



Economic and Revenue Forecast

CITY COUNCIL BUDGET WORKSHOP

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**Labor
Market
Strong
amidst
fears of a
recession**

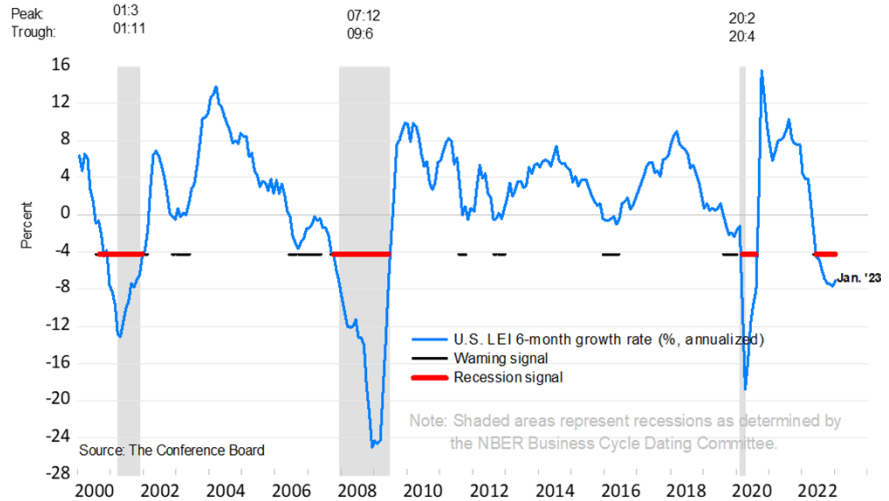
- ◀ Unemployment rate at 3.4%
- ◀ Employment gain of 517,000
- ◀ Labor Force Participation at 62.4%
- ◀ Average hourly earnings at 4.4%
- ◀ Initial Unemployment Insurance claims at 193K (4-week avg.)
- ◀ Labor demand still outweighs supply

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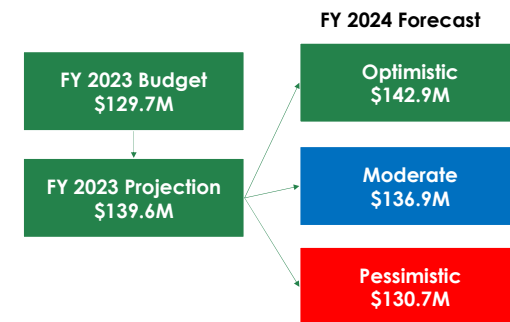
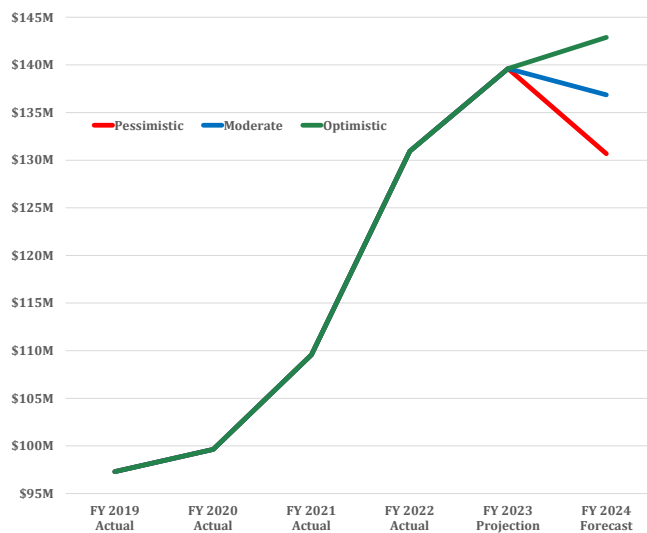
Economy still signals possibility of a recession

LEI: Leading Economic Index

- Made up of 10 components that are designed to predict the direction of the economy over the next few quarters
- The 6-month change in the LEI is used to assess whether a recession is coming
- Jan 2023 marked the 11th month of LEI's decline
- Other indicators continue to offset the strengths in the labor market and stock prices

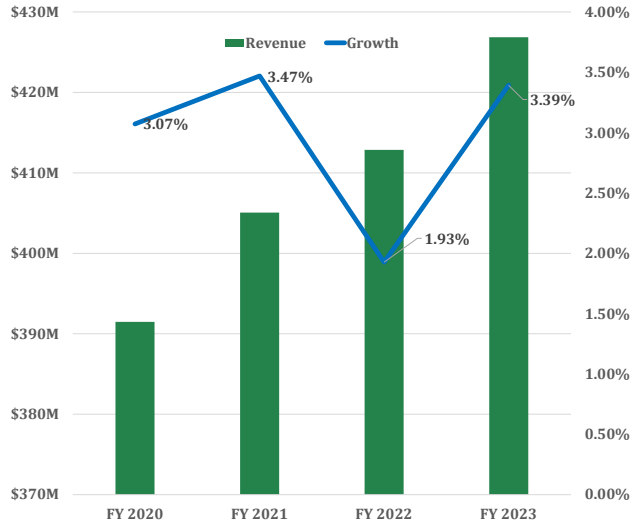


General Fund Sales Tax Revenue Forecast



Moderate Case = Mild recession
Pessimistic Case = Deeper recession
Optimistic Case = Soft Landing

General Fund Property Tax Revenue Forecast

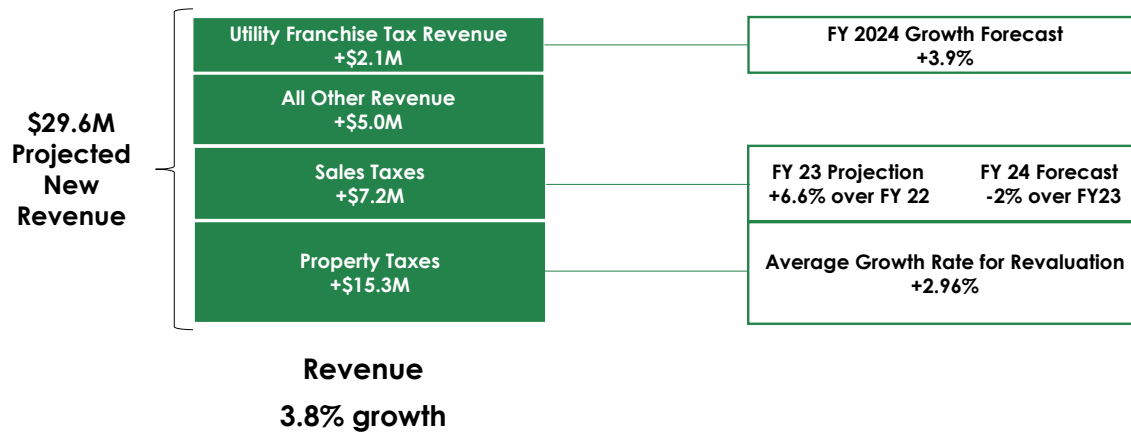


Average Annual Growth Rate since last revaluation
2.96%

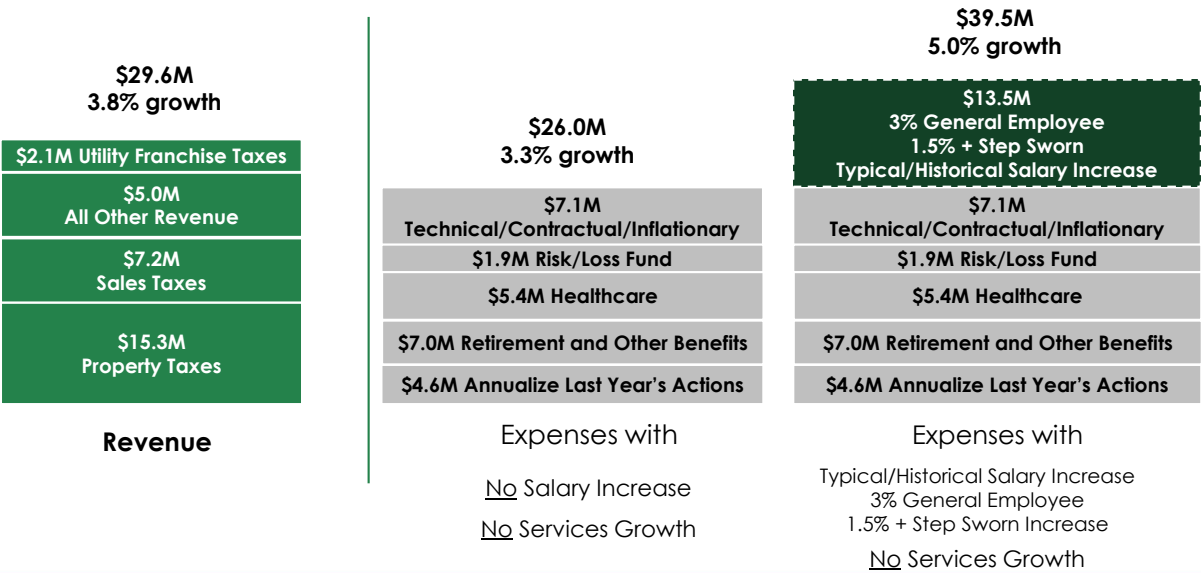
Additional Property Tax Revenue at Revenue Neutral Rate in FY 2024

+\$12.5M over FY 23 Projection
+\$15.3M over FY 23 Budget

General Fund Revenue Forecast



Revenue Growth is Lower than Recent Years While Non-Salary Expenditure Growth is Higher



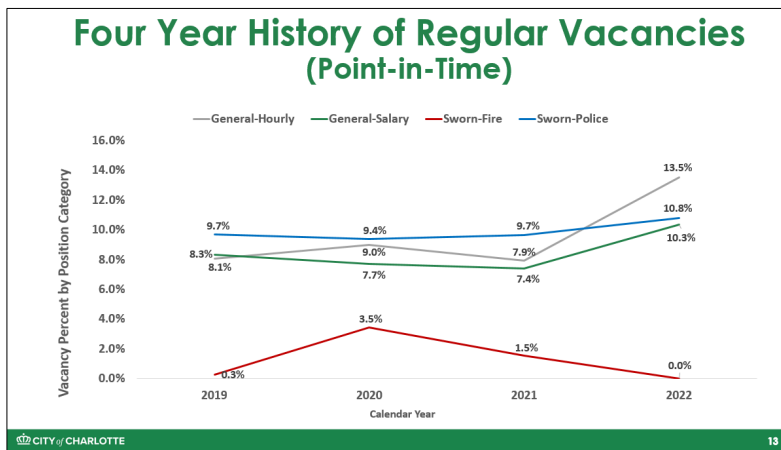
Compensation, Staffing, and Healthcare

BUDGET WORKSHOP

MARCH 9, 2023

1

Last Year, Charlotte Had Very High Vacancy Rates in Operations Positions



Operational staffing
concerns led to
significant
compensation actions
in the FY 2023 Budget

**Presented at Council Workshop on February 9th, 2022*

2

City Council Made Aggressive Investments in FY 2023 to Address This Challenge

	Recent Typical Compensation			FY 2023 Approved Compensation		
Hourly Employees	1.5% Market	+	1.5% Merit Budget	=	3%	
Salaried Employees			3% Merit Budget	=	3%	
Sworn Police and Fire ¹	1.5% Market	+	2.5-5% ² Step	=	4-6.5%	
	1.5% Market (July)	+	1.5% Market (January)	+	2.5-5% ² Step	= 5.5-8%
¹ Excludes Police and Fire Command Staff who are in salaried pay plan ² Police and Fire at top step of pay scale only receive market adjustment ³ Excludes senior management and executives				Other FY 2023 Approved Compensation Increases: -2.5% Shift Differential -2.5% for jobs requiring Commercial Drivers License -2% one-time from ARPA retention bonus ³		

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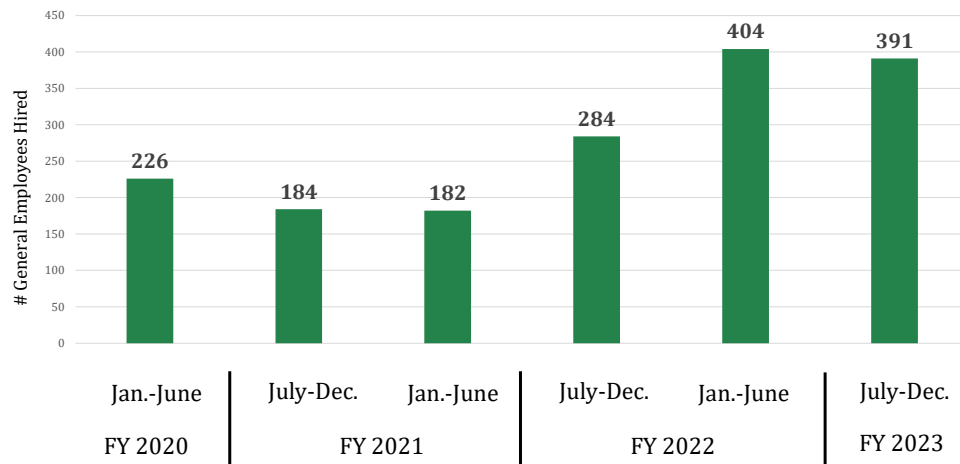
Employee Retention Improved in Every Category After Investments Were Made

	2021 Resignations		2022 Resignations		% change in first half of FY23	
	Jan.-June	July-Dec.	Jan.-June	July-Dec.		
General Employees	Professional/Mid-Management/Executive/Official	32	80	98	62	↓ -36.7%
	Service Maintenance	51	60	47	43	↓ -8.5%
	Clerical/Administrative Support	29	44	46	33	↓ -28.3%
	Skilled Craft	30	42	37	21	↓ -43.2%
	Technicians	11	17	24	11	↓ -54.2%
	Sub-Total General	153	243	252	170	↓ -32.5%
Sworn Employees	Fire Uniformed Rank	2	7	4	2	↓ -50.0%
	Fire Uniformed Management	0	0	0	0	0.0%
	Police Sworn Rank	27	40	41	31	↓ -24.4%
	Police Sworn Management	0	1	0	0	0.0%
	Sub-Total Sworn	29	48	45	33	↓ -26.7%
	TOTAL	182	291	297	203	↓ -31.6%

FY 2023 investments began July 2022

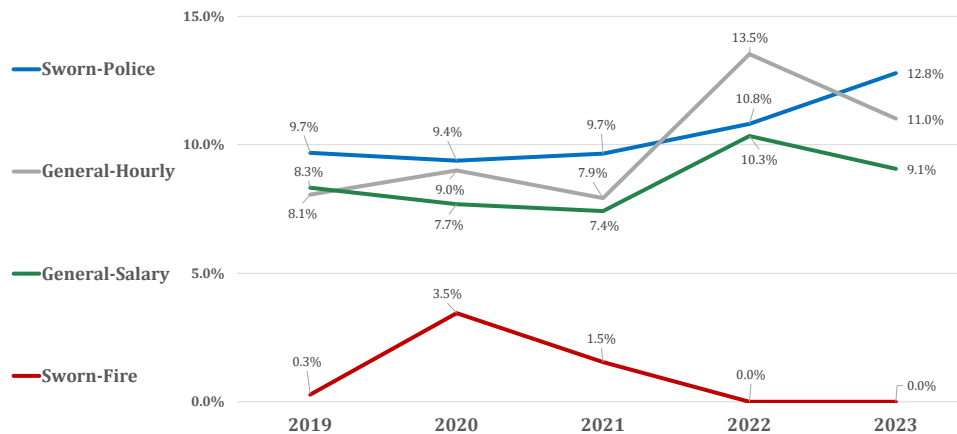
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General Employee Hiring Has Remained Elevated Despite Lower Attrition



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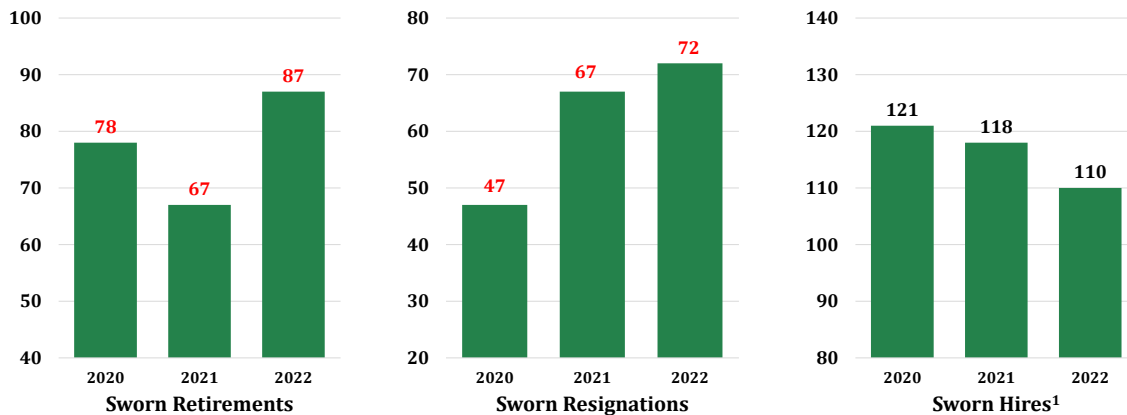
FY 2023's Compensation Program Helped Reverse the Trend in General Employee Vacancy Rates



Point in Time Snapshot of vacancy rates in Q1 of each calendar year

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Elevated Retirements and Resignations Continue to Challenge Sown Police Staffing



¹Only includes graduates of the police academy and lateral hires

Years shown are calendar years

Highlights of the City's Healthcare Program

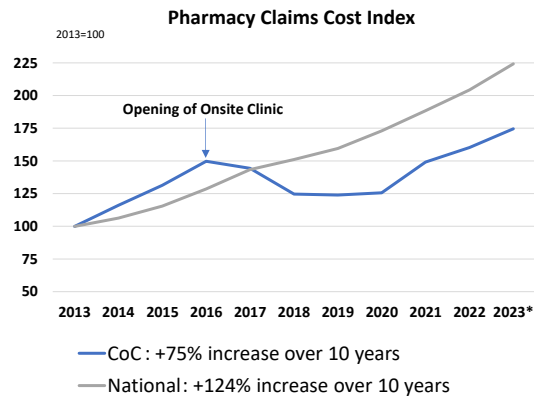
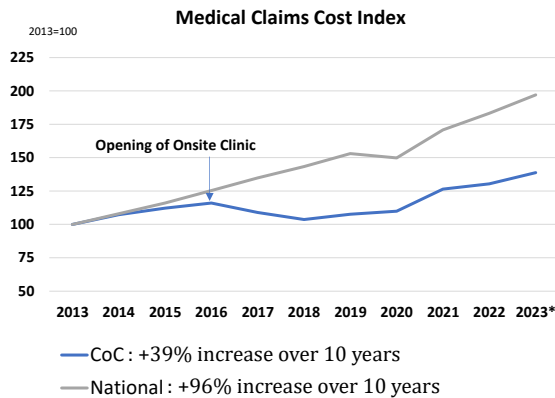
First Place Winner Charlotte Business Journal Regions 2022 Healthiest Employers of Greater Charlotte.

Implemented occupational health exams for all Police including advanced cancer detection screenings, heart disease screenings, and behavioral health and sleep analysis

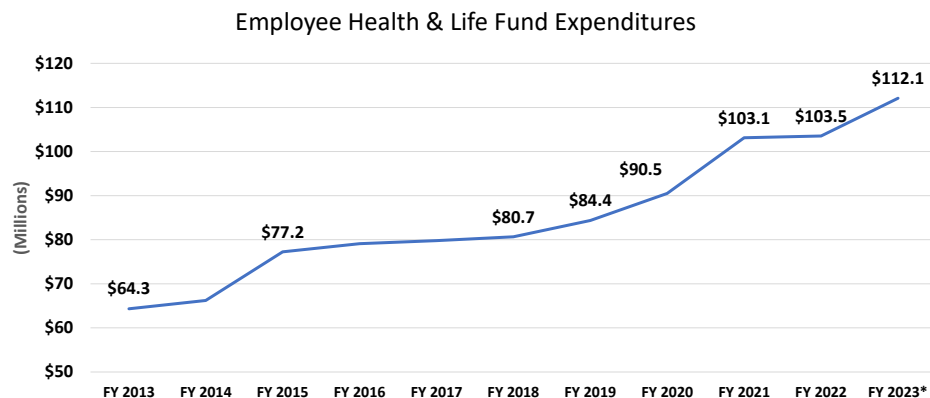
Increased access to and utilization of free behavioral health, health coaching, and physical therapy services for Police and Fire with the Public Safety Occupational Health Clinic

Enhanced financial wellness offerings with a financial essentials program, emergency preparedness challenge, retirement stages education and beneficiary campaign.

On-Site Clinics Have Helped Keep Charlotte's Healthcare Growth Below the National Trend Since 2013



Despite Strong Performance, Recent Healthcare Inflation Requires Significant Additional Investment



Committee Inclusion: Benchmarking Council-Manager Compensation

Mayor		Council										
Charlotte Benchmark Cities	Pop. 2022	Full-time/ Part-time	Current Annual Salary	Annual Allowance	Total Salary	Adjusted for COL	Current Annual Salary	Annual Allowance	Total Salary	Adjusted for COL	Cost of Living 2022*	% of CLT's COL
Phoenix	1,656,892	Full-time	\$88,000	\$1,440	\$89,440	\$100,064	\$61,600	\$6,800	\$68,400	\$76,525	62.3	111.9
San Antonio	1,466,791	Full-time	\$61,725		\$61,725	\$78,508	\$45,722		\$45,722	\$58,194	54.8	127.2
Dallas	1,336,347	Full-time	\$80,000		\$80,000	\$84,871	\$60,000		\$60,000	\$63,653	65.7	106.1
San Jose	1,033,430	Full-time	\$199,500		\$199,500	\$177,588	\$131,250		\$131,250	\$116,834	78.3	89.0
Austin	1,013,293	Full-time	\$134,191	\$6,300	\$140,491	\$139,292	\$116,688	\$6,300	\$122,988	\$121,938	70.3	99.1
Fort Worth	972,228	Part-time	\$29,000		\$29,000	\$34,029	\$25,000		\$25,000	\$29,335	59.4	117.3
Charlotte	917,527	Part-time	\$42,881	\$20,222	\$63,103	\$63,103	\$33,943	\$19,806	\$53,749	\$53,749	69.7	100.0
Mecklenburg County	1,122,276	Part-time	\$40,835	\$20,829	\$61,664	\$61,664	\$32,666	\$20,399	\$53,065	\$53,065	69.7	100.0
Oklahoma City	711,372	Part-time	\$24,000		\$24,000	\$30,032	\$12,000		\$12,000	\$15,016	55.7	125.1
El Paso	687,722	Full-time	\$76,475	-	\$76,475	\$124,250	\$50,983	-	\$50,983	\$82,833	42.9	162.5
Las Vegas	659,348	Full-time	\$233,777	\$600	\$234,377	\$286,598	\$89,230	\$500	\$89,730	\$109,722	57.0	122.3

COL Source: Numbeo Index

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Budget Takeaways

FY 2023 Compensation actions have helped reduce employee attrition

While improved, hourly employee vacancy rates remain higher than pre-2022 levels

Retirements and resignations in Police continue to outpace hiring

Continued healthcare cost inflation will require a significant financial investment

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FY 2024 Financial Partners

BUDGET WORKSHOP

MARCH 6, 2023

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Financial Partners Summary



Financial Partners are contracted by the City of Charlotte to provide specific services which support key initiatives to advance Council priorities and contribute to community enrichment.

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Financial Funding Sources

Discretionary Revenue

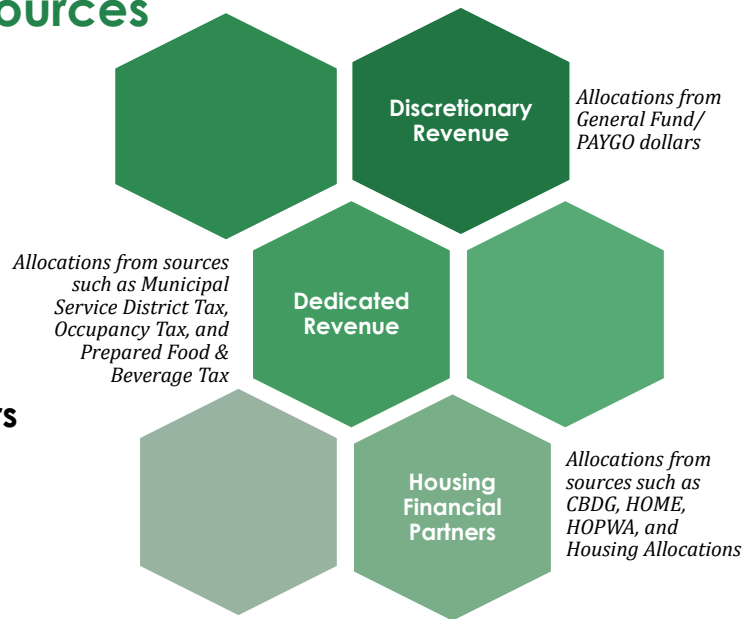
- Competitive process
- “Boots on the ground” organizations

Dedicated Revenue

- Partnerships renewed annually

Housing Financial Partners

- Organizations typically support housing goals
- Funded by either federal grants or from Housing Allocations



Financial Partner Reporting (non-housing service partners*)

Performance Measures

- Established in partnership with staff to ensure alignment with strategic priorities
- Reported on at mid-year and year-end

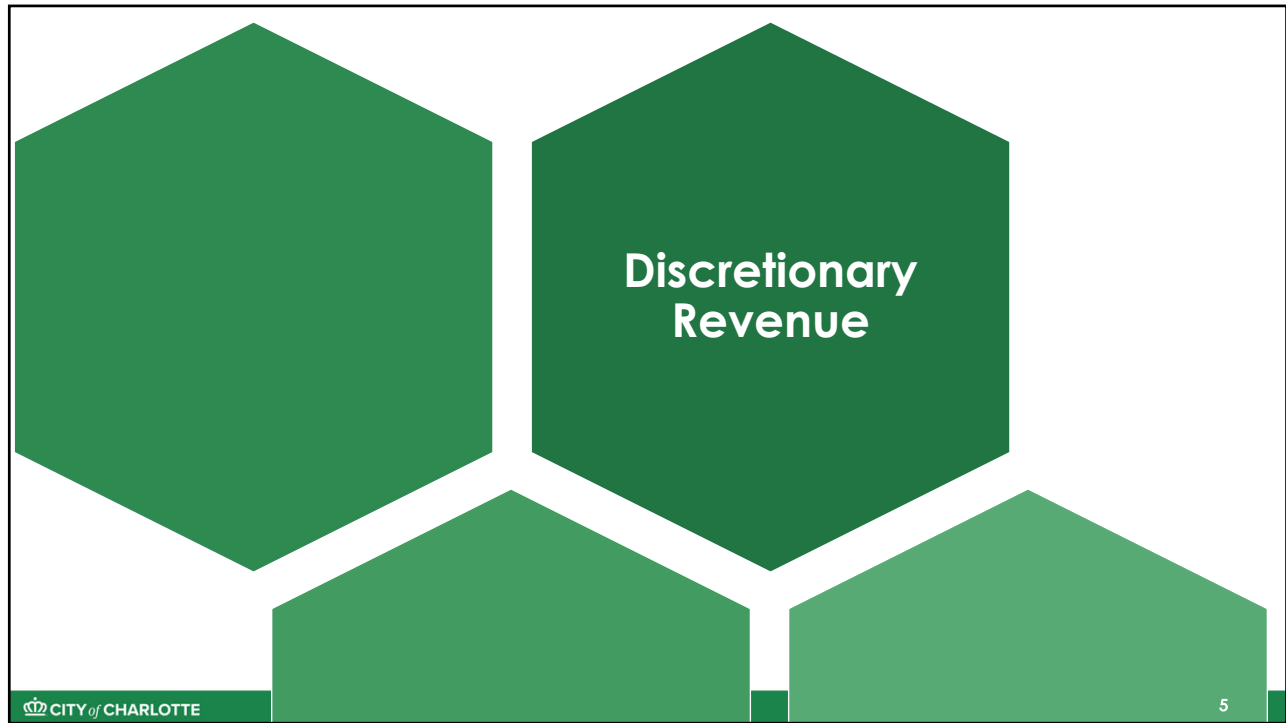
CBI-Certified MWSBE Utilization

- Goals established in partnership with CBI at start of contract year
- Ensure selected organizations support competition and participation of Minority, Women, and Small Business Enterprises (MWSBEs) in city contracting
- Reported on quarterly

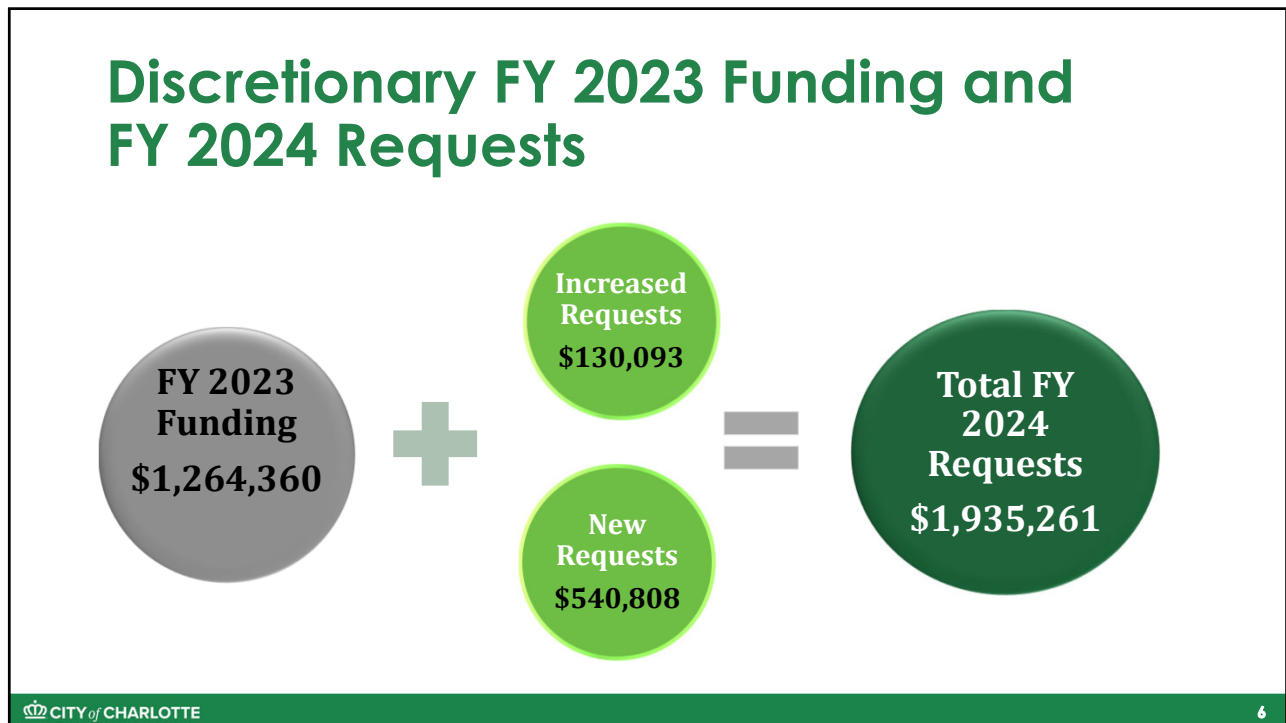
Equity Measures

- Organizations identify target populations that their programming supports
- Ensure partners support the city's efforts to address systemic and community barriers that limit opportunities for Charlotte's vulnerable communities
- Reported on at mid-year and year-end

* Housing services partners are typically subject to federal regulations and requirements and/or specific purpose contracts



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Current Partner Funding and Requests

Agency	FY 2023 Funding Amount	FY 2024 Funding Request	Increase Requested
Alliance Center for Education	\$90,000	\$126,000	\$36,000
Bengali Women's Forum Corp	\$10,000	\$30,000	\$20,000
Charlotte Regional Business Alliance	\$167,322	\$168,341	\$1,019
Community Building Initiative	\$50,000	\$75,000	\$25,000
Greater Enrichment Program	\$200,000	\$200,000	-
My Brother's Keeper Charlotte-Mecklenburg	\$50,000	\$90,000	\$40,000
National Institute of Minority Economic Development – The Women's Business Center of Charlotte	\$50,000	\$50,000	-
Safe Alliance	\$397,038	\$405,112	\$8,074
Trees Charlotte	\$250,000	\$250,000	-
Total Increases Requested	\$1,264,360	\$1,394,453	\$130,093

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New Discretionary Financial Partner Requests

New Agency Requests	FY 2024 Funding Request
Achieving Success on Purpose	\$139,089
Carolina Metro Reds	\$50,000
For The Struggle, Inc.	\$100,000
Legal Aid of North Carolina – Charlotte	\$200,251
Race Matters for Juvenile Justice	\$51,468
Total New Requests	\$540,808

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Dedicated Revenue Sources			
Financial Partners with Dedicated Revenue Sources receive allocations from sources such as Municipal Service District Tax, Occupancy Tax, and Prepared Food & Beverage Tax.			
Agency	Funding Source	FY 2023 Funding Amount	FY 2024 Funding Request
Charlotte Center City Partners*	Municipal Service District Tax	\$6,498,850	\$6,773,431
Charlotte Regional Visitors Authority	Occupancy/Prepared Food & Beverage Tax	\$18,912,237	\$19,480,325
Charlotte Regional Visitors Authority-FILM	Occupancy Tax	\$150,000	\$150,000
South Park Partners	Municipal Service District Tax	\$1,406,217	\$1,471,466
University City Partners	Municipal Service District Tax	\$1,239,724	\$1,303,427
* Charlotte Center City Partners is the contracted organization for four Municipal Service Districts.			



Housing Financial Partners

Housing Financial Partners receive Federal grants, such as CDBG, HOME, and HOPWA, with additional funding from other Housing Allocations. These partners assist in providing housing resources such as construction or rehabilitation of units, financial support such as short-term assistance for rent or utilities and other services such as homebuyer counseling.

Agency	Funding Source	FY 2023 Funding Amount	FY 2024 Funding Request
Carolinas Care Partnership	HOPWA	\$2,961,512	\$3,239,835
Crisis Assistance Ministry	PAYGO – Innovative Housing	\$425,000	\$550,000
DreamKey (formerly Charlotte Mecklenburg Housing Partnership)	CDBG, HOME, and PAYGO – Innovative Housing	\$3,921,000*	\$2,091,000
Local Initiative Support Corporation (LISC)	PAYGO – Innovative Housing	\$200,000	\$200,000
West Side Land Trust	n/a	n/a	\$12,500,000

*In FY 2023 \$2 million in funding is dedicated to home ownership assistance for City of Charlotte employees

Discussion & Questions



 CITY of CHARLOTTE

FY 2024 Budget Presentation



March 9, 2023

1

Completing the 5-Year Repair List

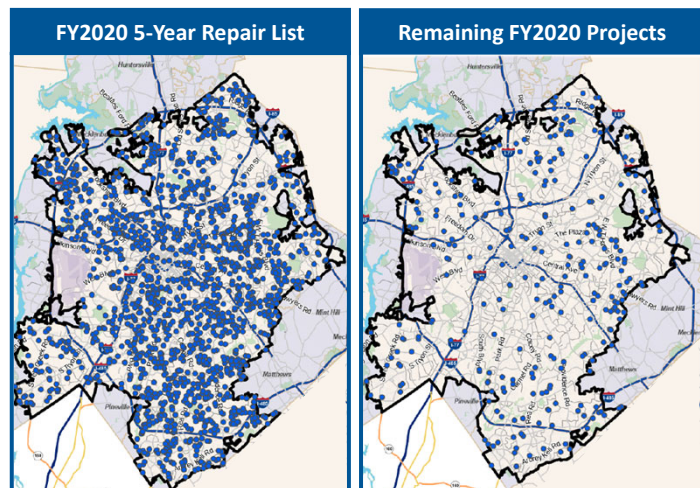
In FY2020 Storm Water Services committed to resolving 1,690 projects in 5 years

- 83% increase in productivity
- All remaining projects expected to be underway by end of FY2024.

STW continues to receive an average of ~3,000 calls for service per year

High priority repairs continue to be addressed immediately

Productivity has been impacted by availability of labor



CHARLOTTE WATER

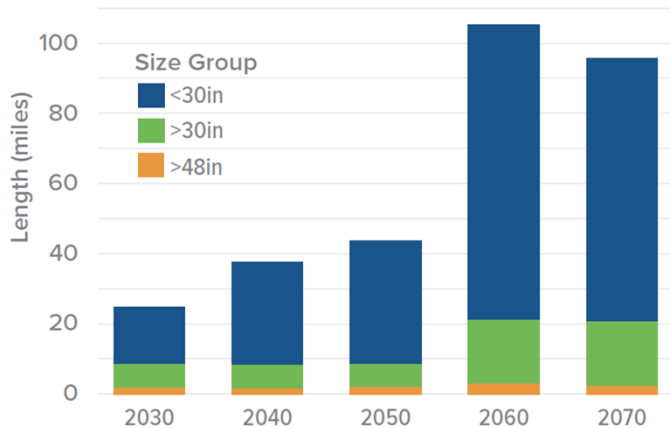


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Taking Care of the Drainage System

Initial Projected End of Useful Life of Storm Drainage Pipes



Preventative maintenance activities as shown here help extend the life of the drainage system

CHARLOTTE WATER



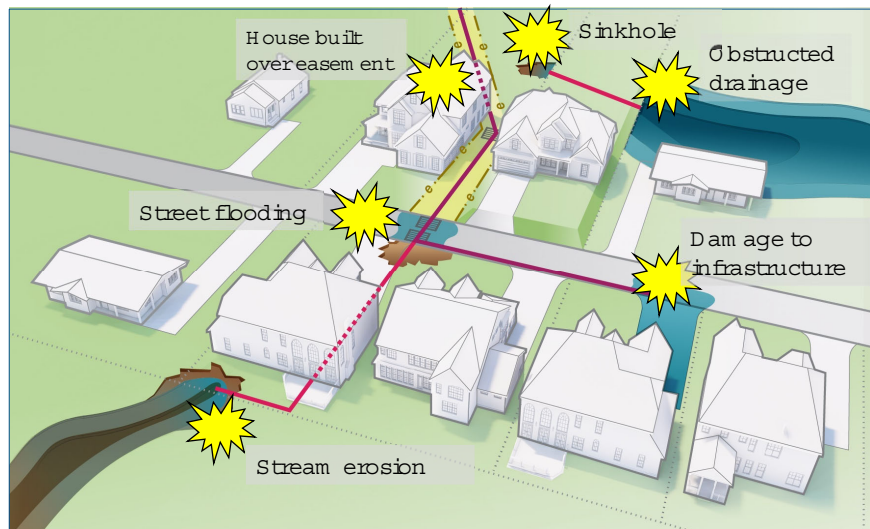
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Addressing Impacts of New Growth

The Unified Development Ordinance (UDO) will allow for regulation of drainage on infill development

FY 2024 will be a critical year to integrate new development review processes while sustaining a high level of service to permit applicants.



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FY 2024 – FY 2028 Proposed STW CIP

Five-year budget basis CIP = \$470 million
Supports Storm Water Services' mission to improve waterways & convey rainwater safely
Supports City Council's Strategic Priorities

~70% Transportation



~10% Environment



~20% Private Property Assistance

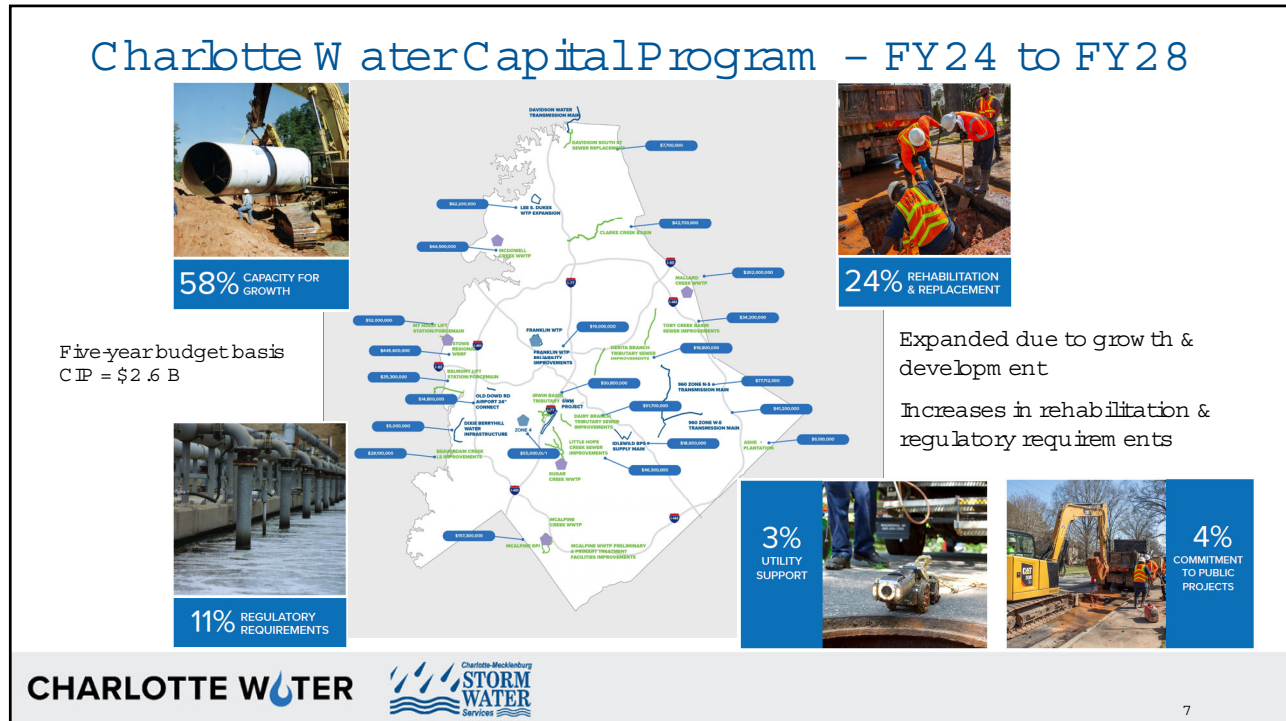


Charlotte Water #onewaterstrong

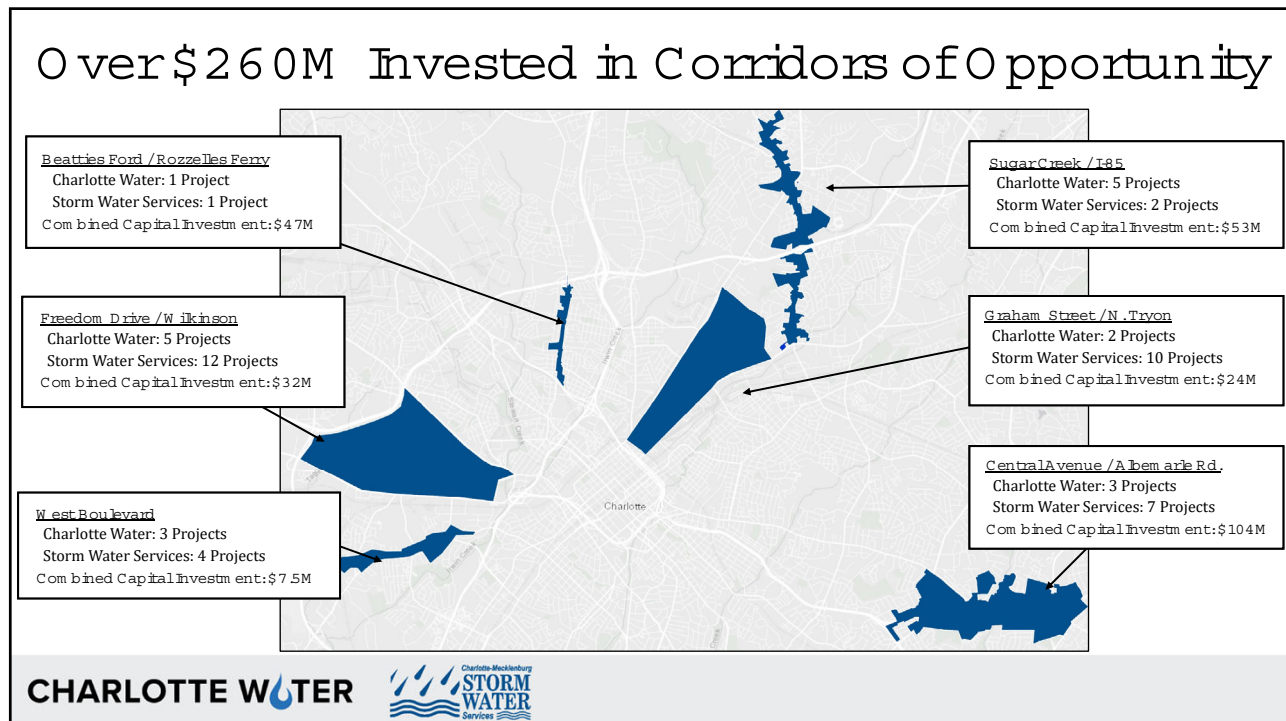
Vision

To be a leading water utility, recognized for excellence and dedicated to our people, community, region and environment





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FY 2024 One Water Challenges

Expense Pressures

- Material and Equipment increasing costs
- Architecture, Engineering, and Construction (AEC) services – significant cost escalation
- Chemicals for Treatment – increased costs and volatile market
- Electric Power and Natural Gas – double digit increases

Contracts

- Water construction firms have more work than ever
- Bidding environment coupled with material/equipment costs yielding much higher bids

Water Internal Positions

- Experiencing improvement in operational positions
- Significant challenges recruiting many salaried roles (especially engineering and technology)

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FY 2024 One Water Financial Planning

Support strategic priorities

Moderate annual fee increases to address inflation and system growth

Ensure equity among rate payers

Sustain AAA credit ratings from all subscribed agencies

Meet financial targets

- >250 Days Cash on Hand
- >2.0x Debt Service Coverage Ratio
- >40% Pay-Go as a % of Total CIP

Charlotte Water

	FY 2022	FY 2023	FY 2024
Fee Increases	3.42%	3.54%	4.25% (Current Forecast)

FY24 increase for average ratepayer is \$3.10 /month.

Storm Water Services

	FY 2022	FY 2023	FY 2024
Fee Increases	3.2%	3.8%	4.6% (Current Forecast)

FY24 increase for median ratepayer is 42 cents /month.

CHARLOTTE WATER



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Charlotte Water Affordability Index

AMI CALCULATOR

2022 Median Family Income for Charlotte, NC
City of Charlotte Housing & Neighborhood Services

Assumptions	
Family Size	4
AMI	\$96,300

Customer CCFs		1		2		3		4		5		6		7	
% of AMI	Income	Bill	Percent	Bill	Percent	Bill	Percent	Bill	Percent	Bill	Percent	Bill	Percent	Bill	Percent
20%	\$19,260	\$348.36	1.81%	\$438.96	2.28%	\$529.56	2.75%	\$620.16	3.22%	\$717.36	3.72%	\$814.56	4.23%	\$911.76	4.73%
30%	\$28,890	\$348.60	1.21%	\$438.96	1.52%	\$529.56	1.83%	\$620.16	2.15%	\$717.36	2.48%	\$814.56	2.82%	\$912.00	3.16%
40%	\$38,520	\$348.60	0.90%	\$438.96	1.14%	\$529.56	1.37%	\$620.16	1.61%	\$717.36	1.86%	\$814.56	2.11%	\$912.00	2.37%
50%	\$48,150	\$348.60	0.72%	\$438.96	0.91%	\$529.56	1.10%	\$620.16	1.29%	\$717.36	1.49%	\$814.56	1.69%	\$912.00	1.89%
60%	\$57,780	\$348.60	0.60%	\$438.96	0.76%	\$529.56	0.92%	\$620.16	1.07%	\$717.36	1.24%	\$814.56	1.41%	\$912.00	1.58%
70%	\$67,410	\$348.60	0.52%	\$438.96	0.65%	\$529.56	0.79%	\$620.16	0.92%	\$717.36	1.06%	\$814.56	1.21%	\$912.00	1.35%
80%	\$77,040	\$348.60	0.45%	\$438.96	0.57%	\$529.56	0.69%	\$620.16	0.80%	\$717.36	0.93%	\$814.56	1.06%	\$912.00	1.18%
90%	\$86,670	\$348.60	0.40%	\$438.96	0.51%	\$529.56	0.61%	\$620.16	0.72%	\$717.36	0.83%	\$814.56	0.94%	\$912.00	1.05%
100%	\$96,300	\$348.60	0.36%	\$438.96	0.46%	\$529.56	0.55%	\$620.16	0.64%	\$717.36	0.74%	\$814.56	0.85%	\$912.00	0.95%

Water & Wastewater Bill (Potential Rate Increase Scenario of 4.25%)

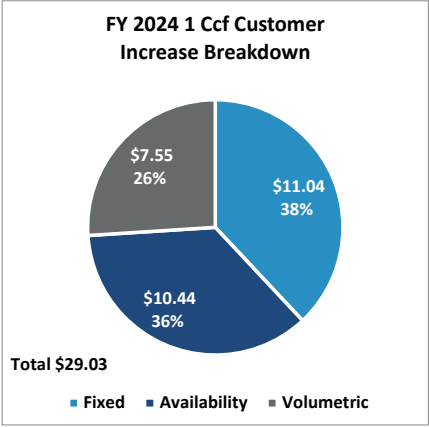
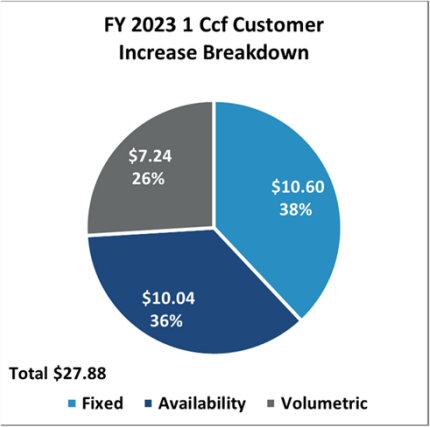
Assessing the Affordability of Federal Water Mandates¹

EPA's stated view on potable water—that it is affordable if it costs less than 2.5% of small community MHI—influences the perceived affordability of combined water and wastewater bills. Specifically, it is inferred that EPA would consider a combined annual water and wastewater bill of less than 4.5% of MHI to be affordable

¹ AWWA Accessing the Affordability of Federal Water Mandates (<https://www.awwa.org/Portals/0/awwa/government/Affordability-IssueBrief.pdf>)

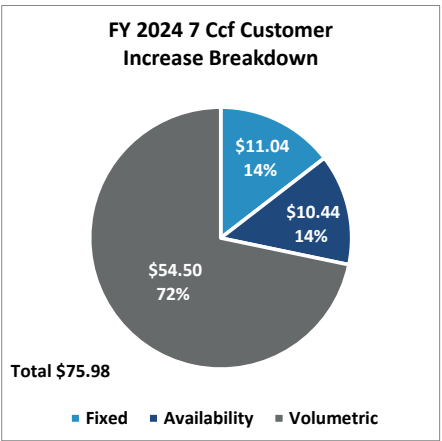
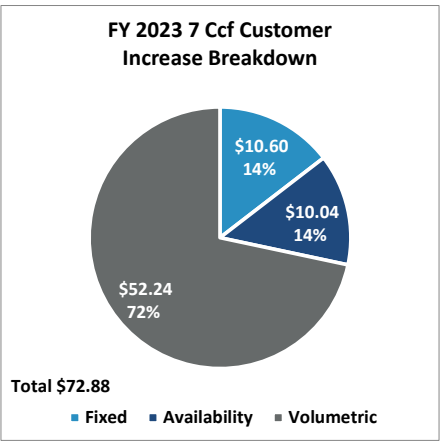
Resource Slides

1 Ccf Customer Comparison FY23 to FY24 (4.25%)



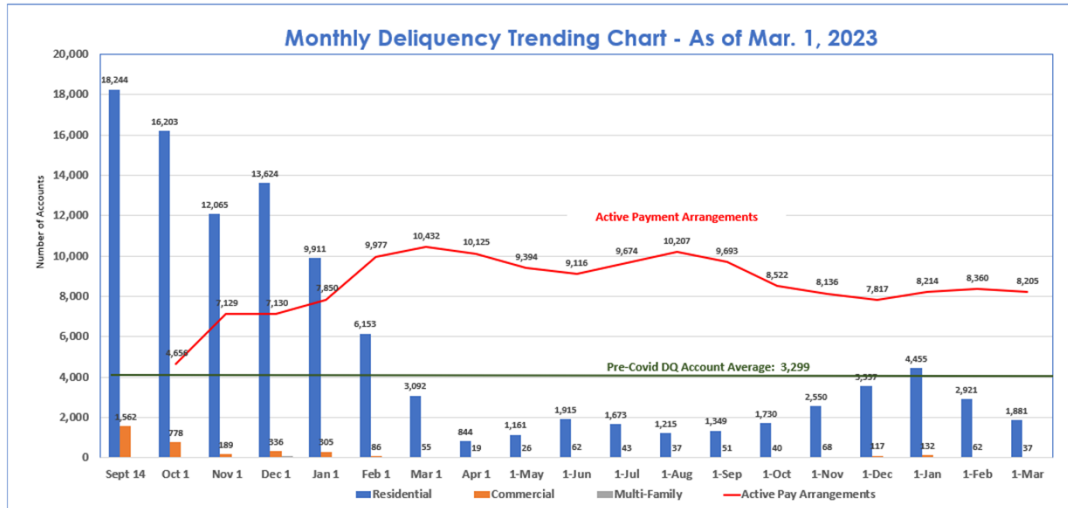
13

7 Ccf Customer Comparison FY23 to FY24 (4.25%)



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Trending Data



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