

One-Time Sources for Budget Adjustments

Unlike many federal programs, the American Rescue Plan Act (ARPA) disbursed funds to the city immediately rather than reimbursing costs. Any interest that is earned on the funds is unrestricted and can be utilized by city for any purpose. There is currently \$6.9 million in unprogrammed funds that can be allocated by City Council for any governmental purpose. It is important to note that the utilization of these funds should be one-time in nature as there would be no reoccurring revenue to support the expense in FY 2026. In other words, utilizing these funds for ongoing expenditures such as new positions or increased compensation is not recommended.

Ongoing Sources for Budget Adjustments

The county's proposed budget increased the collection rate for police services reimbursement in extra territorial jurisdictions (ETJs). These funds are paid to the city and the change results in an additional \$231,678 in ongoing General Fund revenue available. Beyond this amount, additional ongoing costs must be offset with reductions or additional revenue. Every 0.1 cent added to the property tax rate is worth \$2.24 million ongoing. Options to offset expenditures are presented in the three tables below, which include all items that are new in the budget and not tied to any kind of reimbursement. Items in the table are separated between public safety, non-public safety, and arts and culture. Please note that all items below were recommended to be funded in the Proposed City Manager's Budget for various reasons, and eliminating them may have service or productivity impacts:

General Fund Public Safety Increases in Proposed Budget (not reimbursed by revenue)			
Dept	Amount	Description in Budget Book	Page #
Fire	\$1,000,000	Support Fire equipment lifecycle management	94
Fire	\$1,000,000	Support technology lifecycle management	94
Fire	\$1,565,008	Establish a new ladder company in the Hidden Valley neighborhood	94
Fire	\$1,028,863	Establish a new ladder company at Firehouse 20	94
Fire	\$188,580	Provide funds for relief Captains to support new companies	94
Fire	\$282,065	Add positions to support administrative management	95
Fire	\$2,865,136	Increase city contribution to Charlotte Firefighters Retirement System by 2.914% rather than 4.914%	95
Police	\$1,201,500	Support technology lifecycle management program	148
Police	\$1,212,352	Provide funds for a new Civilian Crash Investigation Unit	148
Police	\$1,101,318	Add positions to support 911 telecommunications operations	148
Police	\$610,222	Enhance staffing at Animal Care and Control	148
Police	\$198,500	Support equipment lifecycle management program	149
	\$12,253,544	Sub-Total excluding enhanced compensation	
Police & Fire	\$7,404,106	Enhanced compensation for Police and Fire employees (modeled as amount above 1.5% + step for sworn, and above 3% general)	94/148
	\$19,657,650	Public Safety Total (including enhanced compensation)	

General Fund Non-Public Safety Increases in Proposed Budget (not reimbursed by revenue)			
Dept	Amount	Description in Budget Book	Page #
CBI	\$103,559	Add one position to advance city MWSBE contracting goals	58
City Attorney	\$68,999	Add a position to support real estate legal services	62
City Attorney	\$137,999	Add a position to support Police legal services	62

General Fund Non-Public Safety Increases in Proposed Budget (not reimbursed by revenue)			
Dept	Amount	Description in Budget Book	Page #
City Attorney	\$131,000	Support efficient case management and discovery	62
Communications	\$109,058	Enhance website accessibility	74
Communications	\$109,058	Expedite public record request responses	74
Finance	\$97,438	Add a position to enhance internal controls	88
General Services	\$104,667	Support citywide purchasing and contracting	102
General Services	\$91,810	Support maintenance and sustainability of city facilities	102
Housing	\$207,094	Enhance CharMeck 311 Customer Service	112
Housing	\$207,905	Support enhanced housing services for affordable housing development	112
Human Resources	\$123,172	Enhance training, recruitment, and talent acquisition	120
Human Resources	\$115,427	Add a position to support compensation planning	120
Solid Waste	\$110,141	Add position to support Solid Waste service verification	158
Special Initiatives	\$114,261	Add one position to support sustainability efforts	166
Special Initiatives	\$206,054	Add two positions to support workforce development	166
Strategy and Budget	\$96,955	Add one position to support capital projects	172
	\$2,134,597	Non-Public Safety Sub-Total (excluding enhanced compensation)	
Various	\$2,487,747	Enhanced compensation for non-public safety (modeled as amount above 3 percent for general employees)	All
	\$4,622,344	Non-Public Safety Total (including enhanced compensation)	

General Fund Support for Arts and Culture			
Dept	Amount	Description in Budget Book	Page #
Non-Dept	\$7,000,000*	Additional General Fund support for Arts and Culture	189

*\$7,000,000 represents the increase in the General Fund from FY 2024. FY 2024 also included \$2 million in ARPA funds for arts and culture that does not reoccur in FY 2025.

Council Budget Discussion and Feedback Q&A

The following are the questions received from City Council during the small group budget discussions with city staff.

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GENERAL FUND

1. What does the 1.5 cent property tax increase help support?

The 1.5 cent property tax increase generates an additional \$33.6 million in ongoing revenue and supports three types of new expenditures:

- 0.3 cents, or \$6.7 million annually, supports ongoing debt payments in the General Capital Investment Plan, which allows for a majority of the following increases:
 - Increasing the 2024 Housing Trust Fund bond from \$50 to \$100 million
 - Increasing the 2024 Sidewalk Program bond from \$20 million to \$50 million
 - Creating the Strategic Investment Area Program, with a \$55 million bond investment
 - Increasing the 2024 Vision Zero bond from \$4 million to \$20 million
 - Increasing the 2024 Corridors of Opportunity Program from \$10 million to \$25 million
 - Creating additional future capacity for facility projects that come from advanced planning
- 0.3125 cents, or \$7 million annually supports the increase in General Fund arts support from \$4 million to \$11 million. The \$11 million is broken up as follows:
 - \$9 million is to support annually funded organizations, including organizations in city-owned cultural facilities
 - \$2 million is to support individual artists and organizations
- 0.8875 cents, or \$19.9 million annually, is to support General Fund operations, which is almost entirely concentrated in public safety. These are new ongoing costs and include:
 - \$7.4 million for enhanced Police and Fire compensation. This allows for a number of pay adjustments beyond a traditional 1.5 percent market adjustment and step, which would otherwise include no step adjustment for veteran sworn officers at the top of the pay plan. These funds also boost Police and Fire civilians above a typical three percent salary increase.
 - \$2.8 million for new Firefighters to support two new ladder companies and associated operating needs
 - \$2 million for Fire equipment and technology lifecycle management
 - \$2.8 million to increase the city contribution to the Charlotte Firefighter's Retirement System from by 4.914 percent instead of the planned 2 percent
 - \$1.2 million for a Police civilian crash unit, to free up sworn resources
 - \$1.1 million for additional 911 staffing
 - \$1.4 million for Police equipment and technology lifecycle management
 - \$0.9 million for other new Police and Fire civilian positions, which primarily include Animal Care and Control.

2. Provide additional detail about the FY 2025 tax increases proposed by the city and county.

The current property tax rate for the city stands at 26.04 cents per \$100 of assessed value. Combined with the county tax rate which stands at 47.31 cents, the total combined property tax rate paid by a homeowner that lives in Charlotte is 73.35 cents per \$100 of assessed value. Over the past six years, the City of Charlotte has not raised property taxes. Over that same period, the county raised taxes by 2 cents in FY 2020 and by 1.6 cents in FY 2024. For FY 2025, the county recommended budget includes an additional 1.5 cent increase.

The Charlotte-Mecklenburg School system (CMS) does not have taxing authority and as such there is no defined property tax rate that's allocated to schools. Below is the table that shows the proposed property tax increases for both the city and county in FY 2025 and the impacts to a Charlotte median homeowner (with a median home value of \$358,600):

Impact of City and County Property Tax Increase on a \$358,600 Home				
	Proposed FY 2025 Property Tax Increase	Annual Impact on Median Value Home	Monthly Impact on Median Value Home	Total Proposed Property Tax Rate
City of Charlotte	\$0.015	\$53.79	\$4.48	\$0.2754
Mecklenburg County	\$0.015	\$53.79	\$4.48	\$0.4881
Cumulative Impact	\$0.03	\$107.58	\$8.96	\$0.7635

For a \$717,200 home (twice the value of a median home), the impact is shown below:

Impact of City and County Property Tax Increase on a \$717,200 Home				
	Proposed FY 2025 Property Tax Increase	Annual Impact on \$717,200 Home	Monthly Impact on \$717,200 Value Home	Total Proposed Property Tax Rate
City of Charlotte	\$0.015	\$107.58	\$8.96	\$0.2754
Mecklenburg County	\$0.015	\$107.58	\$8.96	\$0.4881
Cumulative Impact	\$0.030	\$215.16	\$17.93	\$0.7635

3. How are the city's lowest paid employees affected financially in the Proposed FY 2025 Budget when considering salary increases to property tax and fee increases?

The lowest paid employees' pay will increase by \$3,280. A typical homeowner's cost will increase on an annual basis by \$121.28 due to changes in the Proposed FY 2025 Budget: \$53.79 increase in property taxes, \$9.41 increase in the Solid Waste fee, \$52.44 increase in Water and Sewer fees, and \$5.64 in Storm Water fees. In addition, the Proposed Budget includes a recommendation to increase the weekly premium paid by employees for the city's medical plans by \$1 to \$5 depending on plan and tier. If an employee is in a plan where the weekly premium increases by \$5, on an annual basis it would cost \$260 more (\$130 in FY 2025). In total, based on the general assumptions mentioned, an employee would still have a net gain of \$2,899 compared to last year. Please note that this does not include impacts of state and federal income taxes which vary based on employee.

4. What is the cost of providing additional increases in the market adjustment for the public safety pay plan?

Over the past two years, on top of large adjustments to starting pay and top pay, and step increases, the public safety pay plan also received a three percent market adjustment to all pay steps. This was split evenly between July and January. In the Proposed FY 2025 Budget, the market adjustment is equal to 2.5 percent, but it is no longer split. The increase would occur entirely in July.

- To increase the market adjustment from 2.5 percent to 3.0 percent would cost the General Fund \$1,576,000.
- Every one percent increase in the market adjustment would cost \$3,152,000 in the General Fund.
- To double the market adjustment to five percent would cost the General Fund \$7,880,000.

5. Why does Police get their salary increase in January and what would it cost to expedite the increase?

Police Officers receive two components to their salary increase. They receive a 2.5 percent market adjustment (or across the board increase) in July. Then they receive a (typically 5 percent step) step increase on their anniversary date.

In the (current) FY 2024 Budget, the city also added two steps at the top of the pay plan to allow Police Officers to receive higher top pay. These steps were added in September 2023 (5 percent), and January 2024 (2.5 percent). Top pay Police Officers in FY 2024 received a 10.5 percent increase in total, including the three percent market adjustment. The FY 2024 Budget also included a plan for FY 2025 that would increase the top 2.5 percent step to 5 percent in January 2025. This is the action that was recommended in the proposed budget. It occurs in January because it is part of the two-year plan and because it is exactly one year since their most recent increase.

- To expedite this January action to July, it would cost the General Fund \$1,234,000
- To expedite this January action to November (to align with Fire's common merit date), it would cost the General Fund \$427,110

Neither of these actions would add any costs to the FY 2026 Budget, because the salary increases will need to be annualized to 12 months in either case, effectively meaning it would be a one-time expense.

6. What would it cost to increase the general city employee 401k contribution from three percent to four percent?

General city employees receive a defined benefit (pension) retirement that is calculated using the formula below:

$$0.0185 \times \text{total years of service} \times \text{average of the highest four consecutive years of salary}$$

To fund this future benefit, in FY 2025 the city will contribute 14.35 percent multiplied by all general employee salaries to the North Carolina Local Government Employee's Retirement System.

Additionally, the city currently contributes three percent of an employee's salary into a 401k retirement account that the state supports. The city currently contributes five percent to the 401k system for Police Officers (required by state law) and five percent for sworn Firefighters (split between a 401k system and 457 plan).

- To increase the general employee 401k contribution from 3 percent to 4 percent would cost the General Fund \$2,203,119. Additionally, it would cost Enterprise Funds \$2,930,789. The impact of this increase on Water and Stormwater rates would need to be evaluated.

7. What would it cost to increase the minimum wage from \$23/hour to \$25/hour for hourly general employees?

In the Adopted FY 2024 and Proposed FY 2025 Budget the city has used a "minimum pay increase", to help boost the minimum wage. In FY 2025, this means that hourly pay plan employees would receive either a five percent pay increase or a \$3,280 pay increase, whichever is greater.

The current budget would take all existing employees to \$49,480. The lowest paid employees, currently earning \$46,200 will receive \$3,280, rather than five percent (\$2,310). This means that the lowest paid

hourly employees will receive more than seven percent, and all employees under \$54,600 would receive more than six percent.

This strategy is intended to increase the minimum pay while also preventing compression between job classifications and workers/supervisors. If the city only bumped all hourly pay plan employees below \$25/hour to \$25/hour, there would be a significant amount of compression, resulting in jobs that have natural career progression, to be paid essentially the same amount. Additionally, the concept of “time in job” would be eradicated as many employees with significant work experience would earn the same amount as entry level workers.

- \$25/hour for a 40-hour employee is \$52,000 annually. With the proposed budget increase, 95 percent of the current General Fund employees will be paid at least \$52,000/year by November 2, 2024.
 - To increase the minimum wage to \$52,000 and to avoid compression, it would require that general employees receive a minimum \$5,800 increase.
- A \$25 minimum wage for general employees would cost the General Fund a projected \$5.7 million. This is made up of \$4.4 million for hourly employees and a \$1.3 million salaried compression pool to address inequities.
- This action would also require a \$6.3 million increase in the city’s Enterprise Funds. The impact of this increase on Water and Stormwater rates would need to be evaluated.

8. What would be the cost of paying time and one-half for all operational Fire Fighter shifts worked that were not a part of the regular schedule?

Based on payroll data, the cost of paying time and one-half for all extra shifts worked by operational firefighters without considering leave or pay cycles is estimated to be approximately \$1.8 million annually. Paying one department or type of employee overtime based on something outside of a Fair Labor Standards Act (FLSA) pay-cycle would be inconsistent with current practice and would likely lead to additional requests and costs outside of Fire in the future.

9. What are the implications of having an independent Animal Care & Control Department?

There is no legal requirement to have animal control or shelter operations overseen by a law enforcement agency, and animal control and sheltering services are sometimes split between different departments or bureaus within a municipality. The organizational structure of animal care and control services in the next ten largest North Carolina cities is shown below:

Shelter services:

- Two cities have animal shelters which are operated by a law enforcement agency (both of which are situated in the county’s sheriff’s department)
- Six have a standalone department or bureau for animal shelter services
- Two contract with a nonprofit for shelter services

Animal control services:

- Seven cities have animal control responsibilities situated within a law enforcement agency (three within the police department, four within the sheriff’s office)

- Three have a standalone department or bureau for animal control. These organizations still partner with law enforcement when responding to dangerous conditions, certain criminal enforcement scenarios, or when search warrants are needed

CMPD's Animal Care and Control Division (AC&C) has 36 budgeted Animal Control Officers who respond to incidents involving injured or dangerous animals, animal nuisance complaints, animal bite investigations, animal abuse, and similar situations. While these are not sworn law enforcement positions, Animal Control Officers assist with the enforcement of state and local animal laws including criminal investigations and work closely with CMPD's patrol officers when needed.

While there are no legal implications for separating AC&C from CMPD, there are several administrative and compensation-related impacts to creating a new department within the city. CMPD's central service groups currently perform many administrative functions for AC&C. CMPD's Financial Management team handles much of AC&C's contract and payment processing, grant and donation management, and similar financial and budgetary responsibilities. CMPD's Human Resources division also handles all compensation, hiring, and other personnel functions for AC&C. AC&C's current administrative positions would not be able to absorb these functions, and new positions would need to be created to perform these duties for an independent Animal Care and Control Department. The city would also need to analyze and implement compensation adjustments for AC&C leadership and supervisors to align the new department with the city's existing departments. Creating a new stand-alone department would require additional overhead and administrative costs.

10. Is there funding for expanded CARES Team hours and a new geography for standard (or expanded) hours?

Yes, funding is proposed to support expanded hours in the current CARES Team geographies (Central and Metro Division) as well as a future, to be determined, geography. The city will leverage a \$963,000 grant from the federal government secured by Congresswoman Alma Adams for these efforts.

11. Does the Proposed FY 2025 Budget include any additional funding for the District Attorney's Office?

Since 2008 the city has contracted with the Administrative Office for the Courts to fund five positions in the District Attorney's (DA) Office of Property Crime Court, and fund 1/8 of the cost of four positions in the DA Office's Drug Crime Unit. These contracts are funded through CMPD's operating budget, and FY 2022 and FY 2023 costs were \$251,524 and \$312,478 respectively. The FY 2024 contract for supporting these positions has an estimated cost of \$340,000, though actual expenditures may vary depending on the DA Office's ability to staff these positions. Support for these positions in FY 2025 will continue to be paid from CMPD's operating budget.

12. What is the cost of providing dedicated support staff for each Council Member?

The FY 2025 budget provides six full-time City Council Support Specialist positions in the Office of Constituent Services for City Council administrative support, as well as a Special Assistant dedicated to City Council to provide analysis support for Council. To add an additional five City Council Support Specialist positions, the cost would be \$479,670 in FY 2025.

13. What additional support did CMPD request in their budget?

To allocate available resources, the budget process includes working with departments to support their highest priorities. The highest priority requests from CMPD were 911 Telecommunicators and Civilian Crash Investigators. The Proposed Budget includes 31 positions for these two priorities. These recommendations will support 911 staffing and allow for Police Officers to be diverted to higher priority calls. The Proposed Budget also includes support for ten Animal Care positions that were requested.

The civilian position requests of CMPD that were not funded within the Proposed Budget include positions that were much lower in CMPD's prioritization. The unfunded requests include Crime Scene Technicians (\$78,900 each), a Human Resources Customer Revenue Assistant (\$69,800), and a Crime Lab DNA Analyst (\$114,900).

Outside of the positions, CMPD requested a continuation of the Police Officer take-home car program expansion (which is funded) and \$4.98 million in additional maintenance, uniform, lifecycle management, contractual, and equipment support above their FY 2024 level (of which \$3.1 million was funded). Overall, the total budget increase for Police in the Proposed FY 2025 Budget is the largest in over 20 years.

14. Does the Proposed FY 2025 Budget include Fire's Battalion 9 and Ladder 20 requests?

The Proposed FY 2025 Budget includes funding for the establishment of both Battalion 9 and Ladder 20, which CFD plans to begin operating in January 2025 and June 2025, respectively.

- Three Battalion Chiefs were added for Battalion 9, and three Captains, three Engineers, and nine firefighters were added for Ladder 20.
- The FY 2025 - 2029 Capital Investment Plan will fund:
 - Two Battalion vehicles for Battalion 9;
 - The expansion to Firehouse 20's sleeping quarters; and
 - The apparatus for Ladder 20.

On-going funding was provided in Fire's budget to support the operating costs of these additions. As these additions will begin mid-year, funding levels will be annualized in the FY 2026 Budget.

15. How much would it cost to pay firefighters an overtime rate for "Kelly days" that are mandated to be worked?

"Kelly" days are a scheduling tool used to match Fire's operational needs with the staffing resources available and Fire's shift cycle. Every 24-day cycle firefighters take one-half of a scheduled 24-hour shift off as a Kelly Day. Taking this time off keeps the number of hours worked in a 24-day cycle below the maximum allowed hours worked before overtime pay. This allows firefighters to have set 24-day cycles with 24-hour shifts.

- The projected cost of requiring all mandated worked Kelly Days to be paid at 1.5x regardless of pay cycle would be \$655,000.

The city currently uses overtime cycles for all city employees based on Fair Labor Standards Act (FLSA) regulations. Paying one department or type of employee overtime based on something outside of a Fair Labor Standards Act (FLSA) pay-cycle would be inconsistent with current practice and would likely lead to additional requests and costs outside of Fire in the future.

16. How much would it cost to provide medical insurance to the spouses and dependents of City of Charlotte employees that die in the line of duty?

Currently, the spouse of a city employee who dies in the line of duty may elect to remain on the city's active employee medical plan until they remarry or age 65. Children may remain on the plan until age 26. The weekly employee premium continues to be paid by the dependents.

If City Council were to amend the plan's provisions so that the surviving dependent would not have to pay any portion of an employee premium, the projected costs would be \$4,418 per spouse and \$1,454 per child. As there is a limited number of these situations, if the City Attorney's Office determines that the city could waive premium costs in this situation, the policy change has a negligible cost and could be absorbed in the Employee Health and Life Fund without any additional budget action in FY 2025.

17. Does growth pay for the costs associated with it?

Over the past five years, the city's annual property tax revenue has grown by a total of \$75.7 million. This growth, which has equaled out to about 2.98 percent per year, is due entirely to expansions and additions to the tax base. While some of the growth is related to expansions of existing homes and annexations, the majority is due to new construction.

General Fund

The General Fund portion of this property tax growth is cumulatively \$59.9 million annually. Over that same five-year period, the General Fund has added new positions and other service enhancements (dependent on tax revenue) that collectively total \$17.2 million annually. Additionally, there is up to \$10 million of technical and contractual increases that may be directly or indirectly related to growth. This means that without even considering sales tax growth, growth has been financially positive in the General Fund, resulting in an additional \$32.7 million in annual revenue.

The additional property tax growth has been utilized primarily to cover labor and inflationary costs of existing employees that far exceed the 2.98 percent growth rate of revenue. Compared to 2.98 percent average annual growth in the city's main revenue source, the cost of labor (defined as total cost per FTE) in the General Fund has increased by 6.0 percent annually over the same time period. This is due to increased compensation, healthcare, and retirement costs. For instance, the total cumulative annual cost of all salary, healthcare, and retirement increases for existing employees from FY 2019 to FY 2024 is more than \$100 million annually in the General Fund.

The increases to existing employees have been supported by this property tax growth and have allowed Charlotte to remain competitive in the labor market for hard to fill positions like Police Officers, Telecommunicators, and Laborers while also better supporting the city's lowest paid employees. Absent growth from new development in property tax revenue, the General Fund would have required property tax increases or significant service reductions on multiple occasions over the past five years.

General Capital Investment Plan

Unlike the General Fund, which carries ongoing expense obligations and corresponding revenue requirements, the Capital Investment Plan (CIP) is rooted in City Council policy and the policy-based question of what level of service (i.e., infrastructure) is the community willing to accept based on the corresponding cost of that service (i.e., tax rates). To support capital infrastructure, property tax growth over the past five years dedicated to the CIP cumulatively totals \$17 million annually, which can support approximately \$30 million of extra affordability in all future bonds.

While some CIP projects/programs are the direct result of growth, many are the product of required repair or replacement to be good stewards of public assets, the implementation of City Council priorities, or some combination of all of these goals. The table below breaks out the Proposed 2024 Bond projects/programs by their most relevant category.

Proposed 2024 Bond Projects and Programs by Intended Purpose Category		
Responsive to Growth (\$90.1m)	Responsible Management (\$41.9m)	Supportive of City Council Priorities (\$268m)
Bryant Farms Road Phase II (\$10m)	Morris Field Bridge Replacement (\$5m)	Affordable Housing (\$100m)
Congestion Mitigation (\$10m)	Repair and Replace Bridges (\$7.3m)	Bicycle Facilities (\$8m)
Eastway/Shamrock Intersection (\$10.5m)	Resurface Streets (\$24.6m)	City Center Transportation Improvements (\$5m)
Idlewild/Monroe/Rama Intersection (\$9.1)	Traffic Control Devices (\$5m)	Corridors of Opportunity (\$25m)
Rea Road Bonus Allocation (\$6m)		Intelligent Transportation Systems (\$4m)
Robinson Church Road (\$7.8m)		Monroe Road Streetscape (\$1m)
Public/Private Partnerships (\$36.7m)		Sidewalks (\$50m)
		Strategic Investment Areas (\$55m)
		Vision Zero (\$20m)

One of the major disparities of Council policy and accommodating growth is in the transit space. City bonds haven't historically been used to support transit since bonds are primarily supported by City of Charlotte property tax and the Charlotte Area Transit System is a countywide enterprise with a dedicated sales tax. Yet transit is one of the most effective ways to move a growing population and one of the best ways to achieve Council's 50/50 mode share goal outlined in the Strategic Mobility Plan. This is one of the primary reasons a sales tax for mobility would make strides accommodating growth from a mobility perspective.

In addition to bond projects and programs, projects funded with Certificates of Participation (COPs) can also be categorized similarly. The \$107 million Fire Facility construction program includes three infill firehouses, one temporary firehouse, and a firehouse expansion that are all responsive to growth (representing about \$60 million of the total \$107 million to date). The program includes two additional replacement firehouses that are a product of responsible asset management. The rest of the projects/programs funded by COPs are responsible asset management, such as Americans with Disability Act building improvements, or supportive of City Council priorities, such as building improvements for sustainability.

GENERAL CAPITAL INVESTMENT PLAN

18. What savings potential do SEAP improvements have on municipal buildings and assets?

Solar projects generally offset about 20 percent of electricity use in a building, usually achieving a payback within 20 years. Clean energy projects, like solar, HVAC, EVs, and EV charging are now eligible for direct pay incentives of up to 30 percent from the Inflation Reduction Act which will be pursued. Anticipated annual fuel savings is estimated at approximately \$57,000 from 70 EV purchases (based on a weighted average from existing fleet demographics), and EV Charging projects will continue to support infrastructure for expansion of the EV fleet. Additionally, these projects mitigate the public health and environmental costs of carbon emissions.

19. What is the plan for the \$100 million 2024 Housing Bond?

There is a current referral to the Housing, Safety, and Community (HSC) Committee to retool housing bond investments. The HSC Committee will have the opportunity to define new funding priorities for the housing bonds through the open policy referral:

How to balance multiple priorities surrounding the city's affordable housing activities and investments to more strategically align community needs to available city resources.

The policy referral will include an assessment of:

- a. Eligible uses of housing bonds (potentially fund more/different activities than historically funded);
- b. Potential investment categories (identify categories and potentially set levels of investment):
 - i. E.g., Homeownership, New Multifamily, NOAH Acquisition and Rehab, Land Acquisition, Shelter and Supportive Housing, Rehab & Repair; and
 - ii. Review category examples from San Antonio, Seattle, and Columbus;
- c. Priorities – Council members have raised multiple points of interest for discussion, including:
 - i. Geographic dispersion, pair housing with other mobility investments – both transit and economic mobility, housing and jobs; and
- d. Prisonization of households into city-supported developments – Council members have raised multiple issues for discussion, including:
 - i. Vulnerable populations, previously displaced residents, and creating a shared waitlist.

The “A Home for All” plan recognizes that the housing bond is a critical tool in what is referred to as, “the production pillar” – and the United Way is advocating that the bond be increased to \$100 million and has started conversations with the county about contributing to the bond. The city already partners with Mecklenburg County in the RFP, which is a change that took place after the Housing Trust Fund Tune-up.

20. How are the \$400 million 2024 General Obligation Bonds funded? What would the traditional Steady State be under the same assumptions without the pull-forward of capacity? Will the larger bond amounts affect the city's AAA credit rating or require a future property tax increase?

Bond projects are part of the city's Capital Investment Plan. The Capital Investment Plan includes projects funded by debt through the Municipal Debt Service Fund (MDSF). In the Proposed Budget, the MDSF receives 5.51 cents of the city's property tax rate, totaling \$124.9 million in FY 2025. This is in addition to \$34.9 million in sales tax that MDSF will receive.

Included in the 5.51 cents that the Municipal Debt Service Fund will receive is a 0.3 cent property tax increase. When the FY 2024 Budget was adopted, future steady state bond capacity was \$210 million per

biennial referendum. During FY 2025 budget development, the city's Chief Financial Officer informed City Council that with another 12 months of data, the steady state capacity could be revised upward to \$228 million per biennial referendum. The proposed, additional property tax revenue helps increase the 2024 bond to about \$378 million in 2024 (an additional \$50 million for the Housing Bond and about an additional \$100 million for transportation/neighborhood bonds).

In addition to increased capacity from proposed property tax revenue, the proposed 2024, 2026, and 2028 Bonds pull-forward a portion of the natural affordability growth from the 2030 Bond and beyond. The pull-forward in the 2024 Bond represents about \$22 million, and about \$15.5 million each in the 2026 and 2028 Bonds. Combined, these actions allow the 2024 Transportation and Neighborhood Bonds to total \$300 million in addition to the \$100 million for affordable housing. The Steady State will be \$220 million of capacity in the 2030 Bond and beyond. If the property tax increase were spread evenly across the model proportionally and no natural capacity was pulled forward, the new steady state would be about \$247 million, with \$54 million for Housing Bonds and \$193 million for Transportation/Neighborhood Bonds each bond cycle.

The city will continue to manage its long-term liabilities to support the AAA bond rating under existing rating criteria. The corresponding proposed property tax increase indicates the city's strong forward-looking financial management by raising revenues to support these fixed costs. The proposed property tax increase supports the bonds as proposed.

21. How can we target infrastructure needs at the pain points?

Strategic Investment Areas are the result of a new, data-driven approach to project identification that is intended to match the most critical areas of infrastructure need with investment. The 16 Strategic Investment Areas were identified through a GIS exercise that mapped data layers on top of each other to identify the areas with the most overlapping needs. Some of these data layers included: crash data from the high injury network, gaps in infrastructure such as sidewalks and street lighting, populations with limited access to vehicles, and projections around job growth and anticipated density.

This funding will implement scalable projects across a range of project types, including projects that focus on pedestrians, cyclists, and cars. The Proposed 2024 Bond includes the first funding allocation to test these new strategies in several of the 16 Strategic Investment Areas.

22. Explain the resources provided for street resurfacing and sidewalks.

The Proposed FY 2025 Budget includes a total of \$40.5 million for street resurfacing, comprising the annual, flat rate of \$13.7 million in Powell Bill funds from the North Carolina Department of Transportation, \$24.6 million in Transportation Bond funding, \$1.3 million in Pay-As-You-Go funding, and \$1.0 million in the General Fund. The Proposed Budget of \$40.5 million is \$1.8 million higher than the street resurfacing total of \$38.8 million in the Adopted FY 2024 Budget (plus the 2022 Bond amount for an appropriate comparison).

Resurfacing: The current cost for resurfacing is \$165,000 per mile. Current and planned funding for resurfacing provides resources to pave approximately 75-100 miles annually. CDOT strives to leverage other programs and where appropriate, private resources through the land development process, to pave additional miles during each fiscal year. The FY 2023 Annual Pavement Condition rating is 82 percent which results in a "good" rating.

Sidewalks: The current cost for sidewalks is \$4-\$8 million per mile. This cost is variable depending on project scope, real estate acquisition, utility relocation, and construction costs. The city partners with NCDOT, various city departments, including Stormwater, and developers - including Affordable Housing, to continue to grow the pedestrian infrastructure. These partnerships are additional ways for the city to leverage resources and funding to install sidewalks.

23. How many CNIP projects have been delayed or canceled? Provide an update on the Central/Kilborne/Norland Ped/Bike Improvements project mentioned at the Public Hearing.

The Comprehensive Neighborhood Improvement Program (CNIP) was a Neighborhood Bond program that focused on investing in multi-neighborhood geographies to connect residents to public spaces and retail areas through street, sidewalk, greenway, and bike projects. Across the six geographies of focus, 36 projects were envisioned in partnership with the community. 25 of the projects have been completed.

Of the remaining 11 projects, three projects are waiting for NCDOT or private developers to build the projects according to their schedules, and two projects are currently in construction and anticipated to be completed in the next year. The remaining six projects are in design/real estate and considered to be “at risk” from a budget perspective. None of the CNIP projects have been cancelled. The intention for the program was and is for investments to be aligned with total bond funds through project prioritization, selection, and scoping, with individual projects to be designed and modified to fit within the total funds available.

CNIPs received \$135 million of city funds across the 2014, 2016, 2018, and 2020 Bonds and focused on six geographies: Central/Albemarle/Shamrock, Prosperity Village, SouthPark, Sunset/Beatties Ford, West Trade/Rozzelles Ferry, and Whitehall/Ayrsley. City Council approved total budgets for each of the six geographies, not for individual projects within each geography. The intention for the program was for investments to be aligned with total bond funds through project prioritization, selection, and scoping, with individual projects to be designed and modified to fit within the total funds available.

A project is considered “at risk” if the estimated cost of construction is not within the budget. If construction bids come in on target, the at-risk projects should fall within the current budget and move forward as designed; if construction bids are higher than estimated, the projects and scopes will be intended to be tailored to stay within the allocated CNIP budget for the geography.

The table below is from the General Capital Investment Plan Project Updates provided at the Budget Workshop on February 12, 2024. The Central/Kilborne/Norland Ped/Bike Improvement projects is currently at risk. Due to budget concerns, the design of the project is currently being updated to achieve the intended purpose within the available budget. Once the design is updated, the project team will provide an update to the community.

General Capital Investment Plan Project Updates from February 12, 2024, Budget Workshop

#	Project Name	Current Phase	Estimated Completion Date (Calendar Year)	Budget Status
Comprehensive Neighborhood Improvement Program (CNIP)				
CNIP - Central / Albemarle / Shamrock				
135	CNIP - Central/Albemarle/Shamrock - Shamrock Drive Complete Street Improvements (The Plaza to Eastway Drive)	Design	Q3 2030	At Risk
136	CNIP - Central/Albemarle/Shamrock - Kilborne Drive Streetscape	Construction	Q2 2025	On Target
137	CNIP - Central/Albemarle/Shamrock - Central/Kilborne/Norland Ped/Bike Improvements	Design	Q2 2027	At Risk
CNIP - Prosperity Village				
139	CNIP - Prosperity Village - DeArmon Road Complete Street Improvements	Real Estate	Q1 2030	At Risk
140	CNIP - Prosperity Village - Prosperity Church Road (Old Ridge to Benfield) Improvements	Design	Q1 2027	At Risk
CNIP - Sunset / Beatties Ford				
142	CNIP - Sunset/Beatties Ford - Beatties Ford/Sunset Ped Improvements (former Hornets Nest Park Access)	Design	Q4 2027	At Risk
143	CNIP - Sunset/Beatties Ford - Oakdale/Miranda/Sunset Intersection	Developer Partnerships	NCDOT Build According to their Schedule	On Target
CNIP - Whitehall / Ayrley				
144	CNIP - Whitehall/Ayrley - Brown - Grier Road Upgrades	Real Estate	Q4 2030	At Risk
145	CNIP - Whitehall/Ayrley - Multi-Use Path along Westinghouse Boulevard	Construction	Q3 2024	On Target
SouthPark CNIP				
147	SouthPark CNIP - Briar Creek Greenway Wayfinding	Developer Partnerships	County Build According to their Schedule	On Target
148	SouthPark CNIP - Cultural Loop Implementation and Partnership Opportunities	Developer Partnerships	Developer Build According to their Schedule	On Target

24. Do Transportation Bond projects prioritize Charlotte-first needs?

All Transportation Bonds are dedicated to projects within the City of Charlotte and projects are prioritized to ensure safety and equity. The FY 2025 - 2029 Capital Investment Plan includes three bond referendums (in 2024, 2026, and 2028) that will construct street and intersection projects, and programmatic projects, such as the sidewalks, bikeways, bridges, and the Vision Zero projects, all of which will be within city limits. The Congestion Mitigation program also prioritizes Charlotte-first needs by leveraging funding and partnering with private developers to mitigate congestion and improve traffic flow through small-scale, quick infrastructure projects. The 2024 Bond will continue to prioritize and fund projects within city limits and continue to seek leverage opportunities in Strategic Investment Areas and Corridors of Opportunity.

25. What is the \$5 million for Uptown programmed for and can funding for Charlotte Center City Partners be leveraged?

The \$5 million for Center City in the Planned 2024 Bond implements transportation projects, including improvements to the pedestrian, bicycle, vehicular, and transit systems specifically within Center City. The goal of this funding is to expand safe and equitable travel options for residents and visitors of uptown Charlotte. The projects emerging from this funding are focused on infrastructure, and Charlotte Center City Partners would not be positioned to provide funding for this effort.

26. What is the projected cost to build a commercial burn building and drill tower for Charlotte Fire Tower?

Support for the Fire Facilities Program is currently concentrated on adding new fire stations to improve response times along with replacing the highest priority stations. The projected cost of adding a commercial burn building and drill tower to the CIP is \$8.8 million.

ARTS AND CULTURE, ENTERPRISE FUNDS, FINANCIAL PARTNERS, AND OTHER ITEMS

27. Explain the proposed funding and organizational structure for the arts and culture ecosystem.

The Proposed FY 2025 budget includes \$11 million in support for arts and culture from the City of Charlotte. This funding supports two key priorities that emerged from Charlotte's first Comprehensive Arts and Culture Plan, accepted by City Council in November 2023:

- Priority 1: Ensure sustainable and reliable funding for arts and culture in Charlotte-Mecklenburg through public-private planning, collaboration, and commitment.
- Priority 2: The public sector must partner with an already active private sector to play a leadership role in building Charlotte-Mecklenburg's arts and culture ecosystem including governance and funds delivery.

Proposed Funding Structure and Collaboration with County

The city's \$11 million will be split into two main buckets of funding:

- \$9 million will be disbursed via the Foundation For The Carolinas (FFTC) to organizations who are in the city and previously received annual operating support; grant amounts to be determined by the city.
- \$2 million will be reserved for individual artists and organizations, and collaboration among organizations in the ecosystem.
 - This funding may be allocated by the future Arts Governance Board or provided to a community partner to allocate following guidance from the city.

On April 9, the County Manager shared a presentation with the Board of County Commissioners that outlined the county's proposed \$10 million support for arts and culture. While the County Manager presents the Proposed FY 2025 Budget on May 16, a summary of funding from the April 9 presentation is below. Between the city and county proposal, the public sector will commit \$21 million to the arts and culture ecosystem.

Arts Funding Slide Shared with County Commissioners on April 9			
	City	County	Total
Annual Operating Grants - Charlotte Groups	\$9.0 M		\$9.0 M
Annual Operating Grants - County/Town Groups		\$1.0 M	\$1.0 M
Grants to individual artists, small cultural groups, community organizations	\$2.0 M		\$2.0 M
Venue assistance for individual artists and small groups		\$1.5 M	\$1.5 M
Education grants - mid to large groups		\$3.0 M	\$3.0 M
Cultural support to Individual artists, culture blocks etc.		\$4.5 M	\$4.5 M
Total	\$11.00 M	\$10.00 M	\$21.0 M

In addition to public support for arts and culture, the private sector will continue to support the ecosystem through:

- Launching and supporting capital campaigns;
- Bolstering existing and starting new endowments;
 - Ex: \$42m currently raised for Symphony endowment;
- Sponsorships; and
- Private contributions and donations.

Annually Funded Organizations

Prior to the creation of the Infusion Fund (FY 2022), the Arts & Science Council managed operating grants to arts and culture organizations across the county. Some organizations have received this funding on an annual basis since the early 2000's. This group of 37 organizations is a mix of large institutions (ex: Mint Museum, Discovery Place) and smaller organizations (ex: Three Bone Theatre, Que-Os). One of the recommendations from the Council Ad Hoc Arts and Culture Committee was:

“In the coming year (FY 2022), recipients of last year’s ASC annual operating grant are to receive funding at FY 2020 or FY 2021 levels, whichever is greater”

In the three years of the Infusion Fund, the Arts and Culture Advisory Board has continued to provide annual operating grants to this set of organizations. The proposed structure carries these groups forward, with the city providing \$9 million to support organizations within city limits, and the county providing a new, \$3 million contribution to support organizations outside city limits but within the county.

The chart below compares 2021 annual operating support (low point of annual operating support) to 2024, the final year of the Infusion Fund. The chart also includes proposed amounts for 33 organizations in FY 2025, which removes four organizations that reside outside city limits but within the county.

Annual Operating Support			
	Low Point 2021	Y3 Infusion Fund 2024	FY 2025 Proposed (+7.8%)
Mint Museum of Art, Inc.	\$509,494	\$1,026,777	\$1,106,686
Discovery Place, Inc.	\$431,718	\$1,033,714	\$1,114,163
Charlotte Symphony Orchestra	\$431,718	\$1,049,055	\$1,130,698
Charlotte Ballet	\$412,784	\$801,473	\$863,848
Levine Museum of the New South	\$209,633	\$525,333	\$566,217
Children's Theatre of Charlotte	\$251,401	\$501,420	\$540,443
Gantt	\$201,814	\$703,628	\$758,388
Opera Carolina	\$191,191	\$464,000	\$500,111
Bechtler Museum of Modern Art	\$317,059	\$113,471	\$122,302
McColl Center for Art + Innovation	\$154,880	\$388,125	\$418,331
Blumenthal Performing Arts	\$200,000	\$295,780	\$318,799
Arts+	\$118,475	\$266,202	\$286,919
Carolina Raptor Center	\$87,642	\$100,363	\$0
Theatre Charlotte	\$59,806	\$150,000	\$161,674
Wing Haven	\$89,063	\$89,063	\$95,994
Carolinas Aviation Museum	\$80,573	\$119,160	\$128,434
Actor's Theatre of Charlotte (Closed in 2022)	\$61,750	\$0	\$0
Matthews Playhouse	\$60,352	\$100,000	\$0

Annual Operating Support			
	Low Point 2021	Y3 Infusion Fund 2024	FY 2025 Proposed (+7.8%)
Clayworks	\$52,785	\$60,000	\$64,670
JazzArts Charlotte	\$58,893	\$117,786	\$126,953
Davidson Community Players	\$53,248	\$55,000	\$0
Carolina Voices	\$28,010	\$51,762	\$55,790
The Light Factory	\$27,718	\$50,000	\$53,891
Goodyear Arts	\$27,606	\$45,088	\$48,597
One Voice Inc.	\$15,948	\$55,000	\$59,280
Tosco Music Parties, Inc.	\$27,234	\$40,277	\$43,412
Que-OS	\$24,334	\$50,000	\$53,891
A Sign Of The Times of the Carolinas	\$17,756	\$20,000	\$21,557
Charlotte Center For Literary Arts Inc	\$18,562	\$27,452	\$29,588
Charlotte Art League	\$15,953	\$30,000	\$32,335
Historic Rosedale Plantation	\$0	\$17,250	\$18,592
Three Bone Theatre	\$10,160	\$30,000	\$32,335
Gay Mens Chorus of Charlotte	\$12,192	\$32,500	\$35,029
Charlotte Folk Society	\$6,635	\$16,268	\$17,534
BNS Productions	\$10,381	\$20,762	\$22,378
Mint Hill Arts	\$8,839	\$14,789	\$0
Martha Connerton/Kinetic Works, Inc.	\$8,204	\$12,133	\$13,077
The Carolinas Latin Dance Company	\$6,191	\$7,500	\$8,084
Total Op Support	\$4,300,000	\$8,481,131	\$8,850,000

Note: Includes an estimated \$150,000 in admin fee for FFTC for check distribution and grant monitoring.

Item	Description
Rows shaded in blue	Previous THRIVE Organizations
Rows shaded in yellow	Organizations in the county, to be funded by the county
Text in orange	ALAANA (African, Latinx, Asian, Arab, Native American) groups

28. Are there any arts organizations that would be funded with city dollars that do not primarily operate in city facilities.

The arts organizations presented in the table below are programmed to be funded in FY 2025. The organizations in bold font operate in city owned facilities.

Annually Funded Organizations – Proposed FY 2025 - \$9 Million		
A Sign Of The Times of the Carolinas	Charlotte Symphony Orchestra	McColl Center for Art + Innovation
Arts+	Children's Theatre of Charlotte	Mint Museum of Art, Inc.
Bechtler Museum of Modern Art	Clayworks	One Voice Inc.
Blumenthal Performing Arts	Discovery Place, Inc.	Opera Carolina
BNS Productions	Gay Men's Chorus of Charlotte	Que-OS
Carolina Voices	Goodyear Arts	The Carolinas Latin Dance Company
Carolinas Aviation Museum	Harvey B. Gantt Center	The Light Factory

Annually Funded Organizations – Proposed FY 2025 - \$9 Million		
Charlotte Art League	Historic Rosedale Foundation	Theatre Charlotte
Charlotte Ballet	JazzArts Charlotte	Three Bone Theatre
Charlotte Center For Literary Arts Inc	Levine Museum of the New South	Tosco Music Parties, Inc.
Charlotte Folk Society	Martha Connerton/Kinetic Works, Inc.	Wing Haven

29. Why wasn't the Charlotte Museum of History included in the Proposed FY 2025 Budget?

Charlotte Museum of History is not one of the organizations that receive annual operating support. Per the recommendations of the Council's Ad Hoc Committee in 2021:

"In the coming year (FY 2022), recipients of last year's ASC annual operating grant are to receive funding at FY 2020 or FY 2021 levels, whichever is greater."

Prior to the Infusion Fund, the Arts and Science Council (ASC) determined and managed operating grant recipients. In the three years of the Infusion Fund, the Arts and Culture Advisory Board has continued to provide annual operating grants to this set of organizations. Charlotte Museum of History is not a Financial Partner with the city either, as they did not apply. In FY 2019 funds were provided to relocate the old school building as part of the Siloam School Project.

30. Comparison analysis was provided for tax rates for the largest NC peer cities. What does it look like for large peer cities?

A comparison of the total local government property tax rates for peer cities on a \$358,600 home (Charlotte's median assessed home) results in annual costs for peer cities ranging from \$1,367 to \$8,843 annually. Including the property tax increases recommended in the city and county budgets, Charlotte has the third lowest local government property tax bill out the 20 national peer cities. However these types of comparisons have limited utility when comparing to cities in other states because of the following factors:

- Some cities receive revenue sharing from the state as a revenue source.
- Some services (such as road infrastructure and social services) are provided entirely by the state in some localities.
- Other localities may have available revenue sources that Charlotte does not have, such as payroll or income tax.
- Cities and counties may be consolidated elsewhere.
- How education is funded varies by state. In some localities, it is its own taxing authority.
- Some cities have different rates for commercial and residential taxes, and some have exemptions based on length of time in the house.
- Some states have no state income or sales tax, requiring higher property tax rates to support services.

31. How is the city enhancing down payment assistance programs to increase utilization?

The city understands a successful homeownership strategy involves both homeownership assistance and increasing the supply of affordable housing. The city continues to explore programs to support homeownership such as the House Charlotte Plus program. Last year when the House Charlotte Plus pilot was launched, the funds were fully committed in three months with 27 households served. Higher utilization of the House Charlotte Plus program is expected while housing supply continues to be constrained in Charlotte. In addition, staff are currently working with the Planning Department to identify additional opportunities in the UDO to incentivize homeownership (e.g., currently proposed text amendment that updates the voluntary mixed-income housing bonus to increase two zoning districts) and the NEST Commission is currently evaluating innovative models for homeownership, including strengthening land trusts, cooperative models, and other shared equity options that make homeownership more attainable – additional recommendations will come forward to the Housing, Safety, and Community (HSC) Committee later this year.

The city invests in supply through gap funding with the Housing Trust Fund for new, for-sale affordable housing and through the Acquisition, Rehab, Resale program. In the last 2 years, 14 percent of Council's housing investments supported homeownership activities, and the HSC Committee will have an opportunity to discuss expanding homeownership activities through the current funding policy referral. The city is also planning to advance a city-owned land RFP later this summer as a result of the Real Estate Collaborative review, many of the parcels tagged as feasible for affordable housing are smaller parcels and in-fill opportunities. This RFP will have a focus on homeownership and innovative solutions toward affordable housing.

32. What resources are available to develop MWSBE firms specifically highlighting mentorship and lending opportunities?

The city supports MWSBE firms through programming resources for city operations and leveraging partnerships with community partners. Specifically for mentorship, LinkUp Charlotte provides mentorship opportunities through the Charlotte Business INclusion (CBI) Mentor Protégé Program developed by the city's CBI Office and the CBI Advisory Committee. This program will launch in summer 2024. In addition, the city partners with Merriweather & Williams as part of the Charlotte Capacity Building (Bonding) Program, which offers assistance obtaining bonding and business development. The city has also established the CBI University program which is designed to enable CBI to serve as a convener, providing and connecting minority firms to the appropriate resources. (i.e. Bonding, Capital Access, CPCC courses, etc.).

33. What is causing enterprise fee increases? If more people are paying in, why are these funds not self-sustaining?

Storm Water

Inflation is a strong driver of the planned rate increases for any given year, and for modeling purposes, Storm Water Services assumes a long-term average of around three percent for inflation. However, other factors add to the rate increases necessary to properly maintain the system. Below are the main cost drivers:

- The primary driver of Storm Water Services' expenses is the cost of repairing failing drainage infrastructure. At its creation, Charlotte Storm Water Services inherited a drainage system that was installed over 50 years beforehand. Fee increases, especially in the earliest years of the utility, reflected the need to scale up the resources necessary to properly maintain the existing public drainage system. As Storm Water Services has grown in its ability to maintain the public drainage system, the rate of fee increases has generally been lower than those early years.
- The overarching factor in Storm Water fee revenue is the amount of impervious surface area. Historically, the rate of growth of new drainage infrastructure that Storm Water Services maintains has outpaced the rate of growth in new impervious surface area, which adds to the rate increases beyond just the simple increase due to inflation.
- New development is not generally impacting the Storm Water Services Fee today because the expense of regulating new development does not arise until today's new infrastructure ages to a point of needing maintenance or replacement, but generally not for many decades. Storm Water Services did lose the ability to require re-development to retrofit existing substandard stormwater controls due to a change in state law in 2018. This change had the effect of transferring the retrofit expense to all Storm Water fee payers.

Revenue growth for the Storm Water Fund is based on growth in impervious surface area and, which is typically one percent per year. Comparing against the most recent FY 2025 model run, normal revenue growth across all revenue categories is four percent, or about \$23 million. This is calculated by removing increases for variable, fixed, and availability fees and using the same rate as FY 2024. Using this methodology, revenues at the FY 2024 rate would not sustain system needs operationally, through debt service, nor the Capital Investment Plan.

Charlotte Water

Additionally, Charlotte Water revenue growth in volumetric, fixed, and availability fees is 3.3 percent or about \$16 million of the \$23 million to reflect customer/consumption/volumetric fee growth.

Charlotte Water programs 1.5 percent in customer growth each year and 1 percent growth in total consumption. Below are some factors that contribute to rate considerations:

- Natural growth of the system (new water/wastewater connections) contributes positively to the Charlotte Water revenue picture but does not cover the incremental cost of service increases and/or the necessary expansion of the system.
- The Bureau of Labor Statistics (BLS) and the Federal Reserve Bank of St. Louis reported 38.4 percent increase in industrial construction costs between January 2020 and a March 2023 peak. While construction increases have leveled, labor shortages have kept costs high.
- The BLS and the Federal Reserve Bank of St. Louis reported a 29.9 percent increase from January 2020 to present in the Producer Price Index (PPI), an extended measure of commodity costs. Examples of significant expenditures impacted by this inflationary pressure include power for pumping/plant operations and treatment chemicals.
- Enhanced regulatory requirements accelerated the need for capital program increases beyond previously modeled projections.

34. Provide changes to the relationship between the City of Charlotte and TreesCharlotte occurring in FY 2025.

TreesCharlotte has been a financial partner of the city since 2016 with the goal of increasing the city's tree canopy by 50 percent by 2050. Since then, TreesCharlotte has grown their programming to include targeted tree planting in underserved communities, tree education programs, and tree giveaway programs.

TreesCharlotte Financial Partner Funding History		
Fiscal Year	Amount Requested	Amount Funded
2020	\$150,000	\$100,000
2021	\$150,000	\$100,000
2022	\$150,000	\$150,000
2023	\$150,000	\$250,000
2024	\$250,000	\$250,000
2025	\$500,000	Proposed: \$250,000

How is the in-kind support model changing for Tree Charlotte?

The city has been a strong partner and supporter of TreesCharlotte since 2012. The partnership has resulted in multiple positive tree canopy achievements over the past 14 years. The organizational framework, needs, resource level, and policy objectives for both organizations have greatly evolved during this period and a new partnership model is needed to ensure continued success.

The city remains committed to partnering with TreesCharlotte and providing in-kind support moving forward and is actively working on developing revised support. A designated FTE and continued access to a city storage yard to support event and resource management needs will be included in the new partnership model to ensure both organizations are best positioned to be successful in achieving shared tree canopy goals. The city looks forward to working with TreesCharlotte over the coming weeks and months to fully develop a new partnership model that balances the needs of both organizations with the goals for advancing, maintaining, and protecting Charlotte's tree canopy.

35. What is the process for monitoring tree save post development?

After development, property owners are required to maintain tree save areas per applicable ordinance requirements in the legacy Charlotte Tree Ordinance or the Unified Development Ordinance (UDO). The city has a long-term regulatory strategy to complete compliance inspections when possible. The basis of this strategy is to ensure required tree save areas are preserved, thrive, and continue to provide long-term tree benefits to the community. Prior to 2023, the city completed long-term compliance inspections sporadically as workload allowed.

Council-adopted tree canopy policy and ordinance concepts in the 2040 Comprehensive Plan and UDO increased the regulatory focus on tree canopy preservation, and preservation requirements were increased. To better support the increased preservation focus the City Manager recommended and City Council adopted an FY 2024 budget that included, a new Preservation Team consisting of four urban foresters in the Planning, Design & Development Department's Community Tree Canopy Preservation Division. One of the primary duties of the Preservation Team is to complete long-term compliance inspections. Since June 1, 2023, the Preservation Team has completed approximately 1,000 long-term compliance inspections.

36. Provide a list of all FY 2025 Financial Partner applications that were not included for funding within the Proposed FY 2025 budget.

The table below lists proposed FY 2025 Financial Partners (partners receiving funding) and applicants that did not receive funding.

	FY 2024 Adopted	FY 2025 Requested	FY 2025 Proposed
Current Financial Partners			
Alliance Center for Education (Formerly, Bethlehem Center)	\$90,000	\$126,000	\$90,000
Bengali Women's Forum	\$10,000	\$10,000	\$10,000
Carolina Metro Reds	\$50,000	\$50,000	\$50,000
Charlotte Regional Business Alliance	\$168,341	\$171,809	\$171,809
Community Building Initiative	\$50,000	\$50,000	\$50,000
For the Struggle, Inc.	\$100,000	\$100,000	\$100,000
Greater Enrichment Program	\$200,000	\$200,000	\$200,000
Local Initiatives Support Corp (LISC)	\$200,000	\$200,000	\$200,000
My Brother's Keeper Charlotte-Mecklenburg	\$50,000	\$300,000	\$50,000
National Institute of Minority Economic Development - The Women's Business Center of Charlotte	\$50,000	\$65,000	\$50,000
Race Matters for Juvenile Justice	\$51,468	\$128,496	\$51,468
Safe Alliance	\$397,038	\$473,805	\$397,038
The Males Place	\$100,000	\$100,000	\$100,000
TreesCharlotte	\$250,000	\$500,000	\$250,000
SUB-TOTAL CURRENT PARTNERS	\$1,766,847	\$2,475,110	\$1,770,315
Recommended New FY 2025 Financial Partners			
Housing Collaborative	\$0	\$300,000	\$200,000
United Way of Central Carolinas	\$0	\$130,000	\$130,000
SUB-TOTAL Recommended New FY 2025 Financial Partners	\$0	\$430,000	\$330,000
TOTAL RECOMMENDED FOR FY 2025 FUNDING			\$2,100,315
New Applicants - Unfunded			
Be You Be Great	-	\$725,333	-
Bright Hope	-	\$10,000	-
Carolinas Asian Chamber of Commerce	-	\$246,000	-
Community Leadership Academy	-	\$250,000	-
Envision Charlotte	-	\$200,000	-
Freedom Fighting Missionaries	-	\$100,000	-
Roof Above ¹	-	\$268,085	¹
Stiletto Boss University	-	\$77,500	-
WYTV7 Community Broadcast	-	\$130,000	-
SUB-TOTAL New Applicants	\$0	\$2,006,918	\$0¹

¹ After review of the Roof Above application, the Housing and Neighborhood Services department has identified an opportunity to fund the proposed work with federal funds.

37. What efficiency actions has the city implemented in the General Fund over the years?

Over the past six years, the city has cumulatively reduced the General Fund budget by \$40.4 million. These actions have allowed Charlotte to be the only city in North Carolina over 75,000 to not have a property tax increase over the past five years. These actions have occurred in the following categories:

- Reductions due to identifying operational efficiencies to provide existing service at reduced cost: \$13.8 million;
- Elimination of vacant positions: \$5.3 million;
- Capturing vacancy savings by aligning personnel budgets to anticipated staffing levels: \$9.8 million; and
- Utilizing other revenue sources for General Fund costs where allowable (including state and federal dollars): \$11.5 million.

38. What Charlotte Water projects were delayed in FY 2024?

Charlotte Water manages a capital investment portfolio that includes over 160 discrete projects/programs. These projects support many priorities including expanding capacity for growth; meeting current or projected regulatory requirements; rehabilitating or replacing existing infrastructure; and supporting other local and state projects. Many of these projects have long lead times and, through a consistent and effective prioritization process, may be delayed or temporarily halted to meet cash flow needs while ensuring timely service delivery. A critical component of this prioritization process is making sure Charlotte Water's current customers experience no impact to service quality. The city is committed to delivering the highest quality drinking water and protecting the environment for all regional customers.

The following are examples of projects that Charlotte Water has delayed during this fiscal year and will reevaluate/reprioritize in either FY 2025 or future fiscal years.

Project	Description	Action
Little Hope Creek Outfall	Upsizing existing sewer line to increase capacity	Construction complete for Phases 1 & 2, portion of Phase 3 construction underway, remaining portion of Phase 3 scheduled for re-evaluation in FY 2025
Dairy Branch	Upsizing existing sewer line to increase capacity	Completed Phase 1, Phase 2 under construction, Phase 3 scheduled for re-evaluation in FY 2025
Derita Branch	Upsizing existing sewer line to increase capacity	Phase 1 under construction, Scheduled Phase 2 for re-evaluation in FY 2025
Mallard Creek Interceptor	Upsizing existing sewer line to increase capacity	Design completed, delayed construction until FY 2026
Thermal Hydrolysis Process	Biosolids treatment enhancement at McAlpine WWTP	Delayed construction until FY 2026
Nutrient Harvesting	Sustainability project to recover phosphorus during wastewater treatment	Design nearly complete, construction delayed until FY 2025
Palisades Odor Control	Odor control installation in sewer line	Scheduled for re-evaluation in FY 2025

Project	Description	Action
Sample Stations	Installation of additional drinking water monitoring stations throughout the service area	Additional sample station installation delayed until FY25
960 East-West Water Transmission	New large diameter water main to provide water system redundancy	Scheduled for re-evaluation in FY 2025

39. What are other ways the city's General Fund and General CIP could increase revenue other than property taxes?

Municipalities in North Carolina may only impose taxes and fees when the North Carolina General Assembly gives them such authority. The primary sources of revenue available are (1) locally imposed taxes (e.g., property tax), (2) locally-imposed user fees (e.g., permitting fees, solid waste fees, water/sewer fees), and (3) taxes and charges imposed by the state and shared in part with local governments (e.g., video programming services taxes).

The table below summarizes the revenues budgeted in the General Operating Fund in the FY 2025 Proposed Budget. The Municipal Debt Service Fund (which supports the General Obligation bonds and Certificates of Participation (COPs) issued for projects in the General Capital Investment Plan) and the Pay-As-You-Go Fund (the cash component of the General CIP) are also primarily supported by property and sales taxes as well as investment earnings.

FY 2025 Proposed General Operating Fund Revenues			
Funding Source	Proposed FY 2025 Budget	% of total	Flexibility
Property Tax	\$476,816,936	53.1%	More Flexible
Sales Tax	\$153,054,339	17.0%	Less Flexible
Cost Reimbursements from Non-General Funds	\$66,777,068	7.4%	Less Flexible
Utilities Franchise Tax	\$57,384,865	6.4%	Less Flexible
Solid Waste Fee	\$39,598,431	4.4%	More Flexible
Other Cost Reimbursements	\$33,789,962	3.8%	Less Flexible
User Fees (Regulatory)	\$20,960,507	2.3%	Less Flexible
Distributions from State of NC	\$11,093,229	1.2%	Less Flexible
ABC Stores	\$11,000,726	1.2%	Less Flexible
Other	\$7,499,709	0.8%	Less Flexible
Interest on Investments	\$4,499,924	0.5%	Less Flexible
User Fees (Non-Regulatory)	\$3,491,786	0.4%	More Flexible
Motor Vehicle Licenses	\$3,207,644	0.4%	Less Flexible
Fines, Forfeits, & Penalties	\$3,125,341	0.3%	Less Flexible
Parking Meters	\$2,224,758	0.2%	More Flexible
Heavy Equipment Tax	\$1,682,775	0.2%	Less Flexible
Equipment Sales/Auctions	\$975,000	0.1%	Less Flexible
Parking Garage	\$967,000	0.1%	More Flexible
	\$898,150,000		

The revenue source which the city has both the most authority to adjust and the least restrictions with respect to authorized uses is the property tax. Relative to the other funding sources, it also generates the most revenue relative to the burden placed on each individual payer.

However, local governments can also generate revenue from sources other than the property tax. First, the city may generate revenue from the users that most directly benefit from the service provided rather than the public at large. Within the city's budget, the primary examples are the enterprise funds such as the monthly water/sewer bill collected by Charlotte Water. Examples within the General Operating Fund include cemeteries (i.e., non-regulatory fee); on- and off-street parking; and solid waste fees. While these revenues also benefit from a greater level of local control, in some cases there may still be statutory limitations on the percentage of costs that these fees can recover and for what purposes the funds may be used. In addition, there are administrative considerations of collection as well, and in the case of many non-regulatory fees, such as cemeteries, a heavy burden would be imposed on users to raise a material amount of revenue.

Second, the city also receives revenues in various ways, including leveraging its assets. These revenues also benefit from relatively more local control and few prohibitions on authorized uses. This includes revenue the city collects from its assets, either through sale, lease/rent, or investments. While these revenues also generally benefit from greater local control, they are subject to market conditions that the city cannot control. In addition, for investments, for example, the city is limited in the types of securities in which it may invest idle cash. Therefore, the restrictions are not legally imposed, but generating more revenue, in a material amount, is not automatic.

Third, among revenues which the city has relatively more local control are fines, forfeits, and penalties. Similar to non-regulatory fees, there are considerations of collection costs, as well as the burden that would be placed on "users" to raise a material amount of revenue. The state Constitution, case law, and recent statutory changes complicate the ability of the city to increase the fines and penalties it assesses. A fine-by-fine analysis from departments and the City Attorney would likely be needed to ensure any changes, and the subsequent new revenue, would remain with the city or would be required to be remitted to Charlotte-Mecklenburg Schools.

Fourth, the General Operating Fund receives revenues that are directly tied to specific costs. There is limited flexibility to raise additional revenue from these sources because charging and collecting more than 100 percent of the costs involved would violate best practice or legal limitations. For example, the city may assess regulatory user fees for many of its permitting programs. However, legally, the city may not collect more than the direct and indirect costs of performing the regulatory activities for which the fees are assessed. Similarly, the enterprise funds reimburse the General Operating Fund for central service (e.g., Human Resources) costs, but generally should not pay to the General Operating Fund more than 100 percent of their allocated central service costs.

Lastly, among the budgeted revenues in FY 2025, there are sources that are either statutorily limited in terms of local control or the amount of revenue the city receives is dictated by a formula the city does not control. Examples would include the sales tax and heavy equipment tax, the rates of which the city is not authorized to increase on its own. The city may receive the net profits from its local Alcoholic Beverage

Control (ABC) board, but state law establishes the formulas ABC boards must follow in determining how much revenue, if any, they may distribute to their municipalities. The city also receives distributions from the state for solid waste disposal excise taxes; beer and wine excise taxes; and a sales tax on video programming services (e.g., direct-to-home satellite services). The rates are set by the state and the formula the state follows in distributing these proceeds among all municipalities is set by state statute (unless amended by the General Assembly).

In addition to what the city regularly budgets for in its operating and capital investment plan for general and enterprise activities, the city also has access to more unique funding sources.

First, there are other revenue sources available to the city that are a hybrid between a user fee and a tax, which are special taxing districts and special assessments. The city already has six municipal service districts (i.e., special taxing districts) where property owners in those districts are taxed at a higher level than other city residents to receive certain additional services. North Carolina law also authorizes the use of special assessments which is a special levy against specific properties for a specific time period for a specific capital project. However, special assessments are not widely used likely because they have limited authorized uses, are reimbursement-based, and the process for establishing them is considered onerous.

Second, local governments can also receive special authorization from the General Assembly to establish other funding sources that are not generally applicable to all other municipalities. For Charlotte, this would include sources such as the occupancy tax or prepared food and beverage tax. However, in the local acts authorizing these revenues, the General Assembly typically does not authorize the revenues to be used for general governmental purposes, but rather attaches specific restrictions on the purposes for which the revenue collected may be used. Changes in the authorized uses would require updates to the local act(s) by the General Assembly.

Finally, the city pursues recurring or non-recurring grant opportunities to provide services or projects that otherwise would be paid for with local tax- or rate-payer dollars. For example, the city annually receives funds from the U.S. Department of Justice and North Carolina Department of Public Safety that support the costs of salaries and benefits for officers, such as CMPD's DWI taskforce. In addition, the city pursues non-recurring funding such as the various grant programs authorized by the Infrastructure Investment and Jobs Act and Inflation Reduction Act to fund non-recurring projects that would benefit city residents.

40. How does the Proposed FY 2025 Budget support performance metrics? Are budget decisions tied to the Balanced Scorecard?

Currently the city links performance and resource allocations directly to advancement of Council's Strategic Priorities. Historically, Charlotte transitioned to Balanced Score Card (BSC) in 1994 when the city became the first municipality to implement the BSC. The BSC provided a way to summarize the most critical performance measures in a single management report. The BSC served as a solid performance management tool and the City of Charlotte received awards for implementing it. However, over time one drawback of the BSC Scorecard approach became more evident. The number of layers and terminology of Focuses, Perspectives, Objectives, and Initiatives was not easily followed or meaningful for the public. In 2018, the city further streamlined the performance reporting process to directly link objectives to Council Strategic Priorities (previously "Focuses"), no longer including the layer designating type of "perspective"

for each objective. This helped to more clearly represent to the public served by the city how efforts are directly targeted to achieving the Strategic Priorities.

Since January, staff have been working with Council to further develop a performance measure framework to track progress on Council's stated policy goals. Feedback was obtained from Council at the January strategy session and shared with the council committees in March and April. The revised framework is included within the proposed budget. The city's performance measurement framework will continue to be revised to include impact measures to help gauge progress and communicate it with the community. A number of proposed actions in the FY 2025 budget align with performance measures including:

- Measure: Number and rate of bike/ped fatality or serious injury
- Measure: Projects completed on the high injury network
 - Proposed FY 2025 Budget: \$20m to support Vision Zero, five times the planned amount
 - Proposed FY 2025 Budget: \$55m to support Strategic Investment areas
- Measure: Housing services spending that enable/support homeownership
- Measure: Multi-family NOAH Investments
- Measure: Access to Housing Opportunity
 - Proposed FY 2025 Budget: \$100m to double the planned Housing Trust Fund allocation
 - Targets for these measures will be informed by the April 5 referral to HSC around Affordable Housing Funding Policy

The framework also includes the cost of city services comparison to peer cities.