CHARLOTTE.

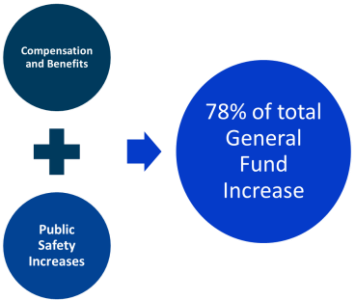
Honorable Mayor and City Council
City of Charlotte, North Carolina

I respectfully submit to you the Proposed Fiscal Year (FY) 2018 Strategic Operating Plan and FY 2018 –2022 Community Investment Plan (CIP) for the City of Charlotte. A summary of the Proposed Budget is outlined in the table below:

Proposed FY 2018 Budget	
General Fund	$668,512,660
Transfers to Other Funds	($87,129,377)
Subtotal General Fund	***$581,383,283***
Enterprise Funds	
Aviation	$625,943,450
Charlotte Area Transit System (CATS)	$328,174,436
Charlotte Water	$419,270,895
Storm Water	$103,080,673
Subtotal Enterprise Funds	***$1,476,469,454***
Capital Investment	
General Capital Debt Service	$91,717,415
General Community Investment Plan	$147,117,432
Subtotal Capital Investment	***$238,834,847***
Special Revenue Funds	***$93,756,456***
Grant Total All Funds	**$2,390,444,040**

The Proposed FY 2018 Budget is $2.4 billion. The total Proposed Budget is comprised of the annual operating budget and the Community Investment Plan for all funds. The General Fund Budget is $668.5 million, a $33.6 million or 5.3 percent increase above the Adopted FY 2017 General Fund Budget. The Proposed FY 2018 Budget demonstrates a commitment to making Charlotte a destination where people flock to, want to live in and thrive. By integrating past successes with new initiatives, we are building the winning city of the future.

This budget builds upon the long history of strong fiscal management for the City of Charlotte. Charlotte has enjoyed a AAA credit rating for decades, a true validation of the city's strong and effective financial management practices. The Proposed FY 2018 Budget adheres to the City Council's Budget and Financial Management Principles that were developed to ensure the long-term financial stability of the organization.

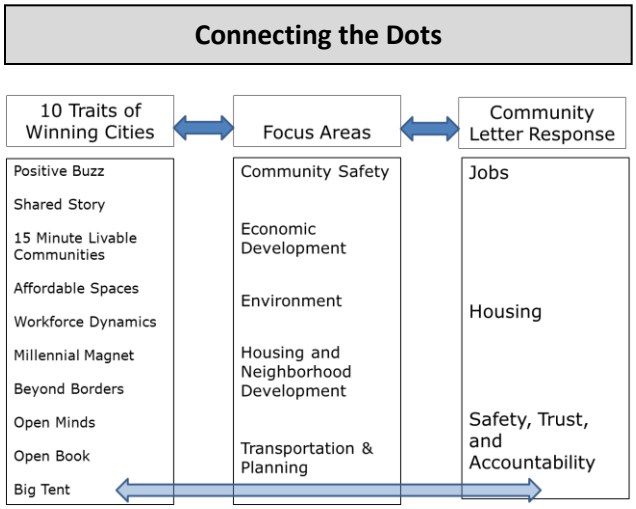


The Proposed Budget also includes investments in our neighborhoods, infrastructure, public safety, and Team Charlotte. The budget is structurally balanced, ensuring the continued success of the city.

The major driver of the 5.3 percent, or $33.6 million, increase in the General Fund is related to public safety investments and our commitment to employee compensation. Taken together, they account for $26.3 million or 78 percent of the increase.

For Charlotte residents, there will be no property tax rate increase. The overall tax burden stays relatively flat, with minor increases in water and sewer and solid waste fees.

Though I have been City Manager for a short time, the past five months affirmed what I knew when I accepted this job: Charlotte is a growing, diverse, and innovative city. The spirit and energy of Charlotte have created a thriving urban environment where people want to raise a family, start a business, or simply visit for the weekend. In 2018, Charlotte will celebrate its 250th anniversary. Reflecting on this historic achievement, we recognize the importance of laying the foundation for sustainable growth as we look forward to the next 250 years. The future of Charlotte is a city beyond borders that serves as the hub for developing connections between urban, suburban, and rural communities.



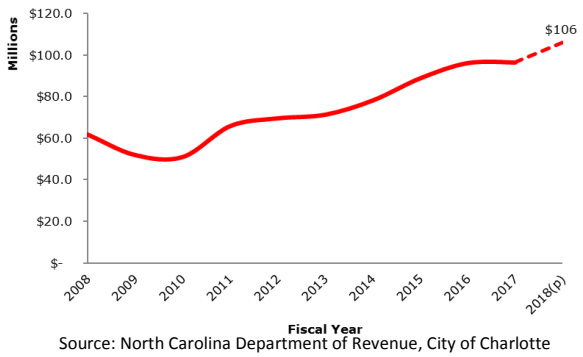
Building Blocks

When developing the Proposed FY 2018 Budget, several key tools were used to ensure the new investments in the operating and capital program were strategic and aligned to the needs of our community. This budget is built around City Council's priorities, including the 10 Traits of Winning Cities, the five Focus Areas, and the Community Letter. These priorities have served as the foundational elements against which all FY 2018 budget decisions were measured.

Incredible Growth

There is no question – Charlotte is a community that is growing and growing quickly. Charlotte's economy, the largest in North Carolina, weathered the Great Recession that began in 2007 and has had a roaring recovery since the recession ended in 2011. The city is the heart of North Carolina's bullish 2017 economic forecast – predicted to be the seventh consecutive year of growth. Sales Tax revenue – the city's second-largest revenue source – is projected to grow at 3.5 percent per year for the next five years. Charlotte's property tax valuation is $96.6 billion, nearly $11.1 billion more than it was in FY 2012. Consistent growth in both commercial and residential construction activity which bodes well for future tax base growth, particularly as Mecklenburg County prepares for its next property value reassessment in 2019.

Projected Sales Tax Growth

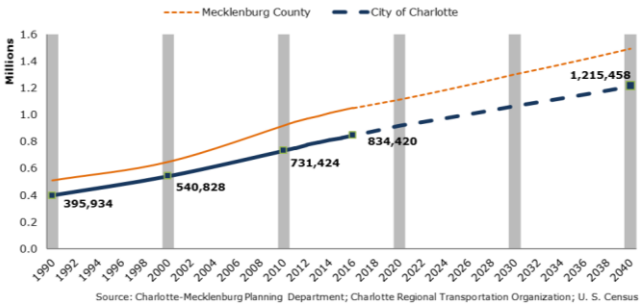


Source: North Carolina Department of Revenue, City of Charlotte

Strength in construction and revenue collection enhances our capacity to absorb and support the thousands of new residents who move to Charlotte every year. The number of jobs in the city and county has increased five percent in the last year, and the unemployment rate continues to stay low at 4.9 percent in February 2017; the same as the national average.

The Charlotte region's gross regional product (GRP) has grown at an average of 5.3 percent, per year, since 2010. This region accounts for more than 22 percent of the total economic output of North Carolina and South Carolina combined. As the driver of the Carolinas' economy, Charlotte sees more and more tourism and new business every year; tourism revenues have increased dramatically since 2011. Charlotte's status as a destination for visitors, and the increasing numbers of both relocating companies and relocating workers all contribute to the improving employment rate, the tax base, revenue collection, and to the overall strength of our economy.

Population is Growing



Source: Charlotte-Mecklenburg Planning Department; Charlotte Regional Transportation Organization; U. S. Census

As Charlotte has grown, the city's General Fund has also grown, but not at the same pace. From FY 2011 to FY 2017, Charlotte's population grew from 731,424 to 834,420 and the City's General Fund personnel count grew from 5,264 to 5,501 during the same time period.

This is a decline in employees per 10,000 residents from 72 to 66. Ten years ago in FY 2007, this ratio was 75 city employees per 10,000 residents. As shown above, by 2040, the Charlotte population is projected to be 1.2 million. As our city continues to grow, we will need to reexamine service delivery models and necessary staffing levels to maintain service levels and the quality of life in the community.

Acute Shocks and Chronic Stresses

While our economy prospered and population has grown tremendously over the past several decades, this prosperity has not been realized by the entire community. Various events over the past year have brought systemic, pervasive issues to light across all corners of the community, sparking an important dialog leading to a cross-sector commitment to provide opportunity to all residents.

Charlotte's complex social, economic, and neighborhood conditions require a more comprehensive and aggressive approach to economic development and neighborhood revitalization. To that end, a new structure is being developed to align city departments more strategically with this need.

The work done by the Charlotte-Mecklenburg Opportunity Task Force provides a roadmap of 91 recommendations for organizations to improve access to economic growth for all Charlotte residents. Collaborative efforts of municipal government, faith based organizations, businesses, and educational and non-profit organizations have begun to address the economic mobility of all of Charlotte's residents.

Building a Well-Managed Government

The development of the Proposed FY 2018 Budget is the first step in a process intended to enhance municipal operations in the City of Charlotte. New ideas will be welcomed. Existing policies and practices will be strengthened. We will move the organization forward with a focus on becoming the winning city of tomorrow. The guiding principle for this budget and future budgets will be building and maintaining a "well-managed government," which means ensuring city programs and services are efficient, effective, accountable, responsive, inclusive, and customer focused.

In the 1990s, city administration adopted a “run the business” model in which departments operated independently and separate from one another. Without a cohesive set of centralized policies, functions were replicated across the organization creating an inefficient distribution of resources. This model is no longer sustainable when we are striving to become a more collaborative, responsive organization focused on providing the highest quality services possible in a cost effective and publically accountable manner.

As Charlotte continues to grow, so too does the demand for limited resources. Becoming a well-managed government will involve evaluating our current service delivery methods to create an organization that has a unified, data-driven strategy for distributing resources. Over the course of the next year, we will review internal services to find ways to improve our operations. Deputy City Manager Sabrina Joy-Hogg will lead this initiative.

Part of our internal review will include evaluating the city’s current Balanced Scorecard performance management strategy. Charlotte was a local government pioneer when it started using the tool in the 1990s, and the Balanced Scorecard has served an important role in helping evaluate organizational performance for the past twenty years. But, to be the winning city, a more customer-focused outcome based strategy needs to be developed. To help achieve this goal, Dr. Kim Eagle, Assistant City Manager, will lead a year-long initiative to revamp our current performance management processes into a comprehensive outcome-oriented strategy.

The year ahead will bring much change to how our organization functions day-to-day. What will not change is our dedication to serving our community and ensuring a coordinated, effective, and judicious method of providing services.

Creating a Unified Brand

The development of a community-wide brand is an important city-led initiative that will take shape in FY 2018. Together with community partners, a community-wide brand will help establish a shared narrative and positive buzz about the city. Developing this brand, in collaboration with our partners, will allow all of us to move to the next level in marketing and economic development recruitment efforts.

A branded house is a critical component of several traits of winning cities. It’s the shared story of advancing a seamless narrative. It helps create positive buzz by inspiring positive word of

mouth. It encourages open borders by fostering collaboration and creating proactive communication.

A Renewed Focus on Neighborhoods

Neighborhoods are the fabric of our city, where our residents invest both their time and money. The array of unique neighborhoods in Charlotte showcase the city's history and character. Moving forward, it is critical to continue to strengthen our neighborhoods by promoting comprehensive revitalization, fostering job growth, and providing opportunities to achieve increased economic mobility. We want to embrace a culture of neighborhood collaboration and connectivity through enhanced community engagement. By reinforcing the connections both between and within neighborhoods, we can become a city where neighbors build neighborhoods.

Establishing the Department of Housing and Neighborhood Services

The Proposed Budget reaffirms our commitment to promoting neighborhood health through the creation of the independent Department of Housing and Neighborhood Services. As of July 1, this department, led by Pamela Wideman, will work alongside residents to build on existing neighborhood strengths. The department's philosophy is rooted in enhancing community engagement to build relationships, connecting residents to networks of economic opportunity, and building long-term neighborhood vitality. With Ms. Wideman's leadership, we will integrate existing resources to advocate for neighborhoods, leverage partnerships, and improve the quality of life for all residents in Charlotte.

Comprised of affordable housing, code enforcement, community engagement, CharMeck311, and the International Affairs division, Housing and Neighborhood Services takes a comprehensive approach to developing and maintaining vibrant neighborhoods. To help support this new department, six staff positions will be added to ensure full integration without losing the important momentum already occurring with various city housing programs. Each facet of this department is viewed as an opportunity to interact with a variety of residents in a unique way. By approaching community engagement in a more inclusive manner, we can empower residents to be catalysts for positive change.

Code Enforcement

Code Enforcement will see some changes as part of this effort. Plan reviewers tasked with residential zoning review and approval for the city's zoning ordinance that are currently housed within Code Enforcement are moving to the Department of Planning. This realignment will allow the deployment of code enforcement officers more intentionally into neighborhoods while eliminating redundant procedures in the development review process.

Creating a Welcoming City

As part of an ongoing effort to enhance community participation, beginning in FY 2018, the International Affairs division will also be located within Housing and Neighborhood Services. This division will provide a renewed focus on facilitating the recommendations of the 2015 Immigrant Integration Taskforce in accordance with state and federal law. With the addition of one position, this three-person division will assist in coordination of city agencies to engage the community, serve new residents, and promote effective service delivery.

Capital Investments in Neighborhoods

The FY 2018 -2022 General Fund Community Investment Plan (CIP) includes several key additional investments for neighborhoods. Totaling $11.3 million, they include:

FY 2018 CIP Investments:

- Corridor Studies – Safety Implementation Projects: $6.0 million

  Implementation of transportation infrastructure projects designed to improve the safety of pedestrian, bikeway, and transit access along four important roadways in Charlotte: South Tryon, South Boulevard, West Boulevard, and Parkwood/The Plaza. We worked closely with the residents along these corridors to identify solutions to make it easier and safer to travel, especially by foot, bike and transit along and across these roadways.

- Neighborhood Transportation Program: $3.0 million

  These additional funds allow this program to continue sponsoring projects that enhance safety and mobility for all travel modes on thoroughfares and local streets. The Program provides opportunities to leverage other projects, support community development,

promote bicycle use, pedestrian crossings, and respond to traffic safety concerns in neighborhoods. Previously, the Neighborhood Transportation Program received $5.2 million in FY 2015 and $5.0 million in FY 2017 for community transportation improvement projects.

- Americans with Disabilities Act (ADA) Implementation: $1.4 million

  This program provides for improvements designed for compliance with the federal Americans with Disabilities Act (ADA) Standards, specifically for transportation-related infrastructure in neighborhoods including sidewalks and pedestrian crossings.

FY 2018-2022 CIP Investments

- Code Enforcement: $525,000

  Additional funding of $105,000 per year is added to the existing five-year CIP commitment of $2.8 million for a total of $3.3 million to preserve the existing housing stock or eliminate deteriorated housing when the owner fails to comply with the housing code ordinance. The funds are used to repair or demolish housing units that are blighted.

- Neighborhood Matching Grants: $375,000

  Additional funding of $75,000 per year is provided to the existing five-year CIP commitment of $1.6 million for a total of $2.0 million to meet resident demands for the expanded Neighborhood Matching Grants program. Founded in 1992, this program provides support to neighborhood organizations undertaking physical improvements, public safety, education, cultural, recreation, and organizational training projects. The program is designed to strengthen neighborhood capacity through neighborhood participation while undertaking a worthwhile community project.

Leveraging Federal Resources

Community Development Block Grant (CDBG) funding, also administered by the Department of Housing and Neighborhood Services, will be leveraged to address a wide range of unique community development needs. We use our allocation of CDBG grants as a primary funding source for providing affordable housing and out-of-school time activities to low-to-moderate income families. For FY 2018, we anticipate receiving $5.3 million.

CDBG grant funding also allows for rehabilitation programs such as repairing minimum housing code violations, improving health and safety, providing energy efficient retrofits, and accessibility modifications to families earning at or below 80 percent ($53,600) of the area median income.

Outcomes enabled through the CDBG Program include completing 130 critical housing repairs and single family rehabilitations, partnering with nonprofit housing organizations to provide housing solutions, and providing approximately 1,000 low-to-moderate income children the opportunity to attend city-funded out-of-school activities.

Connecting the Community to City Leadership

Also added in the Proposed FY 2018 Budget are three staff positions for the Office of Constituent Services, housed within Charlotte Communications and Marketing. This new team supports administrative, communications, and constituent needs for City Council. The goal of this new alignment is to enhance our ability to engage with residents, with a focus on improving relationships within all of our neighborhoods between city leadership and the residents served.

Leveraging Partnerships to Increase Our Collective Impact

Collaborating with Community Partners

Charlotte's success is bolstered through partnerships with non-profit organizations, higher education institutions, faith-based institutions, and other key community stakeholders. These partnerships spur economic investment, accelerate innovation, build momentum, promote opportunity, and improve the quality of life in our community.

The Proposed FY 2018 Budget continues to leverage community partnerships and opportunities for collaboration to create an atmosphere of collective impact. Across multiple funding sources, $33.9 million is dedicated to 20 different partner agencies. The programs created and supported through these partnerships represent community-led initiatives aligned with the city's priorities and address the diverse needs of residents, ranging from homeownership counseling services and job skills training to after school enrichment programming and support of the cultural sector.

Included in the $33.9 million committment, is $24.0 million in support of the work of Charlotte Center City Partners, University City Partners, the Charlotte Regional Visitors Authority and the

Charlotte Regional Partnership. Our longtime partnership with Crisis Assistance Ministry continues with $380,000 dedicated to help fund utility bill and emergency rental assistance for Charlotte residents in need. Community Development Block Grant funds, through the Department of Housing and Neighborhood Services, support after school enrichment programming through Out-of-School Time partner agencies and are used to contribute $2.1 million to the Charlotte-Mecklenburg Housing Partnership's efforts to provide affordable housing options.

Ensuring Safety, Trust, and Accountability

As we adapt to the changes that lie ahead, we remain committed to our principles of protecting communities through a combination of community engagement and providing the Charlotte-Mecklenburg Police Department (CMPD) and the Charlotte Fire Department (CFD) with the resources needed to carry out that mission. During the FY 2017 budget process, public safety was identified as the highest priority. The City Council made a commitment to the community to not only ensure public safety, but to also build trust and accountability within our neighborhoods. CMPD and CFD have and will continue to go beyond traditional duties of fighting fire and stopping crime; they are educators, mentors, and members of the communities which they serve. Safe neighborhoods are a foundation of a great city. As Charlotte grows, so too must our public safety efforts.

Charlotte is grateful to be home to two nationally accredited public safety organizations that regularly receive state and national recognition for excellence. CFD is one of eight fire departments in North Carolina, and one of 241 departments nationwide to be recognized as Class 1 Public Protection Classification by the Insurance Service Office. This rating demonstrates CFD provides the highest possible standard of service and commitment to preserving life and property. CFD is also accredited by the Commission on Fire Accreditation International. CMPD is nationally accredited by the Commission on Accreditation for Law Enforcement Agencies. With this accreditation, CMPD is connected to a network of law enforcement professionals to develop and maintain policing standards that strengthen crime prevention, develop nondiscriminatory personnel practices, and improve service delivery.

Ensuring Future Public Safety Excellence

We will continue to face challenges as we become an increasingly urban and dense environment. We must continue to engage with our residents, families, and children to promote mutual understanding. This is a collaborative effort between Housing and Neighborhood Services, CMPD, and CFD. These three departments are connected by the common thread of working to create and maintain safe and healthy neighborhoods.

To further our community policing efforts, strengthen neighborhoods, and strengthen relationships with residents, we are working to implement policies set forth in the President's Task Force on 21st Century Policing. The six pillars of 21st Century Policing align with City Council's Letter to the Community: Building Trust and Legitimacy. While CMPD's existing policies align with the 21st Century Recommendations, we continually evaluate and update policies to promote positive interactions. To support an on-going effort to engage with our community, CMPD hosts a variety of community events such as Cops and Kids Learn Spanish, Community Safety Town Hall Forums, transparency workshops, and the CMPD Youth Symposium. These events are designed to remove the barriers between law enforcement and the community to facilitate an honest conversation around neighborhood concerns.

Seamlessly connecting community engagement with a rapid and effective response is fundamental to aiding residents in times of crises. In addition, it is critical to equip our first responders with appropriate personnel, technology, and strategically located facilities. With the addition of 62 sworn officers and 25 civilian positions in FY 2018 for CMPD we are following through on City Council's two-year commitment to add 125 sworn officers and a number of civilian positions. To support these officers, the Proposed FY 2018 Budget includes $1.3 million to purchase and equip 31 new police vehicles and one crime scene vehicle. Additionally, to meet the needs of a rapidly developing uptown, $12.5 million in CIP funds have been committed to build a new Central Division Police Station.

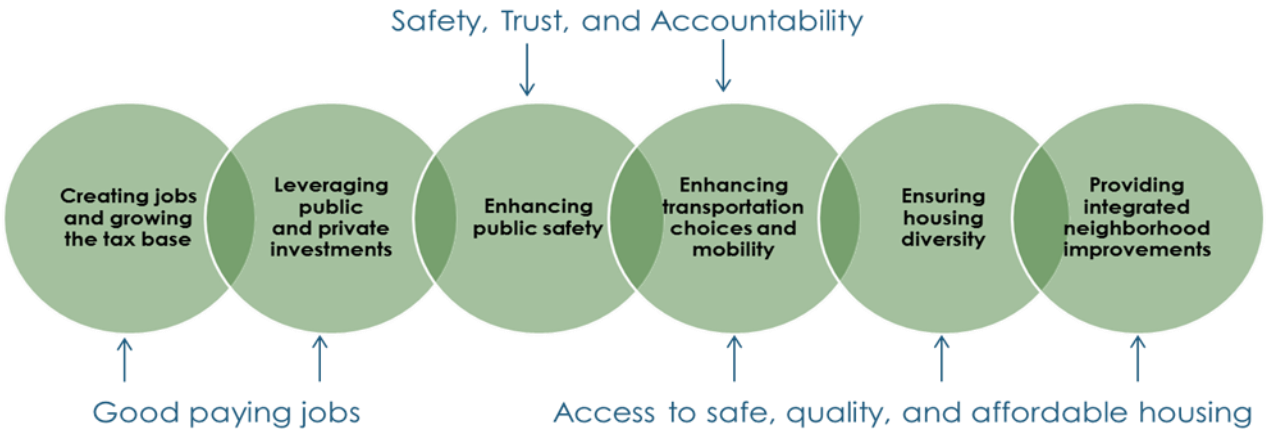
To complement our investments in CMPD, the Proposed FY 2018 Budget adds $1.5 million in operating and capital equipment funds to support 18 firefighters for Engine Company 65 for a second engine company at Fire Station 42. Located in the Eastland Mall Area, this area experiences the highest call-volume in the city. Through the addition of the new Engine Company, CFD is able to more effectively

respond to residents in times of crises. Also included in the FY 2018-2022 CIP is $5.8 million for a new fire station at Clanton Road and Interstate 77 to address the need for increased resources as a result of the area's intensifying population density.

The dedicated members of CMPD and CFD risk their lives every day to ensure we have safe neighborhoods in which to live and work. We will continue to strengthen our efforts to engage and collaborate with residents to develop solutions that prevent crime and foster safe neighborhoods.

Investing in Infrastructure through the Community Investment Plan

To meet today's needs as well as invest in our future, the Community Investment Plan (CIP) is a five-year capital and infrastructure plan, which matches the city's highest priority capital needs with a financing schedule. The plan totals $4.1 billion, and includes investments in neighborhoods, housing, storm water projects, roads, transit, sidewalks and bikeways, water and sewer projects, the airport, and public safety and maintenance facilities. The General Fund Community Investment Plan is $751.8 million.



General Obligation Bonds are the primary source of funding for the General Fund Community Investment Plan which allows us to keep pace with an expanding population, replace aging infrastructure, and improve quality of life. Funding for the current CIP is proposed to occur over four bond cycles; previous voter-approved bonds in 2014 and 2016 and future bonds in 2018 and 2020.

CIP funds are being deployed in FY 2018 to include investments designed to create vibrant, local business districts through intentional revitalization efforts. To further stimulate economic development opportunities and attract and retain businesses, the FY 2018-2022 CIP adds $5.0 million for the Business Corridor Revitalization Program to target the areas of North Tryon,

Beatties Ford Road, Rozzelles Ferry Road, and Wilkinson Boulevard/Morehead/Freedom Drive. An additional $3.0 million will spur the redevelopment of North Tryon to incentivize investments by businesses and employers. Once complete, the North Tryon corridor will be redeveloped with improved infrastructure between Dalton Avenue and 30th Street.

Transit funding in the FY 2018-2022 CIP includes $307.1 million over five years for the Blue Line Extension. This funding will connect the Town of Pineville with the University Area to help relieve traffic congestion and provide alternative transportation options all while spurring increased investment in the transit corridors.

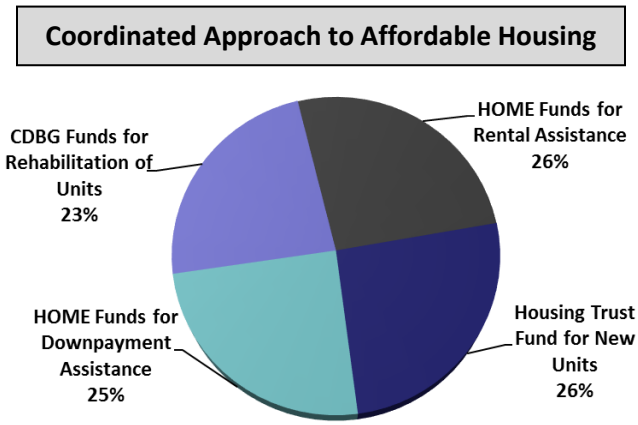
Water and sewer infrastructure, critical to neighborhood safety, health, and vitality will see $944.0 million dedicated to preserving existing infrastructure and ensuring water and sewer capacity for new connections driven by infill and other growth throughout the community, and Storm Water improvements of $333.0 million are also planned in flood control projects in neighborhood water basins and other storm water system repairs.

These strategic investments are part of the overall effort in FY 2018 to lay the ground work to ensure Charlotte continues to grow, provide high-quality housing options, attract businesses and improve the city's overall infrastructure and transit networks.

Expanding Affordable Housing Opportunities

As outlined in the Charlotte-Mecklenburg's Opportunity Task Force report, segregation is one of two recurring barriers to social and economic mobility. As Charlotte continues to grow, we have a unique opportunity to thoughtfully plan and integrate our expanding communities.

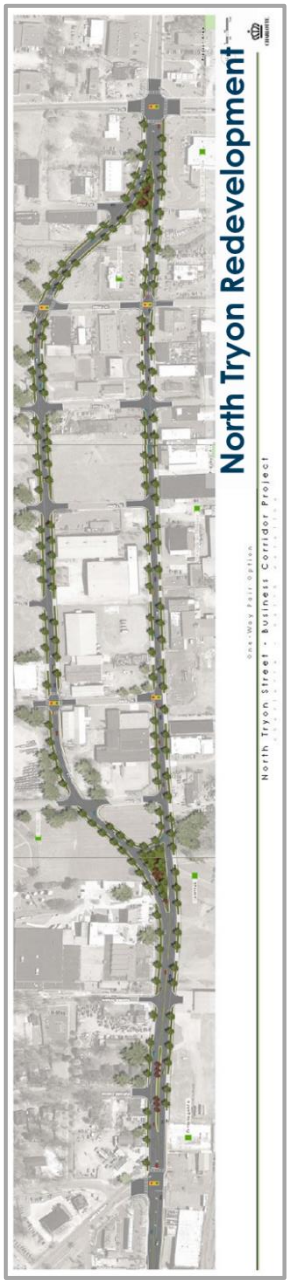
To address the need for affordable housing, the City Council pledged to create 5,000 affordable housing units in three years. To date, we have achieved 1,876 units towards that goal. Our approach to affordable housing is not exclusive to unit creation. Through the coordinated use of various federal Housing and Urban Development funding sources, we provide financial support with down payments on a home, rental assistance, or funds for unit rehabilitation.



The Proposed FY 2018 Budget uses bold strategies to expand the supply of affordable and workforce housing within Charlotte. With the additional $6.0 million to support affordable housing in the FY 2018-2022 CIP we may be able to:

- Expand housing options for individuals earning up to 80 percent of the area median income;
- Strategically purchase property close to jobs, high performing schools, retail amenities, and transit to create an estimated 100 mixed-income units.

Just as we create affordable housing, we must also build capacity within our organization to oversee the successful implementation of those developments. The addition of a Housing Services Division Manager, within the Housing and Neighborhood Services Department, will remain focused on expanding the supply of workforce and affordable housing citywide which includes City Council's three-year commitment to create 5,000 affordable housing units.



Renewed Focus on Economic Development

Establishing the Department of Economic Development

Sustainable economic growth is dependent upon ensuring residents and businesses alike have access to economic opportunities. To support this effort, the Proposed FY 2018 Budget proposes to create an independent Department of Economic Development. The department, led by Pat Mumford, will be a driving force behind the economic development of our vibrant and unique neighborhoods. With a heightened focus on placemaking, this new department will play a key role in creating distinct neighborhoods that attract residents and businesses. By serving as the conduit between business and workforce development, the Department of Economic Development will continue to work with outside partners to build capacity for job growth and business expansion.

We value our partnerships with the local organizations dedicated to the attraction and diversification of Charlotte businesses such as Charlotte Center City Partners, University City Partners, the Charlotte Regional Visitors Authority, and the Charlotte Regional Partnership. These

relationships play a central part in shaping Charlotte's business environment, and we remain open to collaboration in the years ahead.

To encourage economic growth within our neighborhoods, we must invest in both the relationships and the infrastructure that make our neighborhoods unique. This budget strategically uses the CIP to enhance the existing character of our neighborhoods and transform them into thriving communities with a diverse collection of residents and businesses. One highlight in the FY 2018-2022 CIP includes $3.0 million to spur the redevelopment of North Tryon to incentivize investments of businesses and employers. This historic neighborhood sits in a critical location as a connection between Uptown Charlotte and the University of North Carolina-Charlotte. North Tryon epitomizes just one of many neighborhoods with the potential to become a 15-minute livable community.

Building a Smart City

It is expected that by the year 2050, 70 percent of the global population will call urban cities, such as Charlotte, home. Moving forward, meeting the needs of our growing and technology-dependent population through smart city applications will be critical for us. Being a smart city means that we employ integrated technology solutions to drive our decision-making processes.

Smart city implementation can impact how we deliver services in the most basic of ways, such as more customer oriented trash pickup or the use of traffic and pedestrian data to drive street planning decisions. In a cutting edge city such as ours, we have an incredible opportunity to develop data-driven service delivery techniques that improve outcomes for residents, businesses, and the community. Neighborhoods such as Northend, Beatties Ford Road, and Uptown have been initially highlighted as areas prepared to pilot such initiatives.

SMART CHARLOTTE

Creating a smart city does not occur overnight, it takes thoughtful and visionary leadership, and investment from our community. To accelerate Charlotte's evolution as a smart city, in FY 2018 we are proposing to establish a smart city work group and engage in conversations to help bridge the digital divide and support smart city infrastructure such as sensors, digital nodes, and data analytics software. Applying a people-centric approach, the technologies will support City Council priorities, such as public safety, economic development, and workforce development. Using the work of Envision Charlotte as a springboard, preliminary conversations have already begun with potential partners to establish an ongoing commitment whereby all partners are invested in the forward movement of the city.

Developing Our Youth

A key strategy in our approach to promoting economic opportunity is providing youth educational enrichment and career awareness programming. Investments in youth educational enrichment strengthen Charlotte's future workforce and create a foundation for future prosperity.

Over 35,000 youth are reached annually through city-sponsored career awareness and after school enrichment programming. Youth enrichment and career awareness opportunities include programs such as Camp Ignite, a camp designed to get high school girls interested in pursuing a career with the Fire Department. The Mayor's Youth Employment Program (MYEP) is another successful youth initiative that is administered by the Department of Housing and Neighborhood Services to connect area youth with job readiness training, summer internships, and pre-apprenticeship pathway programs. The Proposed FY 2018 Budget provides two additional staff resources to support youth programming in the Housing and Neighborhood Services Department including MYEP, the Charlotte-Mecklenburg Youth Council, Summer Youth Job Fairs, and the Mayor's Mentoring Alliance. These positions will provide additional administrative capacity for youth programming and will support the goal to expand MYEP participation from 500 to 1,000 youth.

Creating Charlotte's Own Workforce Pipeline

Workforce Planning is an essential component of ensuring the future success of Charlotte. Much like the rest of the nation, Charlotte is experiencing a shift in our workforce. As baby boomers retire, and millennials drive change in the workplace, it is essential we develop multifaceted innovative strategies to engage, build, market, and train our workforce. Our approach to enhance economic stability is an organized means to developing skills in the workforce. There is no one-size fits all approach, we must be deliberate in our workforce planning to establish career pathways for all skill levels, create career ladders where none currently exist, ensure succession planning, invest in and develop future leaders, and construct tailored job training and apprenticeship programs.

Creating the Apprenticeship Program

The Apprenticeship Program is a key addition to the Proposed FY 2018 Budget. The Program will provide new and important career pathways, helping to add economic vitality while building a workforce of the future.

The Apprenticeship Program will create a talent pipeline for hard-to-fill jobs while also helping members of the community find good paying jobs with robust city benefits. Two new dedicated staff members will be added to the Department of Human Resources to create, manage, and evaluate the program on a citywide basis for an overall participation of 50 apprentices.

In designing the program, we will look strategically at job and skill needs across the city organization to identify the best places for apprentices to learn important job skills. The apprentices will be paired with experienced city staff in a ratio of no more than 2:1. This will also provide opportunities for members of our current workforce to gain supervisory skills. The pay for apprentices increases incrementally while they learn progressively more demanding components of their craft. Also, the program will be structured with the understanding it is a system of education and training using a planned, closely supervised combination of hands-on, on-the-job training, and academic classroom-style education.

Investing in apprenticeship is a long-term strategy that differs from current organization efforts that provide on-the-job-training. The program will partner with organizations like Central Piedmont Community College and other workforce development partners for classroom training and other required skill attainment. Further, the Apprenticeship Program will be certified by the North Carolina Department of Commerce.

While many jobs in the city include on-the-job training and the hiring of individuals with multiple barriers to employment, this will strategically acknowledge the city's role as a local anchor institution, leveraging the full force of the large and dynamic job types to help members of the local community find and keep good paying jobs. Under Human Resource's leadership, Charlotte Water and Aviation will house the initial program participants, giving the program an opportunity to build upon itself in a scalable manner to ensure long-term vitality. By beginning with Charlotte Water and Aviation, the program takes full advantage of the diversity of job types within these two departments. The goal is to expand in subsequent fiscal years to include other city departments.

Connecting Charlotteans to Good Paying Jobs

Project P.I.E.C.E.

Project P.I.E.C.E. - Partnerships for Inclusive Employment and Career Excellence - developed as a result of the $1.0 million investment outlined in City Council's Letter to the Community, is centered on providing job skills and training, as well as supportive services to help eligible individuals obtain and keep a job. In January 2017, the Department of Economic Development's

Project P.I.E.C.E. enrolled its first cohort of participants. The initial class of 65 participants received job training for one of three career paths: Broadband and Fiber Optic Cabling; Residential and Commercial Construction; or Highway Construction. In addition to traditional job training, participants undergo mock interviews, attend recruitment events, and participate in Corporate Advisory Councils.

Project P.I.E.C.E. is an on-going collaboration with the entire Charlotte community. To date, 23 city departments and private sector firms have participated in the Corporate Advisory Council, mock interviews, and/or hiring participants. We have also worked with non-profits for outreach and participant referrals, and coordinated with Mecklenburg County and Charlotte-Mecklenburg Schools for the use of venues to host events.

Moving forward, Project P.I.E.C.E will continue to play a vital role in training and supporting residents as they work to obtain a sustainable career. Solidifying the connection between a workforce training for residents and placement in high-demand jobs is critical to increasing economic mobility and strengthening our neighborhoods.

Encouraging Workforce Planning

The Proposed FY 2018 Budget initiates the relationship between the City of Charlotte and the Aviation Institute of Maintenance (AIM) to create pathways to employment opportunities. AIM is the largest Federal Aviation Administration (FAA) certified aviation maintenance technician trainer in the world. In partnership with us, AIM is expected to open its 12th campus in our city in early 2018. Once AIM-Charlotte receives its approvals from the FAA and its accrediting body later this year, the school will teach Airframe and Powerplant (A&P) certification courses. Individuals with an A&P certification fill a very unique role in the United States airline industry - only A&P certified mechanics may work on aircraft licensed in the United States.

Recent data reported at the Aviation Technical Education Conference in Seattle indicate 40 percent of all working aircraft mechanics are over the age of 60, and 77 percent are over the age of 50. It is estimated the aviation industry will need over 679,000 certified aviation mechanics over the next 20 years. Additionally, the Bureau of Labor and Statistics reports aviation mechanics are the top-compensated maintenance profession, with an average annual salary of approximately $60,000 and a typical starting salary of $46,000. The partnership with AIM directly connects Charlotte residents to a high-demand, skilled-labor profession that offers sustainable compensation.

We anticipate AIM-Charlotte to support 500 students annually and in the spirit of true partnership, AIM will provide scholarships for two Charlotte residents – a value of almost $100,000 over a two-year period.

Becoming an Employer of Choice

City staff are the foundation of Team Charlotte. Our employees represent an array of talented professionals. Charlotte employees are protecting our neighborhoods, fighting fires, collecting refuse, providing clean drinking water, and ensuring city operations run smoothly.

Attracting, training, and retaining capable and dedicated employees are a key to our ongoing success. In order for Charlotte to be a magnet for highly motivated, dedicated, and visionary employees, Charlotte must become an employer of choice.

Compensation

Employee compensation is guided by the foundation of attracting and retaining qualified, productive, and motivated employees who provide efficient and effective services.

Keeping this tenent at the forefront, every effort is made to compensate employees according to prevailing market conditions. We strive to attract and retain skilled employees through the following:

- Competitive market rates set at the median of actual salaries paid in the applicable recruitment area for jobs of a similar nature;
- Annual increases equal to the national average given by thousands of employers;
- Pay for performance through annual merit raises in our broadbanding and Non-Exempt Pay Plans, and through steps in our Public Safety Pay Plan;
- Increasing minimum hourly pay to provide good-paying jobs;
- Skill-based rewards, such as certification incentives.

It is well-known that qualified and skilled employees have a variety of choice in employment opportunities. In becoming an employer of choice, we recognize that competitive pay practices contribute to attracting and retaining these employees.

During FY 2017, the Non-Exempt/Hourly Pay Plan was implemented to provide our lowest paid employees with an unprecedented seven percent average pay increase.

During this past year, the Public Safety pay plan was reviewed. The proposed redesigned compensation plan is a two-year approach to address competitiveness, retention, and compression issues. Based on recommendations from a Human Resources and a Public Safety employee committee, I am proposing modifications to the current structure to keep competitive with the current market in FY 2018. The most significant modification is increasing the FY 2018 market adjustment for Police and Fire by 2.0 percent, instead of the traditional 1.5 percent.

Other FY 2018 employer of choice-focused initiatives include:

- A three percent merit-based raise in broadbanding, with a corresponding merit and market adjustment in the Non-Exempt Pay Plan;
- Raising the minimum pay to $15.00 per hour, meeting a City Council priority two years ahead of schedule;
- Replacing the employee four-hour match requirement for the existing school-support leave with a total of an employer-sponsored, eight-hour volunteer day;
- Providing additional health care coverage options while mitigating premium increases for employees.

Providing Dynamic Benefit Offerings

The Proposed FY 2018 Budget provides a multi-medical plan offering with a robust decision support platform to help employees and retirees select the benefits that best meet their needs. As a multigenerational workforce, we must represent the diverse needs of our employees with a variety of benefit options. The new medical plan designs will provide a range of offerings, but most importantly, it will provide opportunities for employees to save for healthcare in retirement through account based health plans. By offering multiple medical plan options employees will have options for lower medical premiums and options to buy-up if they need a higher level of coverage. They allow our employees the opportunity to choose the right amount of coverage based on individual need and foster a work environment that is solid, employee focused and caring.

Engaging Our Employees

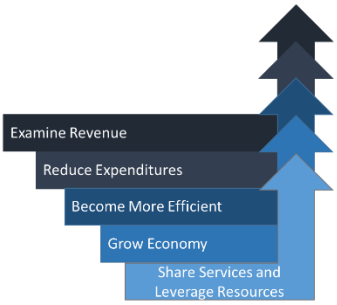
To become an employer of choice, we must empower employees to identify issues or concerns. By providing an opportunity to develop and present innovative solutions to challenging issues, we can create a culture where employees trust their ideas will be heard and concerns be

addressed. To guide the process for employee input, I am establishing an employee relations committee. This committee will give a voice to employees and provide an opportunity to participate in the decision-making process and shape the future of our city.

Conclusion and Next Steps

The Proposed FY 2018 Budget focuses on strengthening our neighborhoods, community engagement, investing in employees, and establishing Charlotte as a model for a well-managed government. Using the lens of meeting the goals of the Letter to the Community, the Focus Areas, and the 10 Traits of Winning Cities, we are able to better evaluate existing services and practices. This budget builds on Charlotte's existing organizational infrastructure and further enhances efforts to build relationships within our neighborhoods to promote inclusion.

Charlotte, a city of neighborhoods that are diverse, recognizes that healthy neighborhoods are essential to the attraction of new residents, talented workers, and businesses. By investing in public safety, affordable housing, economic development, and neighborhood services, we are demonstrating a commitment to stimulating neighborhood growth and revitalization.



Being a well-managed government and providing the highest quality and most efficient services to residents is essential to success. In the coming months, we will analyze the sustainability of the existing water, storm water, and waste management fee structures to maximize cost recovery. Moving forward, decision-making and budget development processes will employ a five-pronged approach to examine revenues, reduce expenditures, identify efficiencies, grow the economy, and share services. These efforts will result in an organization that can meet the increasing demands of a growing city while effectively managing expenditure growth in future years.

A commitment to well-managed government includes cultivating an environment that attracts and retains qualified and innovative employees. Employees are the heartbeat of our organization, and without their input, ideas, and recommendations, none of our work is possible. The Proposed FY 2018 Budget takes a holistic view of the qualities necessary to become an employer of choice: competitive pay and a $15.00 per hour minimum wage, awarding excellence through merit increases, creating opportunities for employee input through the employee relations committee, and developing a culture of collaboration both within and between departments.

In closing, this budget represents the first of many steps towards creating the winning city of tomorrow. Positioning Charlotte for the next 250 years of prosperity will require objective evaluation, data-driven decision making, and open conversations with residents about how we can work together to make Charlotte the city in which we all want to live, work, and play. This process will take time, but the work has already begun.

Sincerely,

Marcus D. Jones
City Manager