



Charlotte City Council
Budget and Effectiveness Committee
Meeting Summary
Tuesday, March 30, 2021

**COMMITTEE AGENDA
TOPICS**

- Agenda Overview
- I. FY 2022 CATS Outlook
 - II. FY 2022 Aviation Outlook
 - III. Debt Financing Calendar Update
 - IV. March Budget Workshop Agenda

COMMITTEE INFORMATION

Committee Members Present: Ed Driggs (Chair), Julie Eiselt (Vice Chair), Malcolm Graham. (Dimple Ajmera and Renee Johnson were absent).

Additional Council Member Present: Braxton Winston

Staff Resources: Ryan Bergman, Budget Director
Kelly Flannery, Chief Financial Officer

Meeting Duration: 1:30 p.m. – 3:00 p.m.

ATTACHMENTS

1. Agenda
2. CATS FY2022 Preliminary Budget
3. FY 2022 Aviation Outlook
4. Debt Financing Calendar Update
5. April Budget Workshop Agenda – DRAFT

DISCUSSION HIGHLIGHTS

Census Data and Redistricting Considerations

CATS Director, John Lewis, Jr. discussed the FY 2022 preliminary operating and debt service budgets and FY 2022-2026 capital investment plan. He highlighted plans for CityLYNX Goldline Phase II, the Silver Line, and Battery Electric Buses (BEB). Also discussed were the revenue impacts that COVID-19 has had on CATS such as decreased ridership, suspension of fares, and sales tax reductions. CARES Act stimulus funding has been used for investments related to:

- Employee Safety

- Revenue Shortfalls
- Cleaning Services
- PPE, Sanitizers and Masks
- Partitions & Driver Shields
- Facility Updates

Lewis then discussed the budget objectives for FY 2022 which include a structural balanced budget, compliance with MTC financial and business performance objectives, despite the impact of COVID-19 and while continuing to provide safe and affordable access.

Regarding the Silver Line, Lewis said information will be provided to MTC and Council in April or May for consideration. Pertaining to frequency, Lewis said that this is an important part of the Envision My Ride program implemented in 2018. The goal is for routes to have no more than a 30-minute frequency while having as many as possible with a 15-minute frequency. The pandemic has delayed some of these goals. By maintaining budget neutral status, CATS was able to shift routes from lower demand corridors to higher demand corridors. Ten corridors are at 15-minute frequencies.

Lewis said the real-time and the mobile payment app are on track for June implementation.

In response to an inquiry as to if the cost of the streetcar service could be embedded in tuition for college students, Lewis said the CATS all access pass is being discussed with Johnson C. Smith, Johnson and Wales, and other institutions.

Lewis said that he is excited about the current testing on Gold Line Phase II. He plans to make the public aware of the safety concerns when using a streetcar in mixed traffic. Planning and design work is occurring for Gold Line Phase III. The consultant should be brought on by early summer. The Goldline is a city-funded project and is not funded by the MTC.

Lewis was asked about what lessons were learned from the pilot program on Central Avenue. Lewis shared that he learned that the reliability problem must be addressed. Lewis wants to bring the reliability that the city's rail service has to the bus service. Some solutions being considered include bus only lanes, queue jumpers, and signal prioritization. When asked if any initiative was being taken in yield management; meaning fare structures could be changed to change the yield, Lewis said a consultant is analyzing the fare structure and recommendations should be provided within the next month or two. There is no fare increase associated with the expected FY 2022 budget.

FY 2022 Aviation Outlook

Interim Aviation Director, Haley Gentry shared Aviation's outlook. 2019 ended with a total of approximately 50M passengers at the airport; in comparison, 2020 had 27M passengers resulting in a significant reduction in revenue, parking, and concession sales at the Airport. Early on in the COVID-19 crisis, the airport established four financial priorities including:

- Sustaining Airport Operations
- Protecting Aviation Employees

- Commitment to Investors
- Support CLT Business Partners

Gentry informed the Committee that the Airport has maintained all employees as well as its bond covenants and debt service coverage. The Airport has also strategically applied the Federal stimulus grants. Gentry is anticipating significant growth as travel increases in FY 2022. CARES funding has been applied as needed to meet funding deficits and maintain a low-cost structure.

There was a discussion around options and current discussions for increasing equity for contracted workers at the airport.

Gentry noted that the cost per enplaned passenger is expected to increase in FY 2022 and subsequent years as the Airport invests more in its Capital Program. This is expected and has been approved by the airlines.

Debt Financing Calendar Update

Chief Financial Officer, Kelly Flannery shared the debt financing calendar update. The city issues bonds to fund capital projects. Currently the city has \$4.3B in outstanding debt. The Enterprise funds is where the bulk of outstanding debt exists. The city issued \$448.1 million in new and refunding bonds across all credits in FY 2020, aggressively sought after low interest rates, and were able to attract existing as well as new investors. The Water and Sewer refunding bond issuance and Storm Water bond series were completed in FY 2021. Flannery also reviewed the future borrowing plan.

April Budget Workshop Agenda

Strategy and Budget Director, Ryan Bergman shared the proposed agenda for that final Budget Workshop for input from the Committee. The proposed agenda included:

1. SAFE Charlotte
2. Public Safety Pay Plan Updates
3. Financial Partners Update
4. CATS Budget Outlook
5. Aviation Budget Outlook

No adjustments were recommended, and the agenda will be utilized at the April 7 Workshop.

Meeting adjourned at 2:43 pm.

Next Meeting: The next meeting is scheduled for April 13.