



CITY OF CHARLOTTE  
*Proposed FY2020*  
**BUDGET  
 IN BRIEF**  
 FY 2020 - 2024 Capital Investment Plan

As our city continues to grow and change, we need to be ready to move forward with a shared vision and common goals. The Proposed FY 2020 Budget is designed to inspire an action-oriented culture while keeping the goal of providing the best service possible at the forefront of all we do. It is also based on City Council’s vision:

*“Charlotte is America’s Queen City, opening her arms to a diverse and inclusive community of residents, businesses, and visitors alike; a safe family-oriented city where people work together to help everyone thrive.”*

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# Uniting Under the Crown

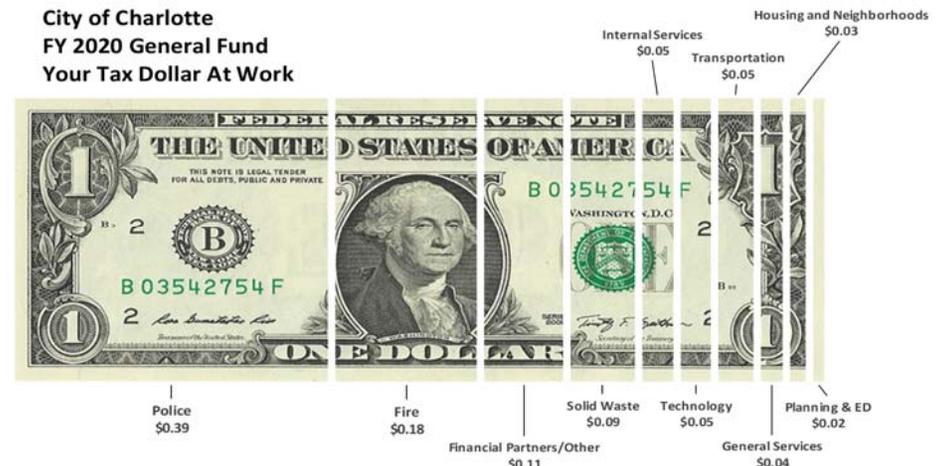
The Proposed FY 2020 Budget continues the unification and efficiency efforts the city is undergoing. We are becoming a more collaborative, responsive organization focused on providing the highest quality services possible in a cost effective and accountable manner. To continue to move the city forward, the Proposed FY 2020 Budget focuses on four new strategic priorities:

- ◆ Economic Development
- ◆ Neighborhood Development
- ◆ Transportation and Planning
- ◆ Well-Managed Government



The Proposed FY 2020 General Fund Budget is \$727.7million, a 4.8 percent or \$33.3 million dollar increase over last year. The total budget is \$2.6 billion and supports initiatives that increase the city’s capacity to achieve great things. **There is no tax increase proposed in FY 2020.**

**City of Charlotte  
 FY 2020 General Fund  
 Your Tax Dollar At Work**



# FY 2020 Proposed Budget Highlights

## Employer of Choice

- ◆ Increases the minimum wage of full-time employees from \$15/hour to \$16/ hour by the end of the year
- ◆ Provides a three percent merit pool for salaried employees
- ◆ Provides a 1.5 percent market adjustment and 1.5 percent merit pool for hourly employees
- ◆ Enhances all full-time general employees earning less than \$69,333 per year to a \$2,080 per year (or \$1 per hour) minimum increase
- ◆ No healthcare premium cost increase for employees

## Community Safety

- ◆ Provides 1.5 percent market adjustment and step (2.5-5 percent for all eligible Police Officers and Firefighters
- ◆ Provides additional 2.5 percent pay increase for all Fire Captains and top-step Fire Engineers
- ◆ Contributes an additional one percent for Firefighters to the city 401k program beginning in January
- ◆ Delivers an additional five percent pay increase for top-step Police Officers through the Senior Police Officer Program
- ◆ Provides an additional five percent pay increase for all Police Sergeants

## Neighborhoods & Environment

- ◆ Doubles the 2020 affordable housing bond allocation from \$25 million to \$50 million and provide an additional \$10.9 million to support other affordable housing initiatives
- ◆ Invests \$1.5 million in neighborhoods by expanding the microgrants program and creating initiatives in the east side and west side of the city
- ◆ Adds an additional \$750,000 for the Aging in Place program, total of \$1.5 million
- ◆ Progresses the goal of becoming a national leader in the Circular Economy
- ◆ Continues support for the tree canopy
- ◆ Provides for two additional garbage collection trucks and crews

## Upward Mobility

- ◆ Continues support of initiatives in Historic West End with \$150,000
- ◆ Commits \$1.7 million to support economic development initiatives
- ◆ Provides \$450,000 for capacity building programs for Minority Women Small Business Enterprise (MWSBE)
- ◆ Establishes the Office of Equity, Mobility, and Immigrant Integration

# Nongeneral Fund Highlights

## Aviation



- ◆ 6<sup>th</sup> busiest airport in the nation
- ◆ 175 nonstop destinations and 36 international destinations
- ◆ \$23 billion regional economic impact
- ◆ FY 2020 Operating Budget, \$765.7 million
- ◆ FY 2020 - FY 2024 Capital Investment, \$2.0 billion

## Charlotte Area Transit System



- ◆ 2018 recipient of the Innovation in Transit Service Awards—Envision My Ride
- ◆ Charlotte Gateway Station Phase 1 in construction
- ◆ Continue planning for future regional Silver Line rail connection
- ◆ FY 2020 Operating Budget, \$206.0million
- ◆ FY 2020-2024 Capital Investment, \$139.1 million

## Charlotte Water



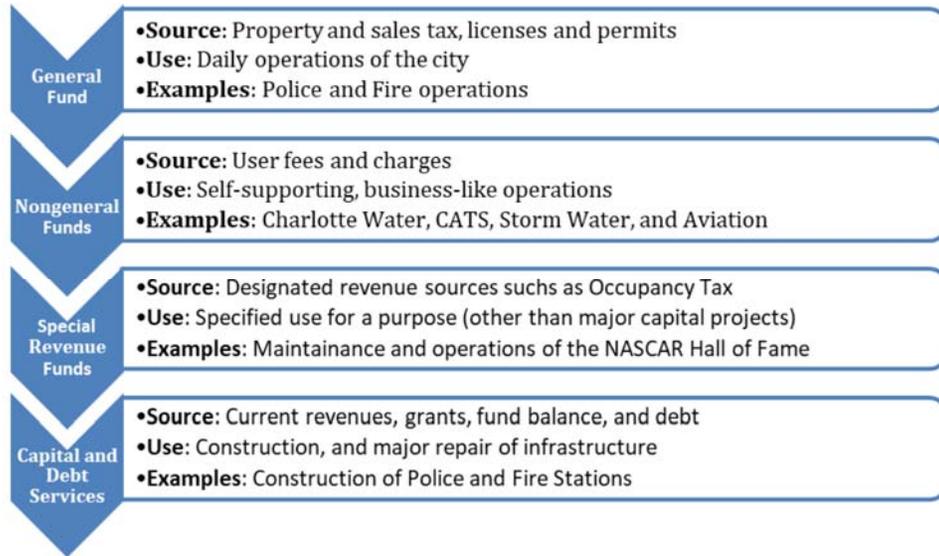
- ◆ Serves over one million customers
- ◆ Maintains over 4,300 miles of water pipes
- ◆ FY 2020 Operating Budget, \$515.8 million
- ◆ FY 2020 - FY 2024 Capital Investment, \$1.6 billion

## Storm Water



- ◆ Maintains 5,000 miles of pipes and open drainage
- ◆ FY 2020 Operating Budget, \$85.8 million
- ◆ FY 2020 - FY 2024 Capital Investment, \$451.5 million

# How Are Services Funded?



## Paying for Infrastructure

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

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

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

# Budget Development & Engagement

## Budget Development Process

Engagement of the community, business leaders, community service organizations, and employees are vital components of the budget development process. The city held six Meet and Eat sessions with the community and engaged employee groups in several settings. The Proposed FY 2020 Budget integrates the community's feedback and infuses analysis into all aspects of budget development.

Department budgets were realigned to reflect where the greatest needs are and where the spending is occurring. Operating and capital assumptions were also reviewed and adjusted, resulting in revised revenue projections and increased debt affordability.

## Community Surveys

### The Resident survey results:

- ◆ 72 percent of survey respondents rated Charlotte a “great place to live”
- ◆ 77 percent or greater rated the following attributes as important.
  - ◇ Job opportunities
  - ◇ Quality, affordable housing
  - ◇ Congestion free commuting

### The Business survey results:

- ◆ Respondents recognized the city's economic development group as competent individuals.
- ◆ Respondents assessed the city's economic development efforts as reactive, disjointed, and unfocused.

### Employee survey results:

- ◆ 62 percent of employees said the City of Charlotte is as a great place to work.
- ◆ Employees identified consistent management communication and lack of clear career paths as areas for improvement.



# 2019 Property Tax Revaluation

The Proposed FY 2020 Budget was developed in the wake of the 2019 Mecklenburg County real property revaluation. State law requires a real property revaluation at least once every eight years. Localities During this process, all real property value is reassessed by the county assessor to reflect the current market value. Properties under review include buildings, permanent fixtures, structures, and land. The last time the county conducted a revaluation was in 2011. **The City of Charlotte's Proposed FY 2020 Budget does not recommend a property tax increase.** It includes a revenue-neutral property tax rate of 34.81 cents.



## Revenue-Neutral Tax Statement

During revaluation years, state law requires the city to reveal the “revenue-neutral” tax rate. The revenue-neutral tax rate for the Proposed FY 2020 Budget is 34.81 cents per \$100 assessed valuation. This represents a 28.8 percent decrease from the previous year’s tax rate. The revenue-neutral tax rates for FY 2020 are listed in the below table. **The City of Charlotte has the lowest tax rate of the top ten cities in North Carolina.**

Revenue-Neutral Tax Rates per \$100 Valuation		
	FY 2019 Current	FY 2020 Revenue-Neutral
<b>City Property Tax Rate</b>	48.87¢	34.81¢

### Municipal Service Districts

District 1 - Center City	2.08¢	1.36¢
District 2 - Center City	2.93¢	1.83¢
District 3 - Center City	4.18¢	2.89¢
District 4 - South End	6.68¢	3.90¢
District 5 - University City	2.79¢	2.12¢

# Taking Care of Our Most Valuable Assets



Becoming an employer of choice means offering a fantastic work culture and a workplace environment that attracts and retains superior employees. A healthy workplace culture fosters positive attitudes and behaviors leading to improved outcomes, and a sense of pride in the work we do and in Team Charlotte.

## Compensation & Benefits

In FY 2019, the city conducted a compensation review of salary structure, leave policies, benefits, and workplace environment to inform how we aligned with other cities in taking care of our most valuable assets-employees.

## A New Pay System

The city’s current Broadbanding Pay Plan covers all salaried city employees in professional, management, and executive positions. Out of the 20 peer cities, Charlotte was the only city with this type of pay structure. The Proposed FY 2020 Budget recommends transitioning to a traditional range system (from a minimum range of 80 to a maximum of 125) for our salaried employees as well. This will allow for consistency across the organization and promote flexibility and clearer career paths for our employees.

## Police Compensation

In recent years, Police Sergeant is the only public safety pay plan position that did not received a pay structure adjustment The Proposed FY 2020 Budget incrementally addresses the pay structure by:

- ◆ Increasing all Police Sergeant steps by five percent
- ◆ In FY 2021, an additional five percent increase is planned, bringing the increase to 10 percent more than typical over two years

Police Sergeants will earn ten percent more than typical over two years, and top Sergeant pay will approach \$100,000.



# Taking Care of Our Most Valuable Assets

## Fire Compensation

The benchmarking study showed that top pay for Fire Engineers and Fire Captain is also behind. To address the pay structure for these two positions:



- ◆ The top pay will increase by 10 percent beyond the typical market adjustment over the next three years.
- ◆ This includes 2.5 percent for all Fire Captains and top-step Fire Engineers in FY 2020

## General Employee Compensation



The Proposed FY 2020 Budget includes a three percent merit pool for salaried employees and a total of three percent for hourly employees. This is a split between a 1.5 percent merit pool and a 1.5 percent market adjustment.

Additionally, in FY 2020 the city is accelerating the market adjustment from February to December.

## Minimum Wage Increase

In FY 2020, the city is proposing to increase the current minimum wage pay from \$15 per hour to \$16 per hour by the end of the fiscal year.

- ◆ The minimum wage increase will positively impact common and labor-intensive jobs such as Sanitation Technician, Street Crew Member, and Kennel Attendant, and enhances all full-time general employees earning less than \$69,333 per year to a \$2,080 per year (or \$1 per hour) minimum increase by the end of FY 2020.



# New Strategic Priorities

During the 2019 City Council Annual Strategy Meeting, new Strategic Priorities were established to renew a greater focus on the higher level framework needed to guide the city's growth and progress forward.

The strategic priorities replaced the more operationally centered Focus Area Plans that were in place since the early 1990's to strategies that provide a heightened perspective in achieving the city's vision.

Using a higher policy setting focus and a holistic approach, City Council determined these new priorities to be: ***Well-Managed Government, Economic Development, Neighborhood Development, and Transportation and Planning.***

### Well-Managed Government

- Ensuring the city demonstrates leadership in financial stewardship, reviews, best practices, and ensures consistency in approach with an emphasis on effective and efficient services that are accountable, customer focused, and inclusive

### Neighborhood Development

- Building and maintaining great neighborhoods with a focus on community safety, housing and the environment

### Transportation and Planning

- Anticipate and plan for the growth of the community. Address growth with strategic investments, building and maintaining a comprehensive transportation network and placemaking strategies that encourage connection between neighborhoods and employment centers

### Economic Development

- Building and maintaining a successful business climate and workforce talent; including the number of jobs with sustainable wages/benefits, economic opportunity for all residents and encouraging innovation and entrepreneurship

# Well-Managed Government

## City Council Priority: Well-Managed Government

To meet the goals of the new strategic priorities, the organization's focus has been realigned. The city is now utilizing four collaborative work teams to leverage subject matter expertise and integrate decision-making, both within the organization and with our city partners to achieve results. The new collaborative workgroups advance innovative strategies and solutions, while actively sharing information and leveraging resources across departments.

### Getting Our House in Order

The Proposed FY 2020 Budget continues the structural changes and begins to address the needs of leadership and management. The focus on realignment of service delivery has produced:

- ◆ The creation of The Department of General Services
- ◆ This new department has been realigned to include Engineering and Property Management, Procurement, and Sustainability

Transformation of services delivered will allow our engineers to focus more on design and development, allowing Procurement to take the lead in contract negotiations, while incorporating sustainability in decisions around organizational upgrades, and fleet efficiencies.



### Moving Forward

In the coming year, the city will continue to promote a leadership philosophy that can solve problems, manage complex issues, model leadership skills, and display a level of integrity that is above reproach.

# Safe, Healthy, & Inclusive Communities

## City Council Priority: Neighborhood Development

As Charlotte continues its fast-paced growth, it is important to plan, design, and provide equitable services for our neighborhoods. Great neighborhoods are created through intentional



### Support Existing Housing Programs

There are multiple sources of funds used to support down payment assistance, homeownership counseling, credit counseling, emergency relocation, crisis rental and energy assistance, home rehabilitation, and emergency repair.



Under the program umbrella called *Safe Home*, the city provides home rehabilitation assistance and emergency repair funding. These programs serve individuals whose income is at or below 80 percent of the Area Median Income (AMI).

The Proposed FY 2020 Budget recommends an additional \$700,000 in funding:

- ◆ \$250,000 is dedicated to the Emergency Repair Program, for a total of \$500,000
- ◆ \$450,000 is dedicated to the home rehabilitation program
- ◆ In addition, \$640,000 in unallocated FY 2019 Community Development Block Grant funds for the home rehabilitation program for a total of nearly \$1.0 million in FY 2020

These funds will complement federal funds of over \$3.0 million used for the program

# Planning for the Next Generation

## City Council Priority: Transportation and Planning

### Preserving Our Capital Assets

For the first time in 12 years, we completed a Capital Needs Inventory (CNI). Projects originated from many sources including master plans, studies, and City Council-adopted action plans. The CNI will be used as a long-term planning tool for future capital improvement projects.

### Capital Highlights

The Proposed FY 2020 Budget includes:

- ◆ Doubling the 2020 housing bond from \$25 million to \$50 million
- ◆ Two major facility upgrades including the replacement of two generators for \$2.2 million and the installation of new heating, ventilation, and air conditioning (HVAC) equipment for \$25.3 million over five years
- ◆ Funding for the implementation of Americans with Disabilities Act (ADA) transition plan starting in FY 2021



### Charlotte's Future

The Charlotte Future 2040 Comprehensive Plan is a plan that will guide how our city grows, how we invest in our city over the next 20 years, what projects the city approves, will show where development can occur, and what neighborhoods will look like at the end of the next stage of the city's growth.



- ◆ This Plan relies on connections with other plans, with budgets, and with what's going on in the day-to-day life of Charlotte
- ◆ The Plan is driven by equity and transparency

# Economy, Jobs, & Upward Mobility

## City Council Priority: Economic Development

In FY 2019, the city's economic development focus was realigned to become a more active partner in growing and developing the business and workforce ecosystems. A four-pillar strategy was created to guide our work and to serve as a foundation: great places, business innovation, talent development, and prospective businesses.



### Upward Mobility Starts in Our Organization

With assessing our internal processes and ensuring our practices foster diversity, equity and inclusion (DE&I), a steering team of key individuals was formed, department liaisons were established, data was analyzed, peer cities were compared, best practices were examined, literature was researched, and interviews were conducted.

Based on key recommendations, the FY 2020 Proposed Budget recommends creating the Office of Equity, Mobility, and Immigrant Integration within the Housing and Neighborhood Services Department.

# Redefining Capital Development

During the budget development cycle we looked at how the capital plan was developed. The conclusion of our analysis indicates:

- ◆ Increasing the previous steady state amount of \$190 million (\$165 million General Obligation Bond (GOB) and \$25 million Certificates of Participation (COPs)) to \$223 million (\$190 million for GOB and \$33 million for COPs)



## Putting the Pieces Together

The culmination of this review recommends establishing a Revolving Advanced Planning and Design Program.

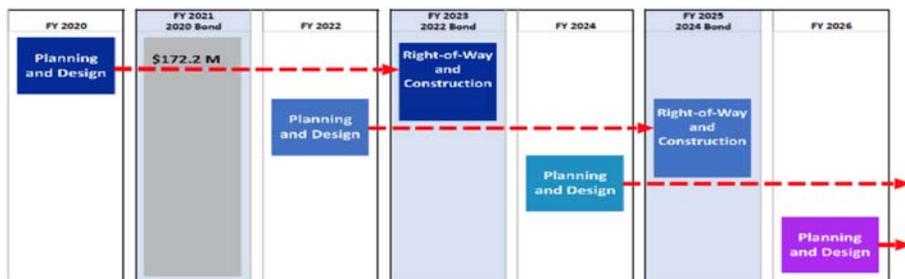
- ◆ For this program, we propose dedicating \$20 million from the Debt Service Fund to initiate a revolving account.

This money will be used to plan and design projects, approved by Council, to develop more accurate cost estimates.

**This advanced capital planning and design approach will create a project pipeline and a pool of potential projects for future funding.**

Planning and Design

Timeline



# Upward Mobility Initiatives

In FY 2020, the city will take steps to become more equitable in the way we compensate our employees. To help reach this goal, the Proposed FY 2020 Budget:

- ◆ Increases all full-time general employees earning less than \$69,333 per year to an additional \$2,080 per year minimum increase (or \$1.00 per hour)

All employees above this wage threshold will be provided the standard three percent increase.



**Sixty-eight percent of the general employee workforce will be positively impacted by the change, and zero employees will be negatively impacted.**

## Office of Equity, Mobility, and Immigrant Integration



Back in Fall of 2018 the city began assessing internal processes and initiatives to ensure city practices foster diversity, equity, and inclusion (DE&I). Since then, the city has produced 13 recommendations to improve internal operations that relate to DE&I.

In FY 2020, the city will achieve a key recommendation by identifying a lead to coordinate DE&I work. **The city will have an Office of Equity, Mobility, and Immigrant Integration**, led by the city's International and Immigrant Integration Manager.

The office will:

- ◆ Implement recommendations from the DE&I report
- ◆ Assess community facing policies and practices that cause inequitable investment and development in the community
- ◆ Will work with community partners to create opportunities for residents and promote update mobility alongside recommendations from the Leading on Opportunity Council and the Immigrant Integration Task Force Report

# Preserving Our Natural Environment

## Strategic Energy Action Plan

In December 2018, the city took a major step to promote a healthier community by adopting a Strategic Energy Action Plan (SEAP) and Sustainable and Resilient Charlotte by 2050 resolution. These actions set ambitious goals including sourcing 100 percent of building and fleet energy from zero carbon sources and becoming a low carbon city by 2050.

The city is also collaborating with Bloomberg Philanthropies through the American Cities Climate Challenge to accomplish SEAP goals.

## Circular Economy

The public-private partnership between the city and Envision Charlotte will divert trash from the landfill, create jobs, and drive innovation and economic development. In FY 2020, the city will explore how to advance the circular economy within city-owned facilities.



## Keeping the City Clean

The FY 2020 Proposed Budget includes an investment of \$4.6 million to support a healthy community and keep neighborhoods clean. The funding provides:



- ◆ \$150,000 for two automated garbage collection crews
- ◆ \$600,000 to purchase two garbage trucks
- ◆ \$1.4 million to fund personnel cost increases
- ◆ \$2.4 million to address contractual increases for tipping fees

## TreesCharlotte

The FY 2020 Proposed Budget supports Charlotte's tree canopy and TreesCharlotte by:

- ◆ Contributing \$250,000 to the TreesCharlotte endowment
- ◆ Adding \$100,000 to support neighborhood engagement, education and tree plantings
- ◆ Providing \$1.6 million annually to trim and remove trees due to age and storm damage

# Connecting with Our Community

## East and West Side Collaborative

The east side and west side of the city include communities prime for opportunity. To catalyze the change, the proposed budget includes \$1 million to support the Eastside Collaborative Initiative and the Westside Collaborative Initiative.

- ◆ Each collaborative will receive \$500,000 and a total of \$500,000 additional support from Local Initiatives Support Corporation (LISC)

This additional funding will help transform these communities into areas of opportunity and leverage other city funding such as the micro grants, neighborhood matching grants, and the Historic West End initiative to increase opportunities to connect with our community.

## Historic West End Initiative

In FY 2019, the city began a three-year commitment to the Historic West End Initiative, a partnership with the Knight Foundation, Charlotte Center City Partners, and community leaders in the historic West End. LISC has joined the partnership with \$150,000 and other small business loans and bridge financing, and has begun working with the Historic West End Partners (HWEP) to build capacity and strengthen neighborhood identity.

The Proposed FY 2020 Budget continues the commitment of \$150,000 for further economic development of the Historic West End Initiative.

## Keeping Neighborhoods Affordable: Housing Bonds



Last year, City Council, and Charlotte voters tripled the affordable housing bond allocation to \$50 million. To further the work and fundraising already underway, the proposed budget doubles the affordable housing bond allocation from \$25 million to \$50 million for the next bond referendum

in November 2020 (FY 2021).

Additionally, the city has partnered with LISC to preserve Naturally Occurring Affordable Housing (NOAH) by adding \$6.4 million in city funds and a \$5.1 million contribution from LISC.

# Connecting with Our Community

## JumpStart Microgrant Program

Since its launch in 2018, the city's microgrants program has made over 60 grants to community and non-profit organizations. **The Proposed FY 2020 Budget includes \$500,000 in funding, five times more than what was approved for FY 2019.**

The additional funds will provide small grants to community-based organizations that promote conflict resolution, crime-fighting and prevention, youth and parent opportunities, and family stability, and work to overcome racial segregation.

## Neighborhood Matching Grant



Investing in the community continues with \$400,000 for the Neighborhood Matching Grants Program. These city funds will be matched by neighborhood volunteer dollars, and will enable eligible neighborhood organizations and associations to implement projects that make their neighborhoods better places to live, work, and play.

## Aging in Place

As a proactive measure to address the impact of increased property taxes due to the 2019 property revaluation, the city created the Aging in Place Program. The FY 2019 budget included \$750,000 to help support low-income, senior home homeowners to mitigate potential property tax impacts. For FY 2020, an additional \$750,000 in funding will support Charlotte's most vulnerable residents stay in their homes.



**Total funding of \$1.5 million available for Aging in Place**



Mayor Vi Lyles

Mayor Pro Tem Julie Eiselt

- Council Member Dimple Ajmera, At Large
- Council Member Tariq Bokhari, District 6
- Council Member Edmund H. Driggs, District 7
- Council Member Larken Egleston, District 1
- Council Member Dr. Justin Harlow, District 2
- Council Member LaWana Mayfield, District 3
- Council Member James Mitchell, Jr., At Large
- Council Member Matt Newton, District 5
- Council Member Gregory A. Phipps, District 4
- Council Member Braxton Winston, At Large



City Manager Marcus D. Jones

## FY 2020 Budget Calendar

Council Budget Briefing	May 8, 2019, noon
Council Budget Public Hearing	May 13, 2019, 5:30 p.m.
Council Budget Briefing	May 22, 2019, 12:00 p.m.
Council Budget Adjustments	May 23, 2019, 1:00 p.m.
Council Straw Votes	May 29, 2019, 12:00 p.m.
Council Budget Adoption	June 10, 2019, 6:30 p.m.

*This Budget in Brief includes the highlights of the Proposed FY 2020 Budget. For additional details, please visit the city's website [www.charlottenc.gov](http://www.charlottenc.gov) to view information about the budget or to read the proposed budget document.*