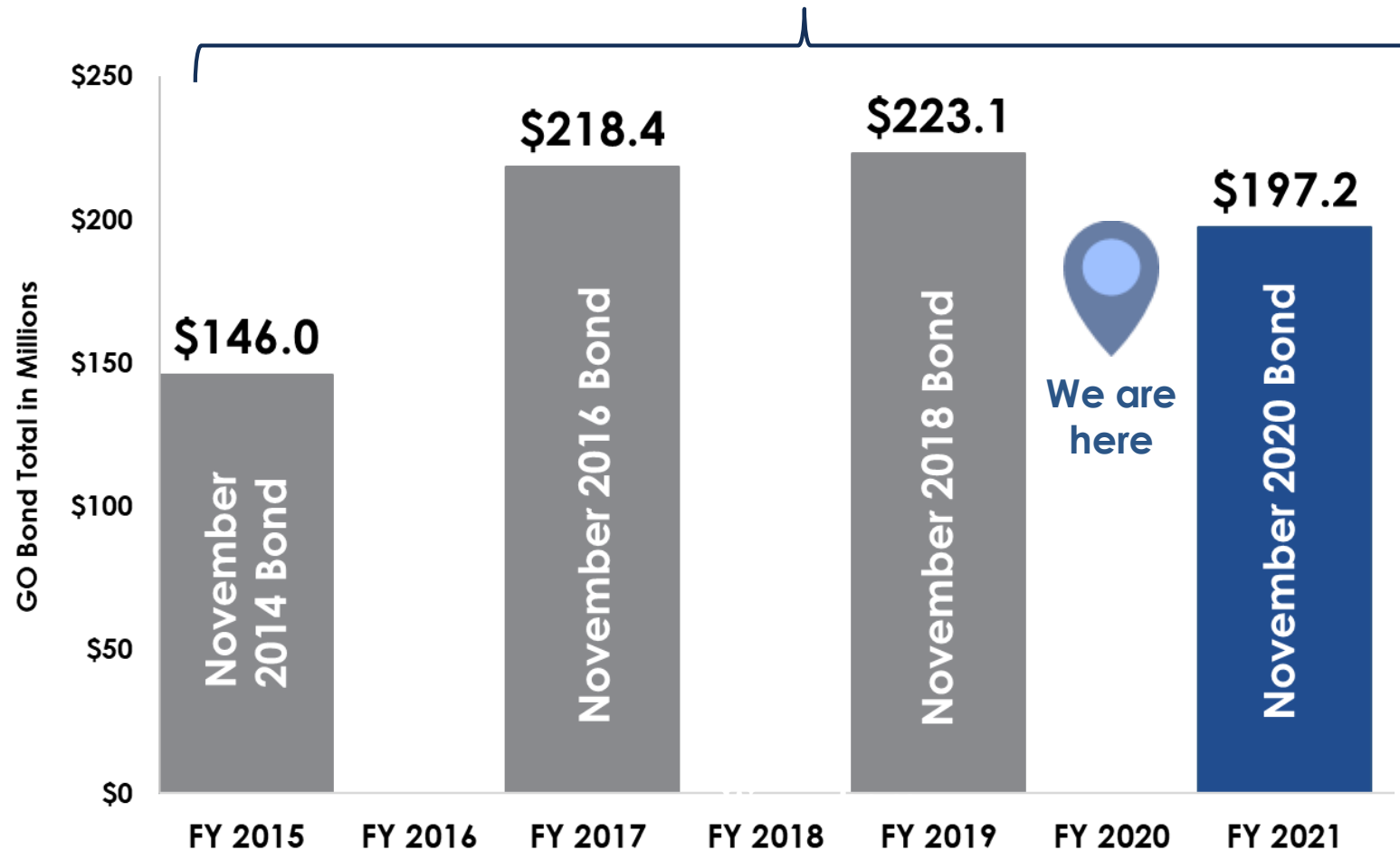
**\$87.0m** to ensure pedestrian and bicyclist safety

**\$73.7m** to support economic development in developing and redeveloping areas of the city



# Completing the Big Ideas

“The Big Ideas” = \$784.7 Million over eight Years



# We Invest in Our Priorities



# Evaluating Capital Accounts

## ► \$37.1 million of planned funding able to be adjusted:

- Planned project, but no longer viable
- Able to be deferred due to projected schedule
- Recommended for re-prioritization

Allowed for additional Transportation and Neighborhood bond funding



# Investing in Transportation and Mobility

**\$15.0 Million** to  
build and repair  
sidewalks

**\$2.0 Million** to  
further Vision Zero

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

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

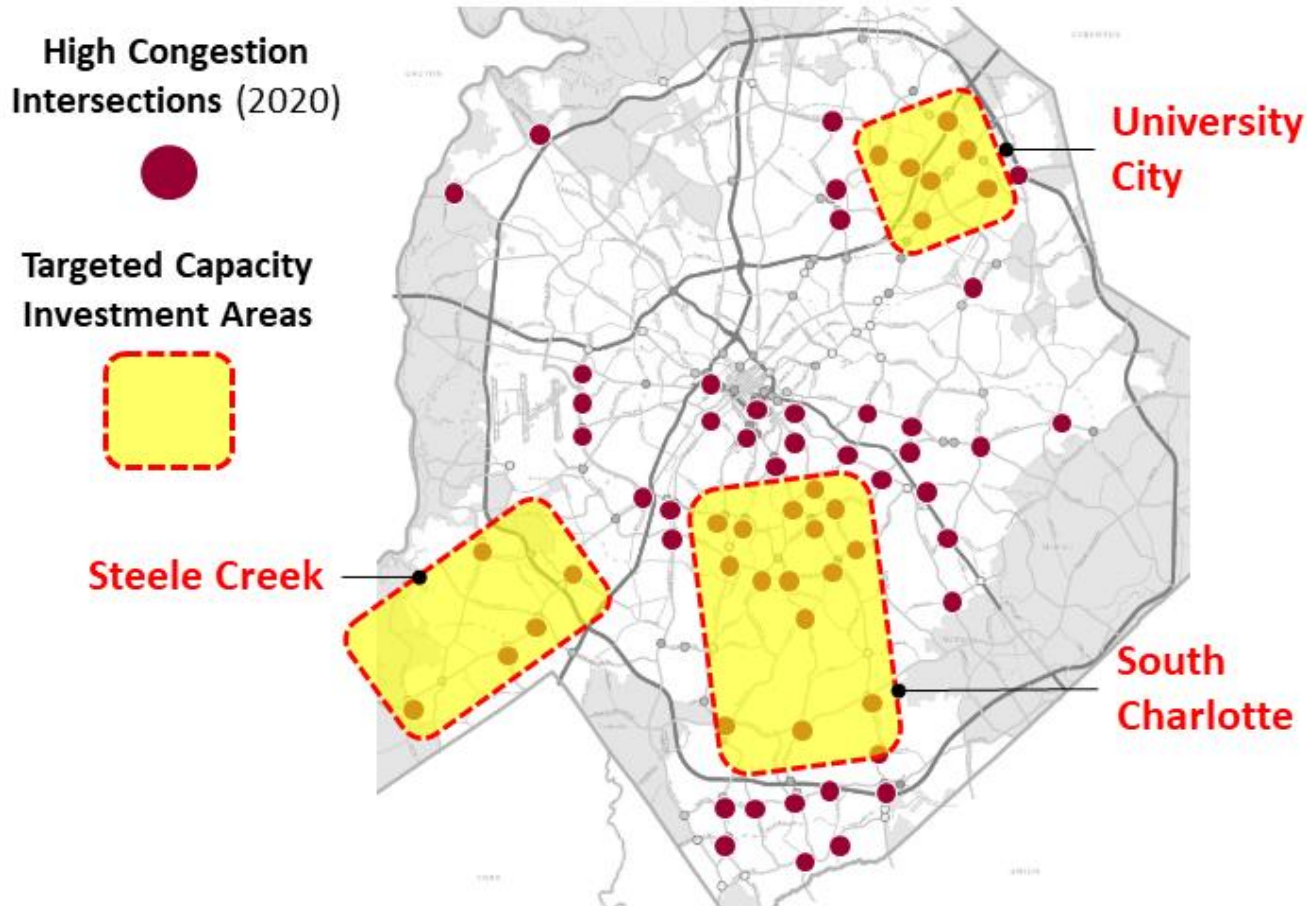
**\$1.0 Million** to  
implement ADA  
improvements

**\$7.6 Million** for  
congestion  
mitigation and  
traffic flow  
enhancements

\*A total of \$9.3 million is provided in FY 2021, \$8.0 million of which is bond funding, to support street resurfacing. This is an annual increase of \$1.0 million.



# Providing Congestion Mitigation and Traffic Flow Enhancements



**\$7.6 Million  
(CIP)**

**+**

**\$6.7 Million  
(Available PAYGO)**

**\$14.3 Million  
Proposed in FY 2021**

# Making Sustainable Investments

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

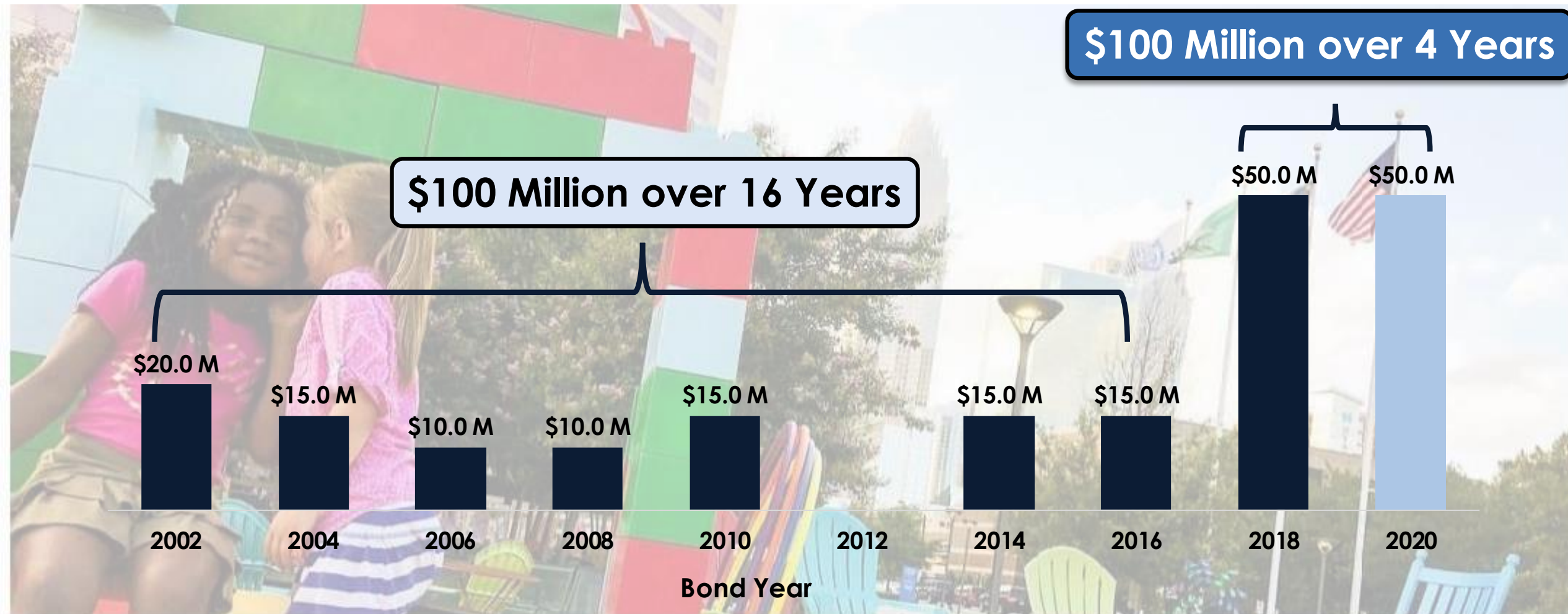


**Purchasing 20 Electric Vehicles and  
\$1.0 Million** for Charging  
Infrastructure





# Keeping the Momentum in Affordable Housing



# Proposed 2020 Bond Allocation



**Proposed 2020 Bond:**  
***\$197.2 Million***

**Neighborhoods:**  
**\$44.5 Million**

**Affordable Housing:**  
**\$50.0 Million**

**Transportation:**  
**\$102.7 Million**



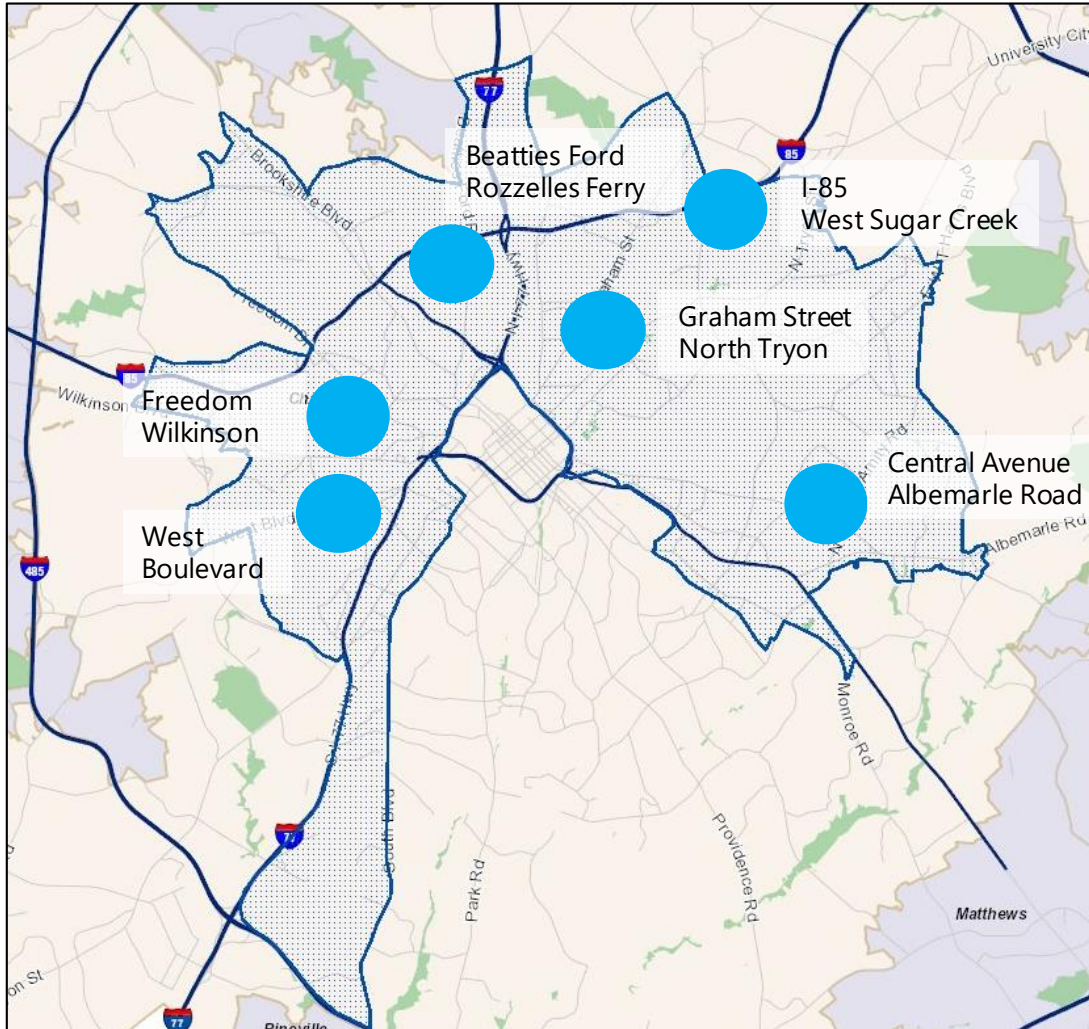
# Additional Investment in Neighborhoods

**\$30 Million**  
to Complete  
Big Ideas CNIP  
Funding

**\$14.5  
Million** to  
support  
corridor  
development



# New Investments in Corridors



**\$14.5 Million  
(CIP)**

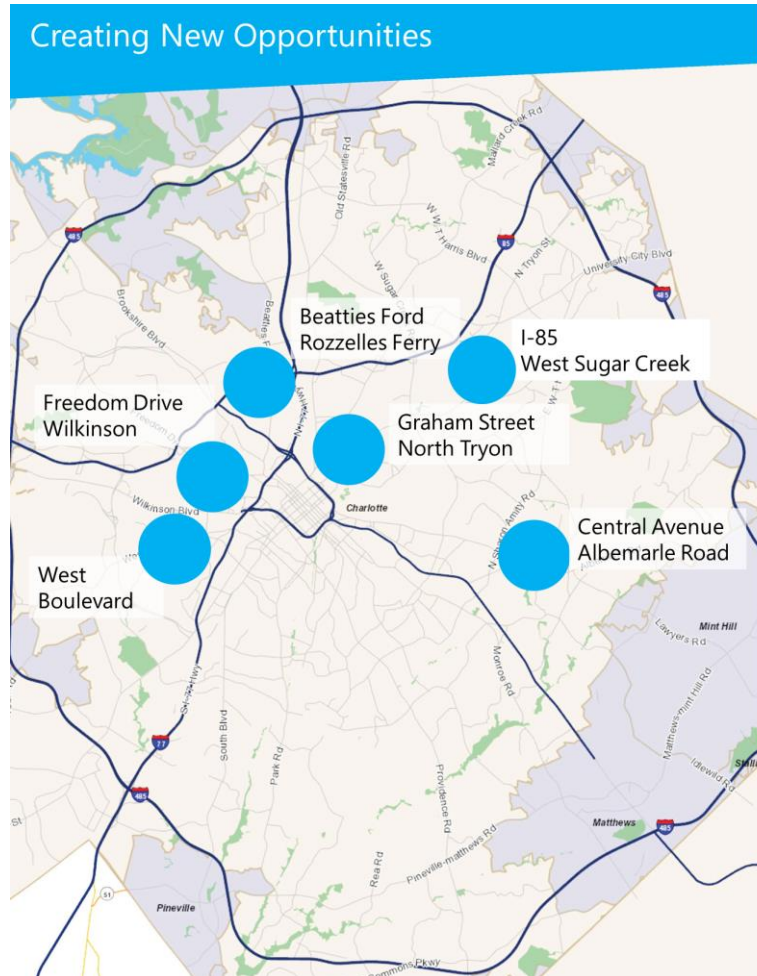
**+**

**\$10.0 Million  
(PAYGO)**

**\$24.5 Million  
Proposed in FY 2021**



# New Comprehensive Strategy Focusing on Corridors of Opportunity



## What Makes a Great Corridor?

- Engaged residents, merchants, and property owners
- Community capacity
- Pride and authentic identity
- Mobility and public transportation
- Safe communities
- Strong workforce
- Thriving businesses
- Affordable options
- Amenities and environment

# Tailoring Approach for Each Corridor

## *Build Capacity*



- ☐ Build relationships: city to residents, neighbor to neighbor, neighbor to business owners
- ☐ Develop comprehensive vision through playbooks and design charettes
- ☐ Use data-driven outreach to increase neighborhood participation in programs

## *Capitalize on Momentum*



- ☐ Leverage identified community projects and programs
- ☐ Provide focused grant funding for self-identified projects (matching grants)



# Leveraging Partnerships for Safer Communities

Developed and Approved  
Framework to Address  
Violence



Support Community-wide comprehensive  
plan to address violence

## Framework to Address Violence

Purpose: City, County, Partners, and Community work together to reduce violence, increase economic opportunity, and build healthier, more resilient communities.

Intergovernmental Collaboration	Community Collaboration in Priority Areas	Interrupt Violence	Invest in Community-Led Efforts	Use Data and Evidence
PROGRAMS		POLICY		PRACTICE

- Supporting Violence Interrupter Pilot
- City Liaison to support Community Planning effort
- Developing violent crime dashboard
- Strengthening inter-agency relationships for data sharing
- Launching Fellowship Pilot
- Continue JumpStart Micro Grants to build grassroots capacity to measure and achieve results

# Managing Water Resources

## Storm Water

- ▶ No Rate Increase



## Charlotte Water

- ▶ 1.9% rate increase - lowest rate increase in more than 10 years



# We will Remain...



**Stable**



**Resilient**



**Adaptable**

**Focus now turns to recovery...**

# Next Steps

- ▶ **May 11:** Budget Public Hearing
- ▶ **May 20:** Budget Adjustments
- ▶ **May 27:** Straw Votes
- ▶ **FY 2021 Starts July 1, 2020**



# Together, we serve a resilient Charlotte

