FY2026

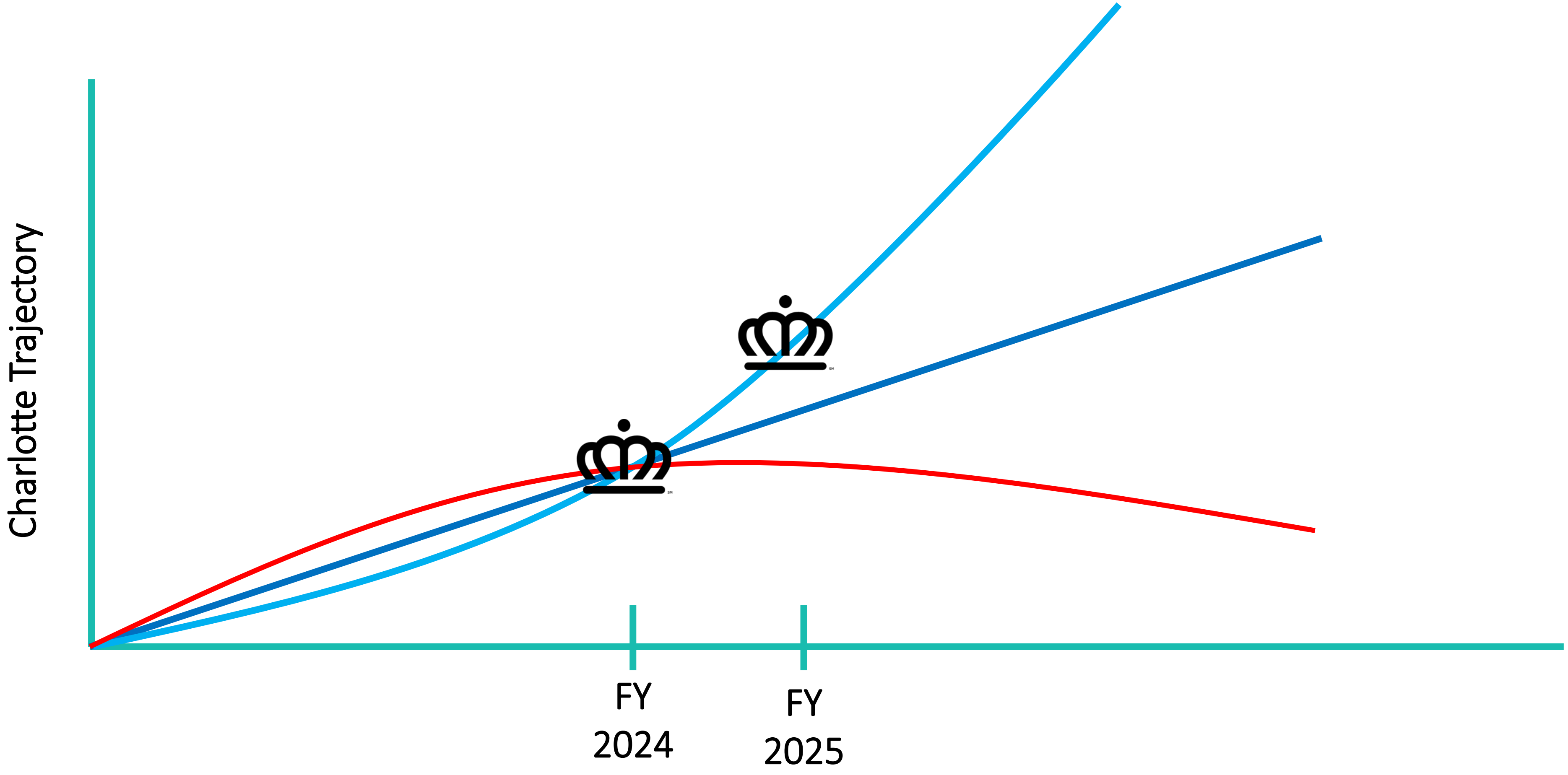
Proposed Budget

FY2026-2030

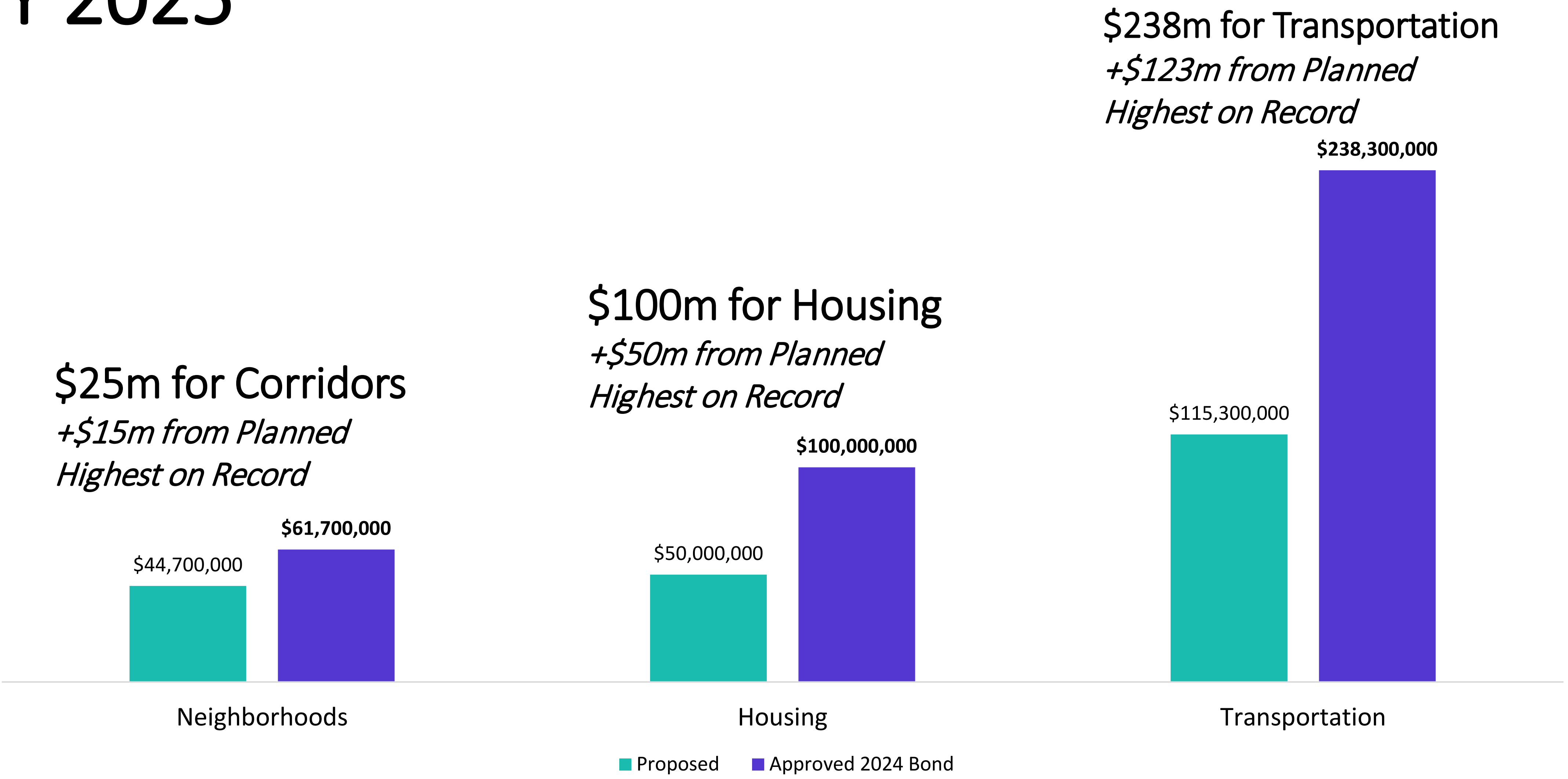
Capital Investment Plan

CITY OF CHARLOTTE

Additional Revenue Put Us On the Right Path in FY 2025



Voters Approved Generational Investments in FY 2025



Corridors Investment has Catalyzed this Community

$95.6m
City of Charlotte

+

$111.2m
Private Sector

+

$53.2m
Federal Grants

$260m
For Corridors of Opportunity over the last five years

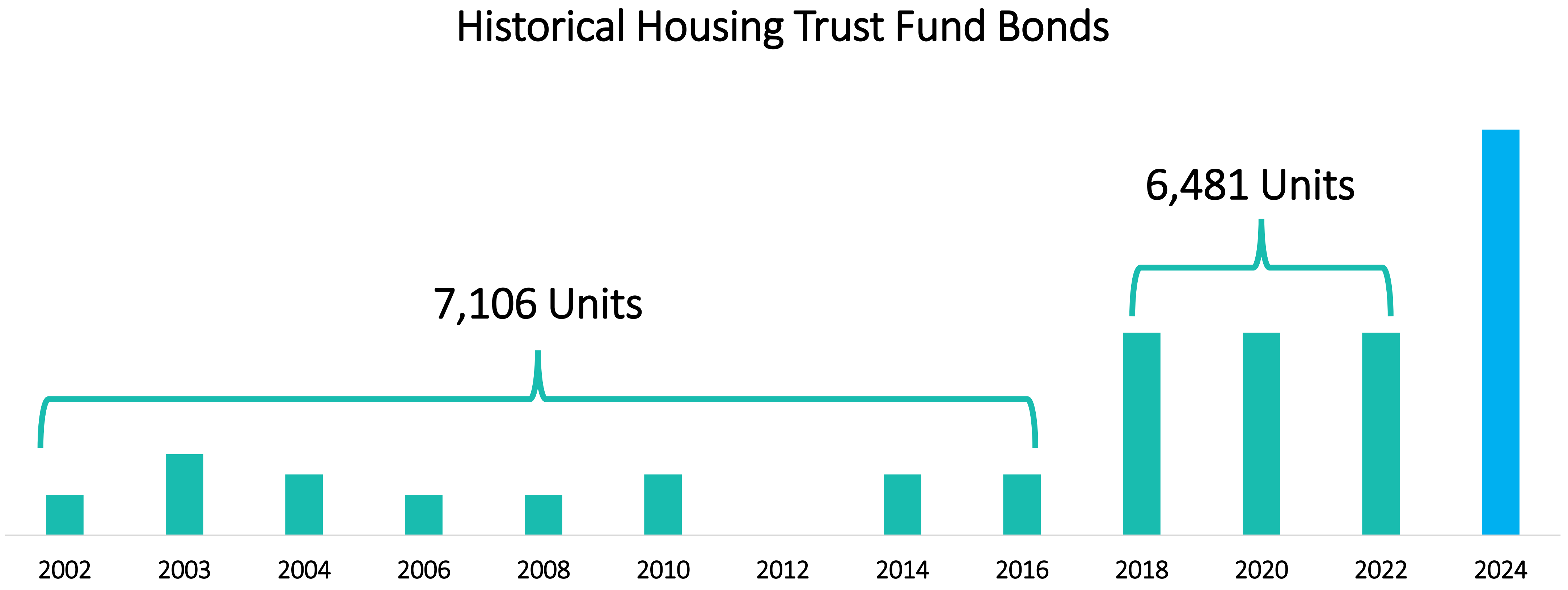
More than $800m After Water and Storm Water Infrastructure

$95.6m	+	$111.2m	+	$53.2m	+	$396m	+	$154m
City of Charlotte		Private Sector		Federal Grants		CLTW		STW

$810m

For Corridors of Opportunity over the last five years

Increasing Production from the Housing Trust Fund



A New Approach to Affordable Housing with $100m Bond

Housing Funding Policy Goals:

- Economic Mobility
- Neighborhood Affordability
- Residential Stability

☑ Multi-Family Construction

Enhanced Focus in 2024 Bond

☑ Homeownership

☑ NOAHs

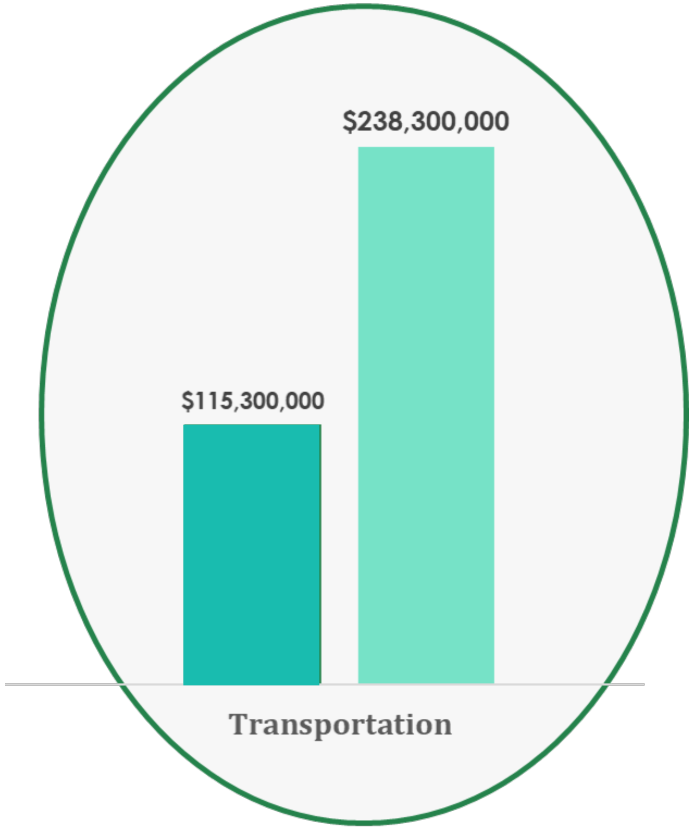
☑ Rehab and Repair

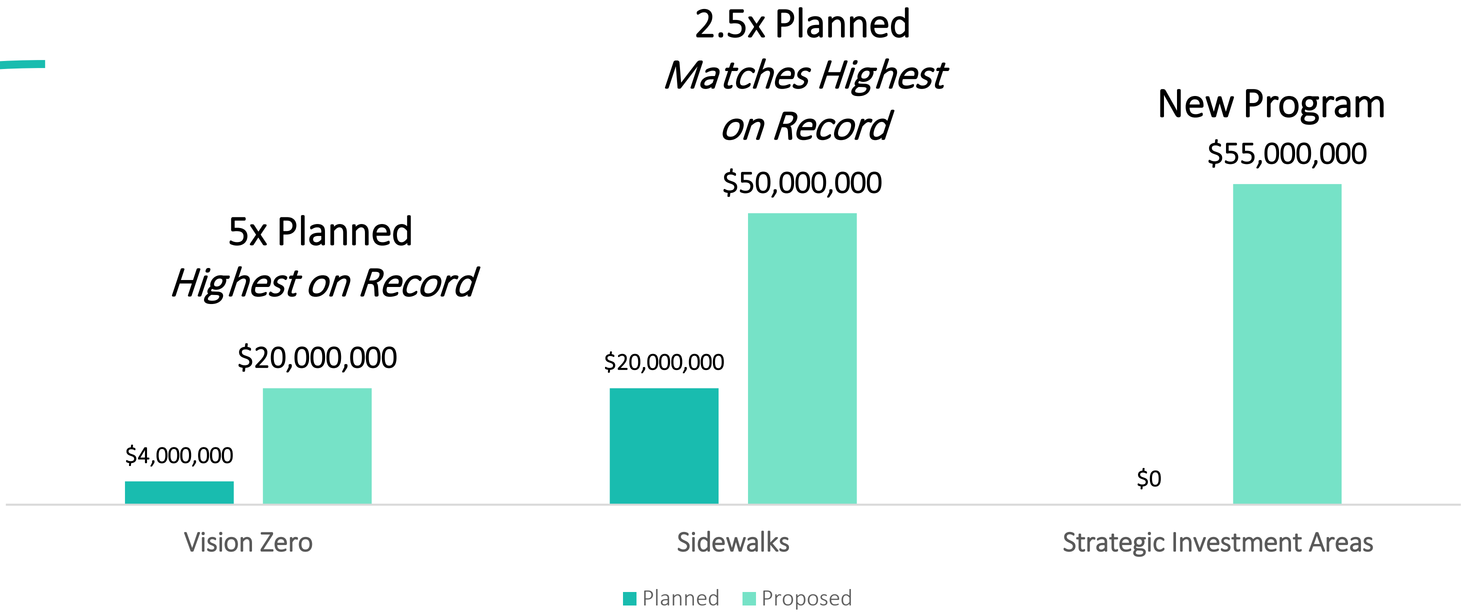
☑ Shelter and Supportive Housing

☑ Collaboration

Deep Dive: Transportation Bond

$238m for Transportation
+$123m from
Highest on Record





$8m	$10m	$24.6m	$28.3m	$42.4m
Bicycles	Congestion Mitigation	Street Resurfacing	Roads + Intersections $180m+ over next 3 bond cycles	Existing Projects + Programs

Guiding Growth Through Strategy and Investment

Major Areas of Transportation Investment (2024 Bond)

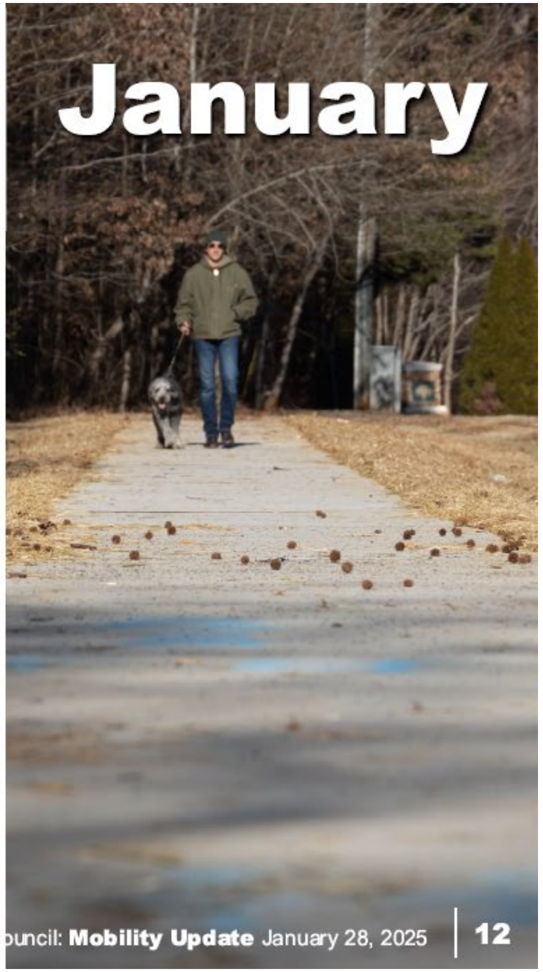
$55m
Strategic Investment Areas

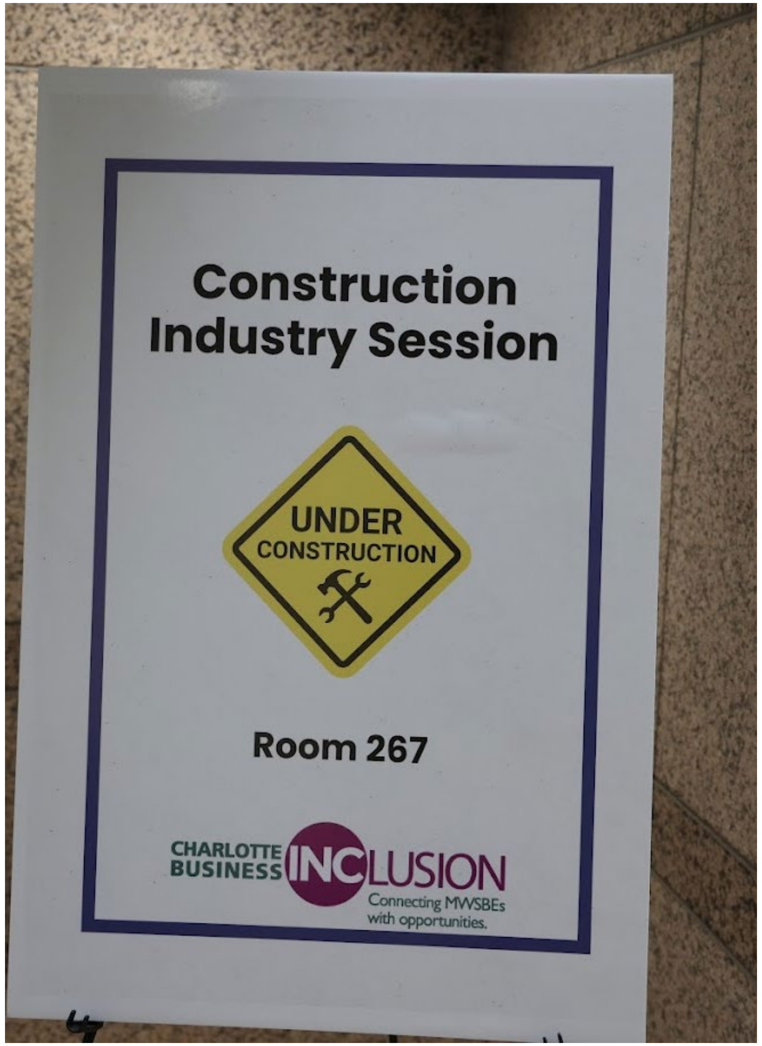
$50m
Sidewalks

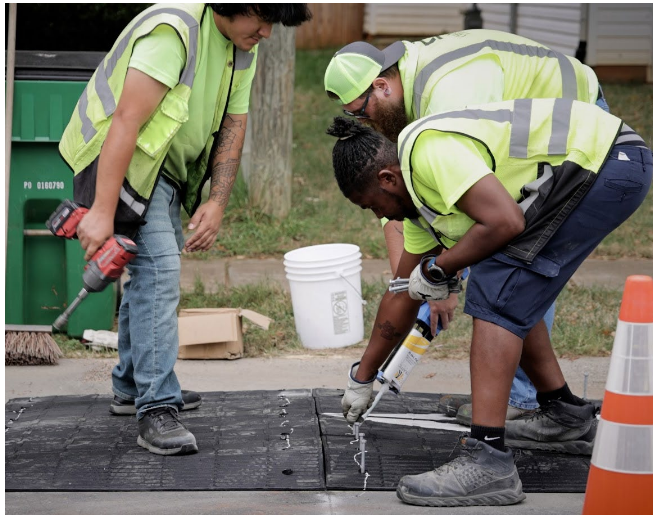
$20m
Vision Zero

STRATEGIC INVESTMENT AREAS

Turning Investments into Projects Faster than Ever



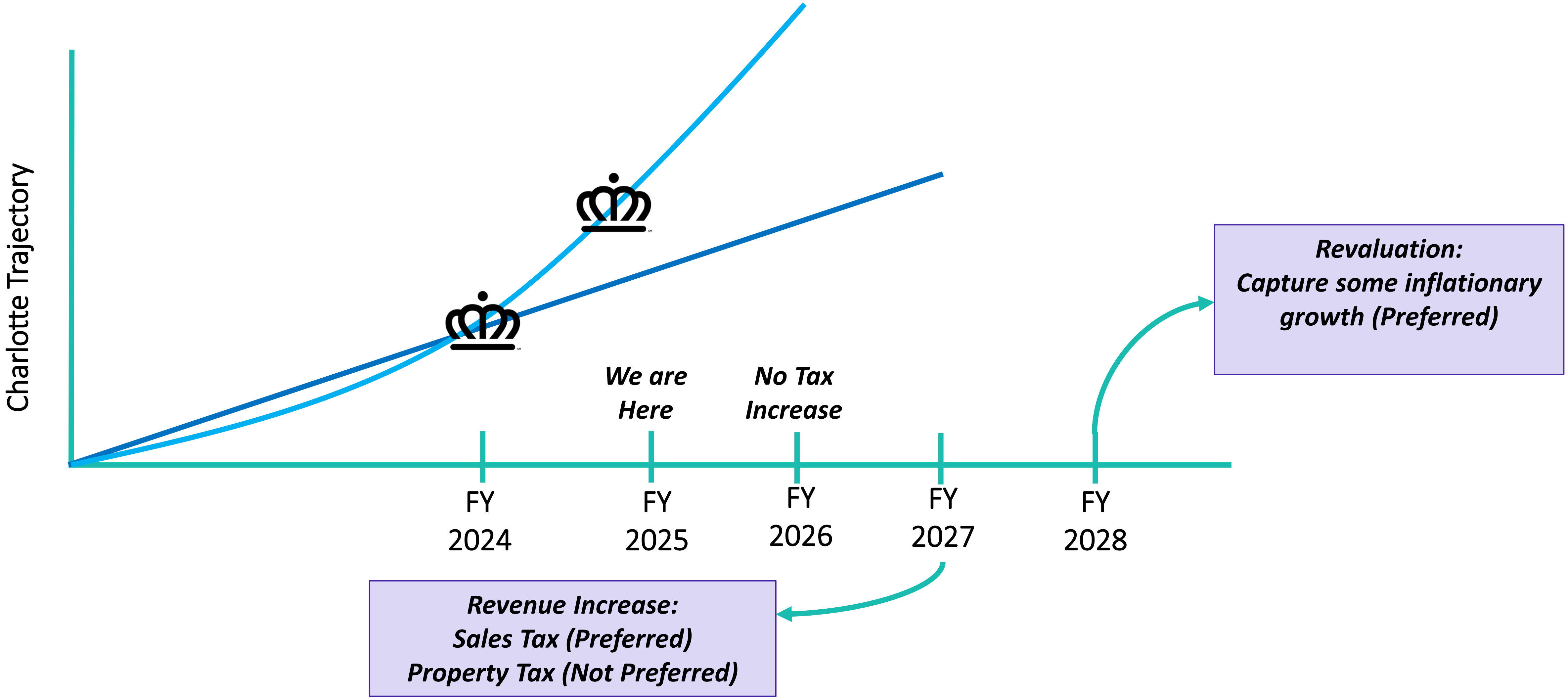


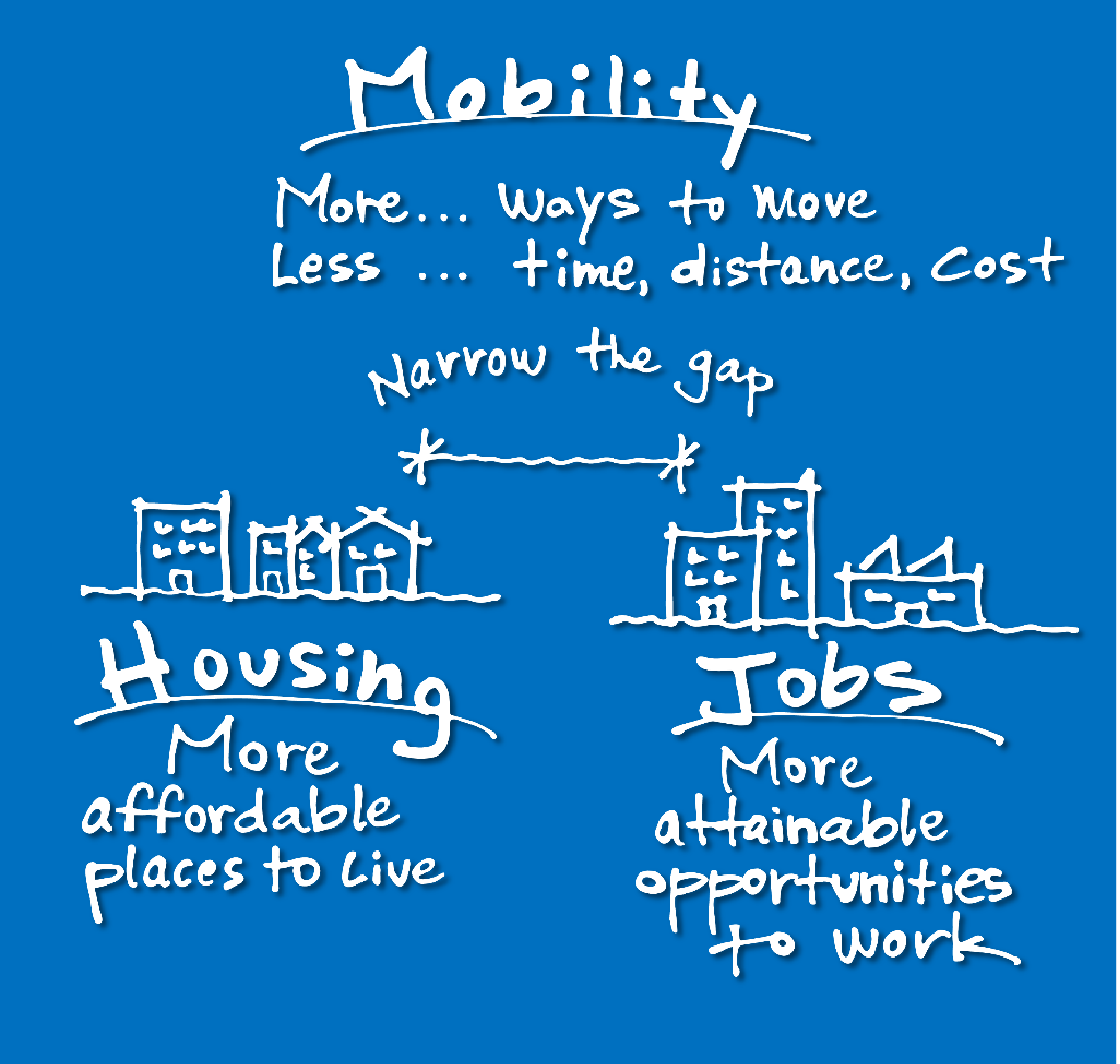


Learning from SIA Model

- New Organizational Improvement Team:
  - Streamline operations
  - Improve service delivery
  - Improve customer satisfaction
- Focus for FY 2026:
  - Procurement and Charlotte Business INClusion
  - CLT Development Center

We Will Continue on This Path





Still need a revenue source to match growth

Positioned to Capitalize on New Revenue

Interlocal Agreement

Purchased Red Line

Enabling Legislation Introduced

Transit Authority Legislation Introduced

Done in collaboration with 97% of Mecklenburg County

Balancing the FY 2026 Budget Without a Property Tax Increase

Increase Tax Rate

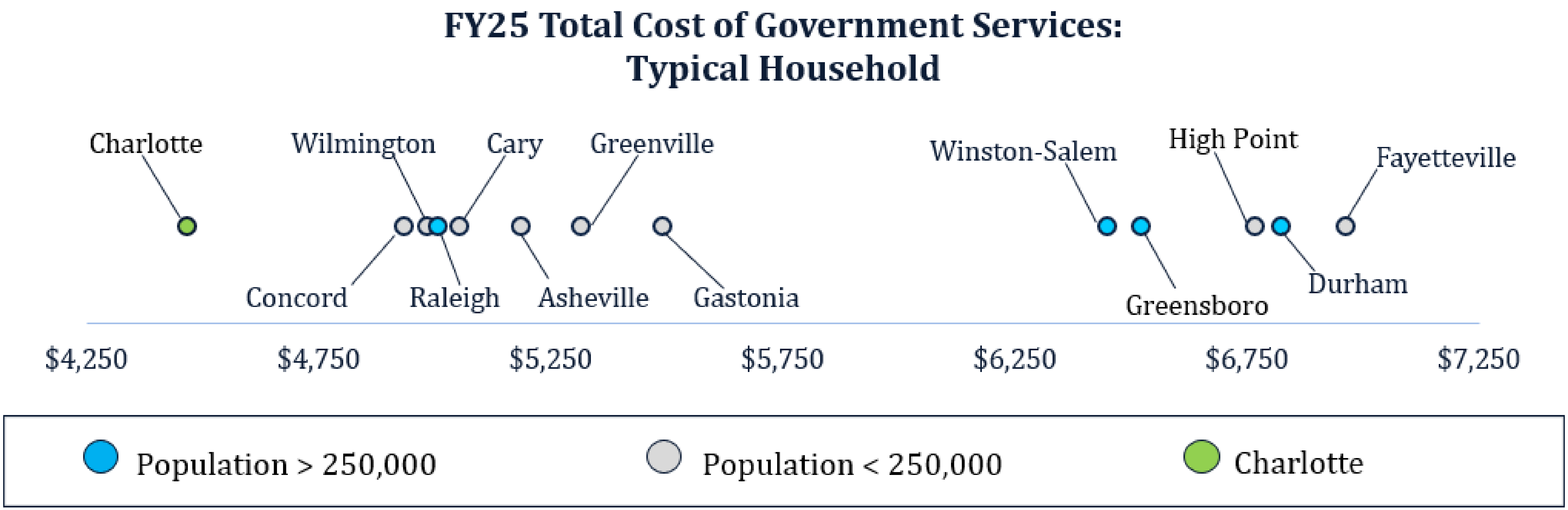
Improve Fee Recovery

Impact:
Planned Fee Increases

Reduce Expenditures

Impact:
Limits ability to address unforeseen issues while maintaining service level

Charlotte Continues to have the lowest total cost of government

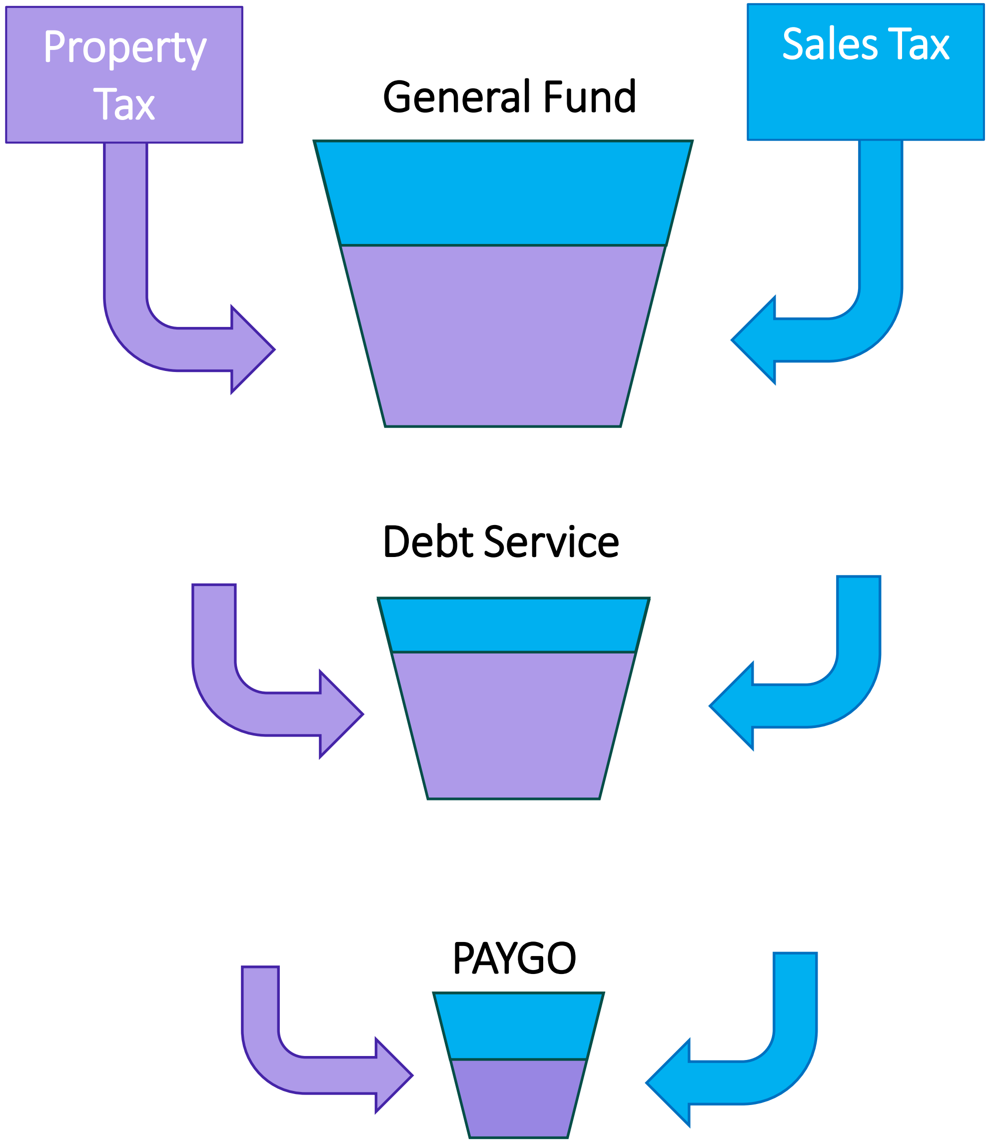


Even with a proposed sales tax increase in FY 2027, Charlotte's total cost of government will remain low

&

The sales tax increase for transportation will alleviate some of the stress on the budget in other areas

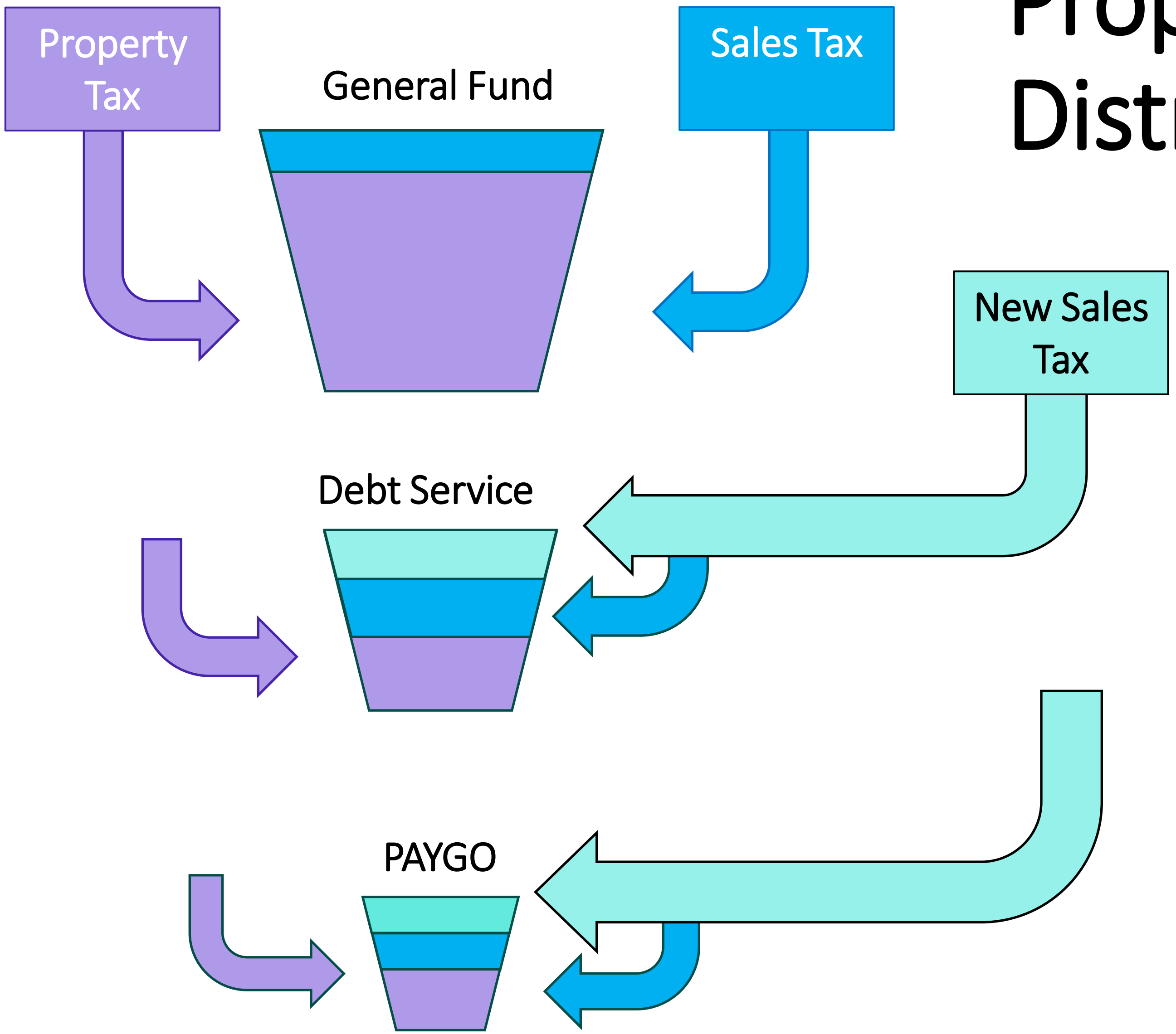
Property and Sales Tax Distribution



Property Tax is split between
- General Fund
- Debt Service/CIP
- PAYGO

The split has been modified in recent years to meet needs

Property and Sales Tax Distribution: w/ 1c Sales Tax



New 1c Sales Tax

=

$102.4m/year

Estimated 10.85% of the General Fund Budget

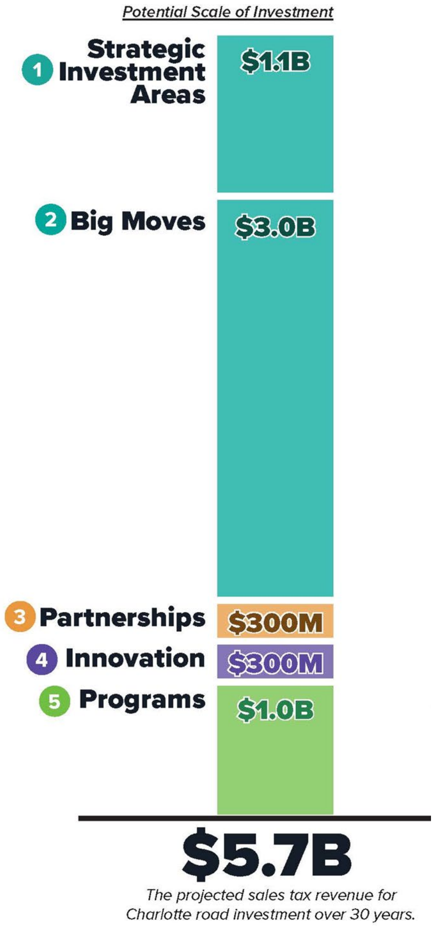
However, the main impact from the sales tax is on infrastructure

$5.7B

30 Years

$102M

Year 1



Building the FY 2026 Budget

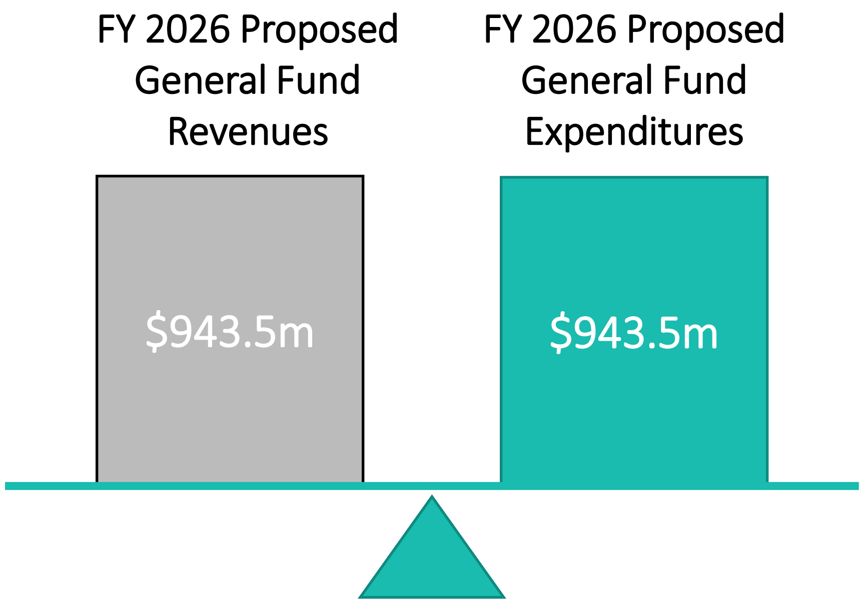
Principles

- Preserve Core Services
- No Layoffs
- Maintain Reserves
- Invest in Key Council Priorities

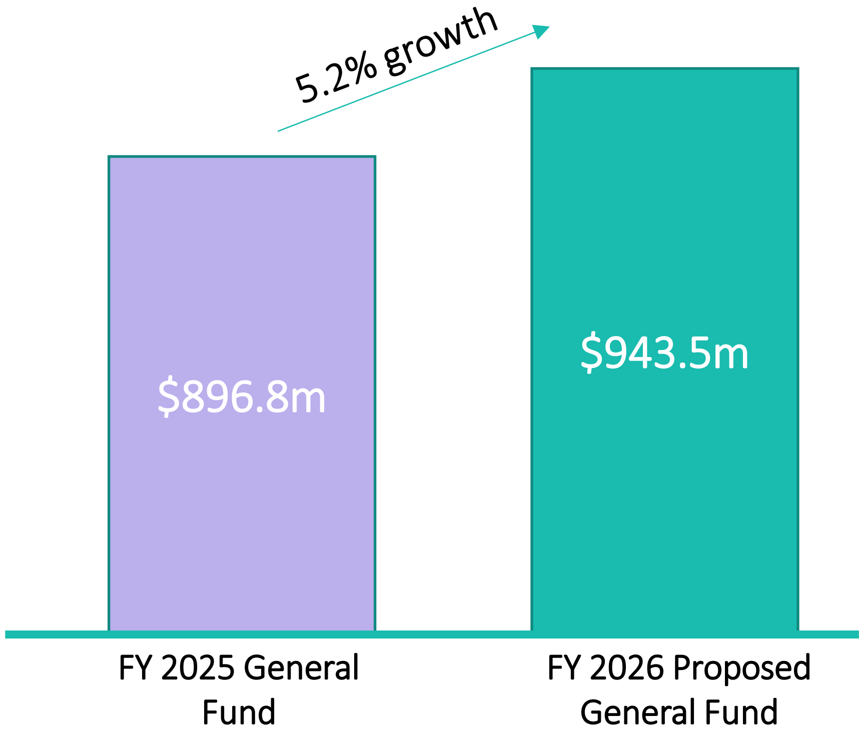
Process

- ✓ Analyze Services and Service Delivery
- ✓ Increase Fee Recovery Rate
- ✓ Inter-Department Collaboration

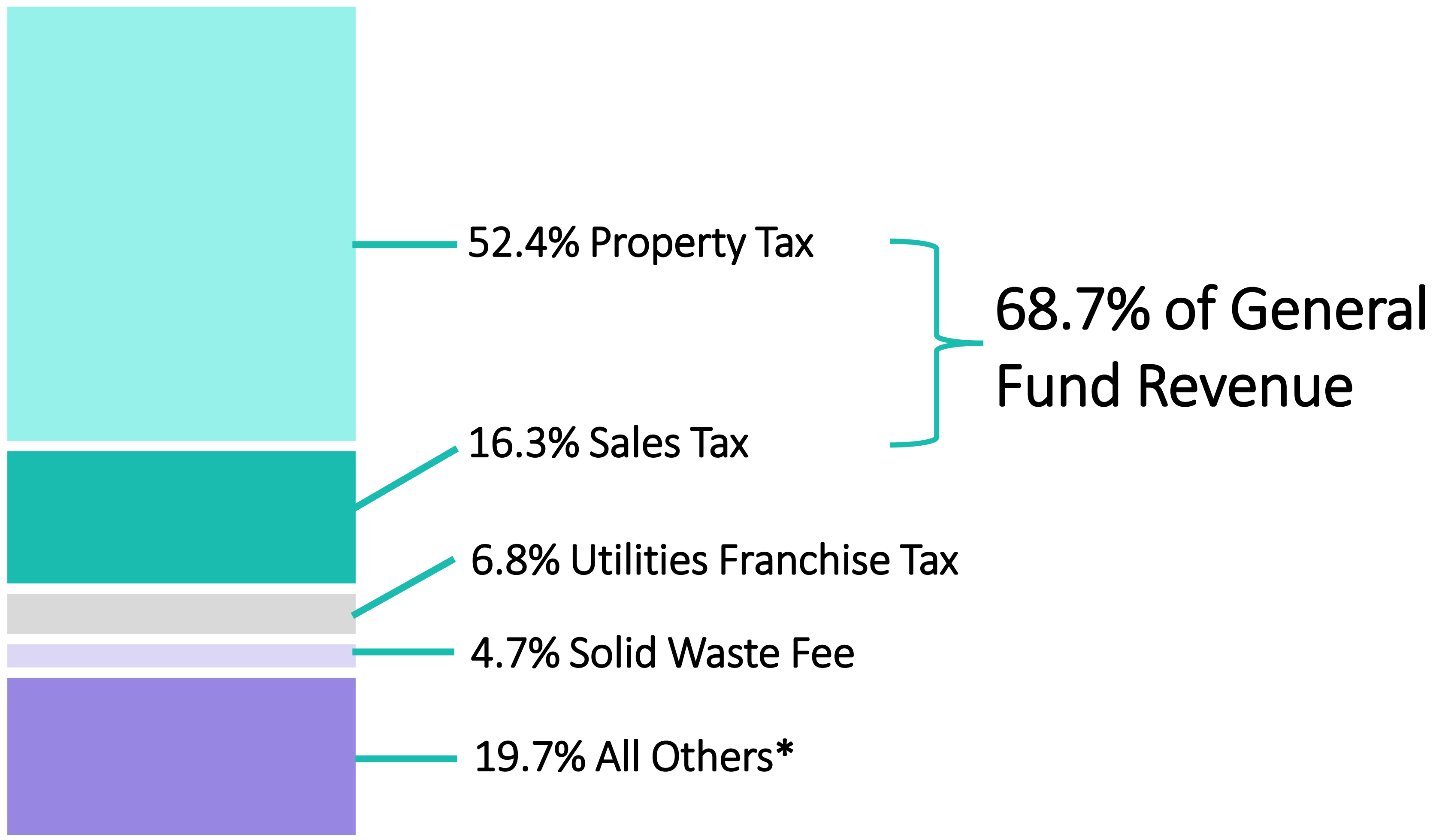
FY 2026 Budget: Structurally Balanced without a Property Tax Increase



FY 2027 is structurally balanced without policy-driven compensation increase

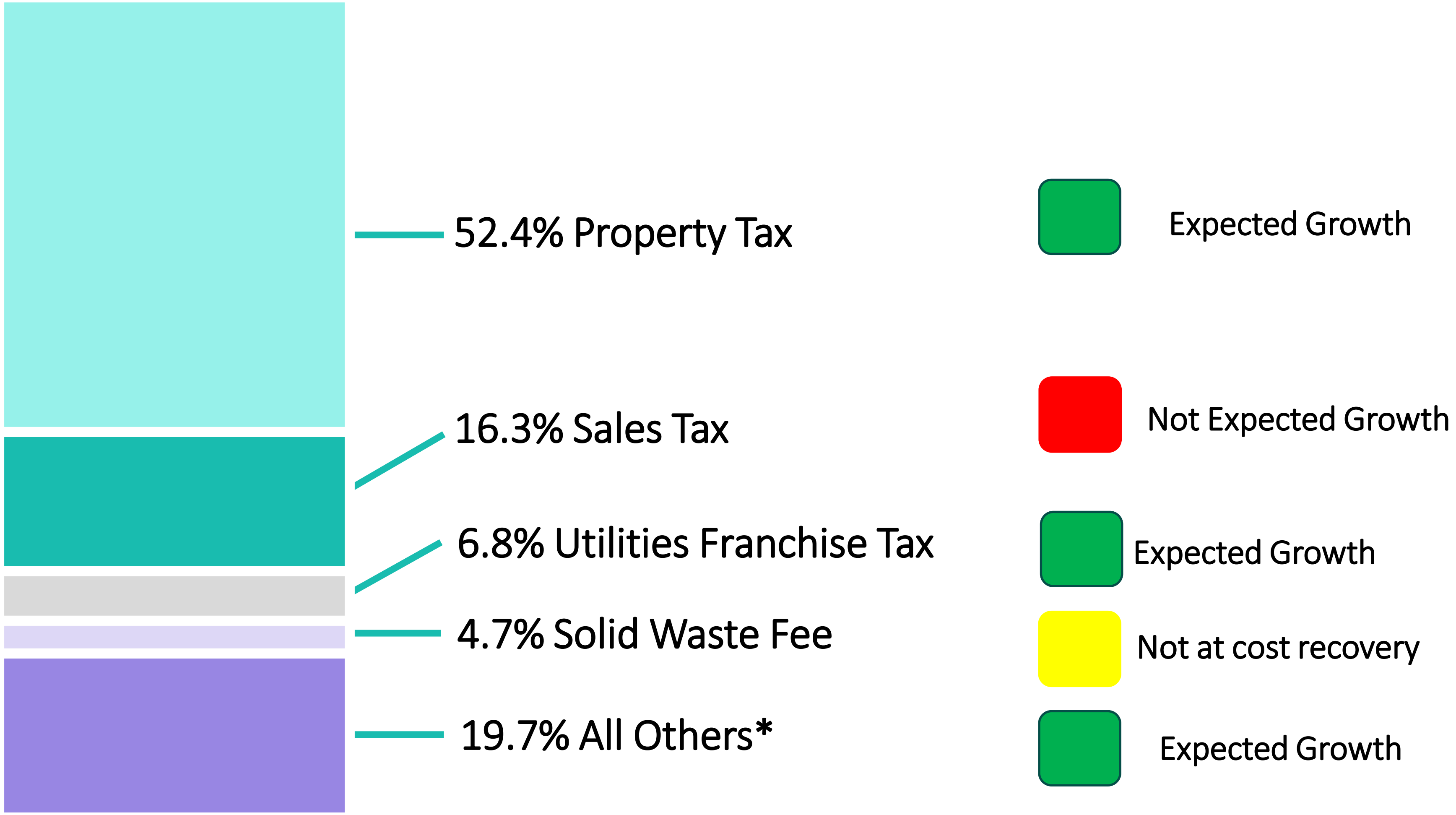


The FY 2026 Budget is $943.5m



*Includes 100+ revenue sources

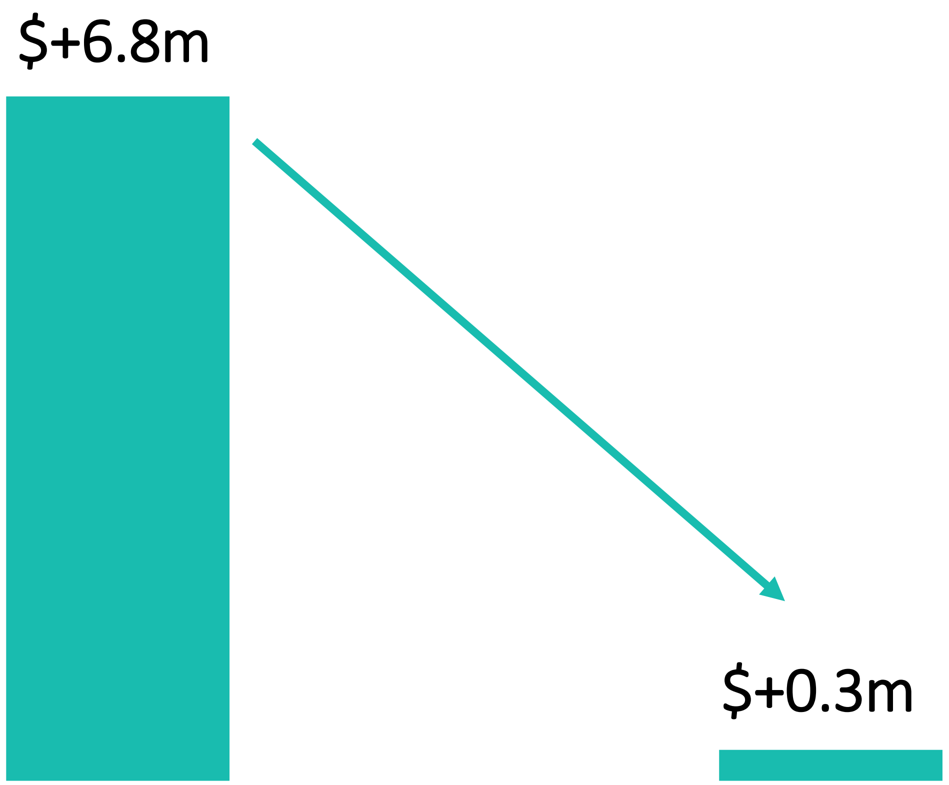
Revenue Sources going into FY 2026



*Includes 100+ revenue sources

The Problem: Immediate Impact on Sales Tax

Not Expected Growth

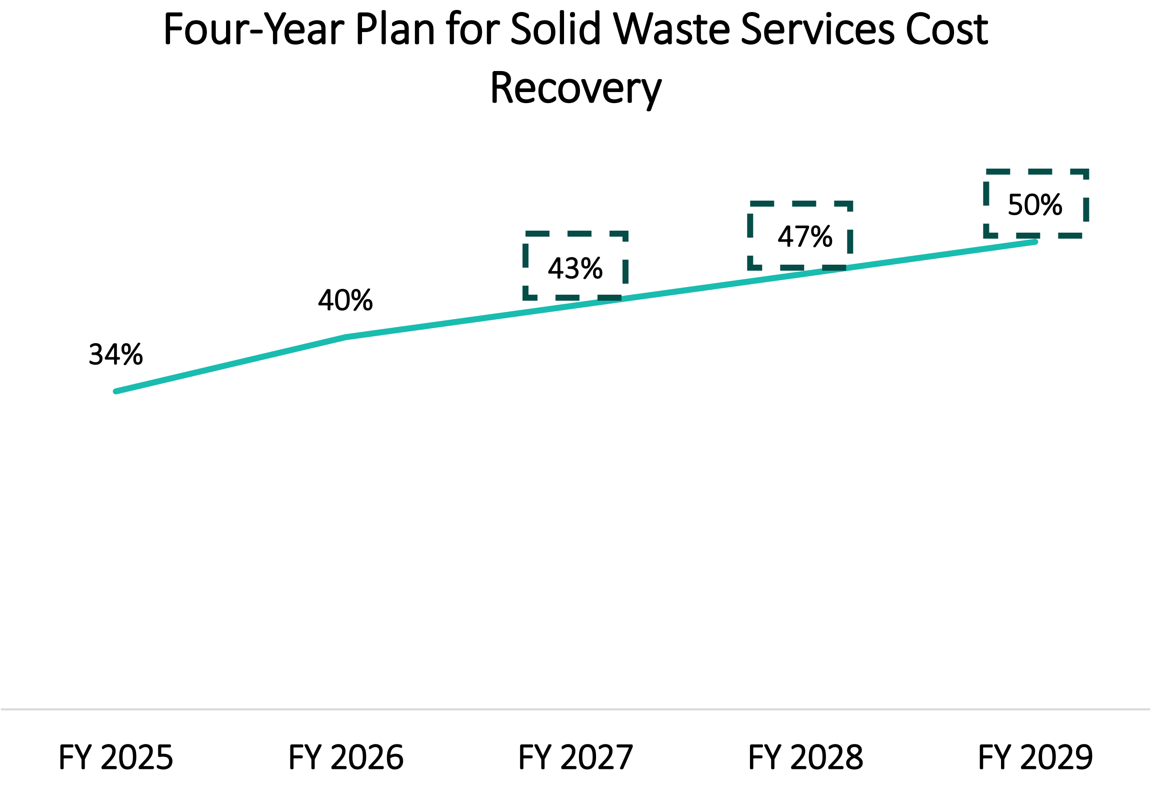


Typical Sales Tax Growth @ 4.5%

Proposed FY 2026 Sales Tax Growth @ 0.2%

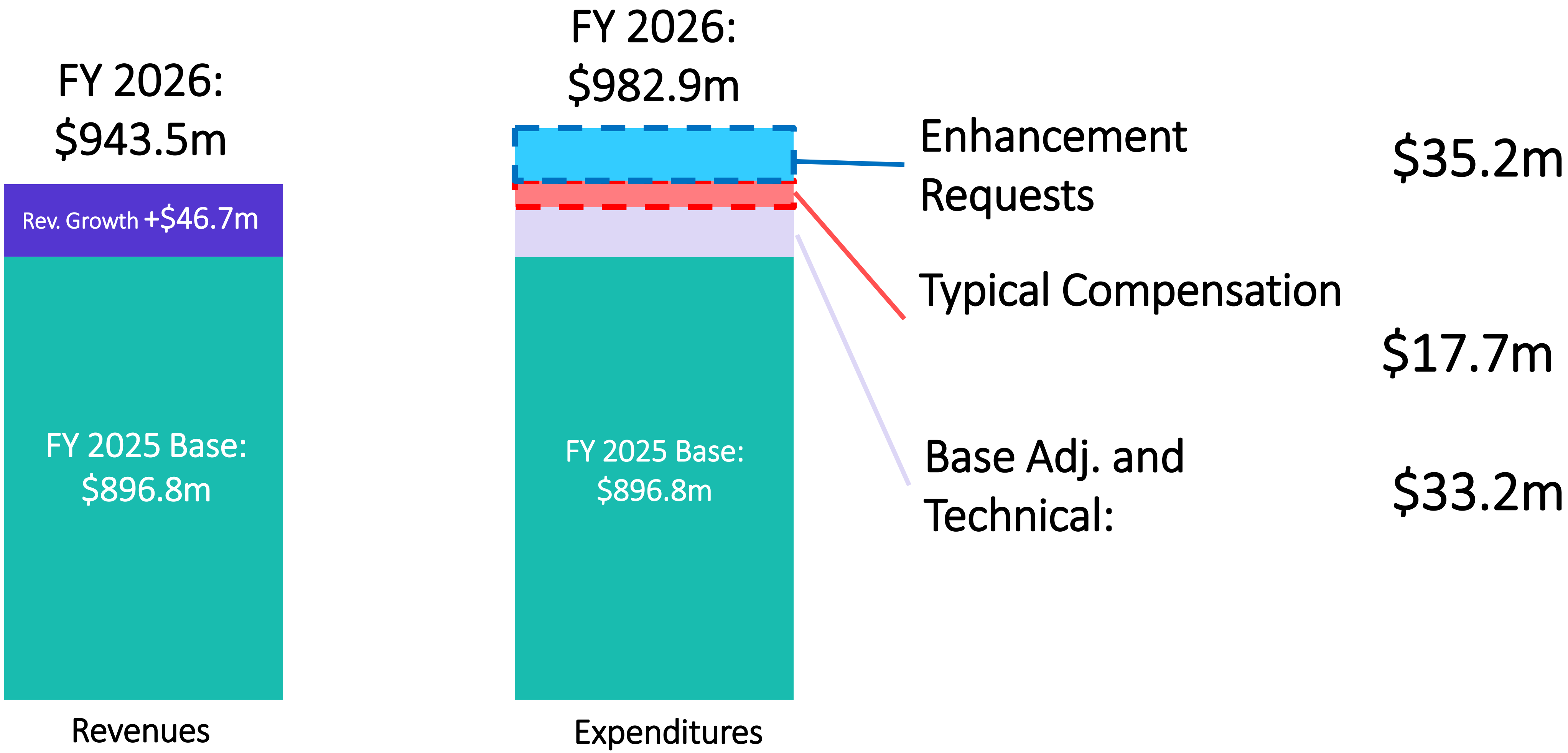
Loss of $6.5m in Expected Revenue

Solid Waste Services has a 34% Cost Recovery Rate (Residential Curbside)



- Improve cost recovery through:
  - Service evaluation
  - Manage long-term cost drivers
  - Align fees to service type

Slower Revenue Growth and Increased On-Going Costs Created a Challenge



Outside of Compensation, other benefits continue to drive costs

	Financial Approach	Additional City Cost in FY 2026
Healthcare Fund	Employee/ Employer	+$4.5m
Fire Retirement	Employer	+$4.3m
LGERS (Local Governmental Employee's Retirement System) — General Employees, Sworn Officers	Employer	+$3.4m

+$12.2m additional needed in FY 2026

=

26% of Growth in FY 2026 General Fund

We Could Have Raised Property Taxes to Solve the Gap

Lost Sales Tax
Revenue in
FY 2026

($6.5m)

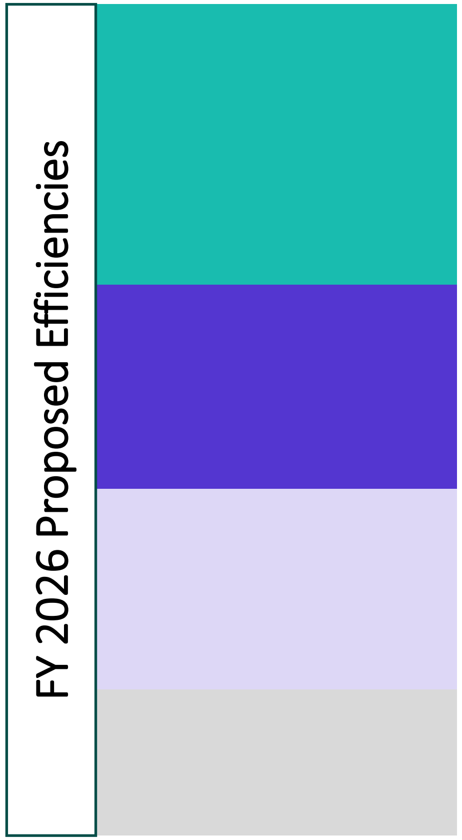
Value of 0.27c
Property Tax Increase
in FY 2026

$6.5m

Impact on the typical household =
+$84c/month

Charlotte would still have the lowest
total cost for municipal services in North Carolina

Instead, we Started with Adjustments to Create Capacity for Core Services and Salary Increase



($2.5m)	Eliminate 17.75 Positions
($1.8m)	Reduce Contractual Costs
($1.8m)	Cost Recovery/Realignment
($1.3m)	Operational Efficiencies (Eliminate 3 Positions)
($7.4m)	

Employees are the Backbone of Our City

Continuing Compensation for Our Employees

- 2.5% for CDL
- 2.5% for 2nd and 3rd Shift (includes Police)
- All-Access Transit Pass

We Offer More Than A Job

- Nearly doubled Participants in E2E
  - 28 positions across eight departments
- Over 100 Apprentices across 10 roles
  - Adding three more apprenticeships in FY 2026
- Nearly 200 employees pursuing associates degree or certification through pre-paid tuition program at CPCC
- Increased Opportunities to Support Financial Wellness and Stability
  - Added Employee Resource Coordinator (FY 2025)
    - Connected 25 Employees with Financial Counseling
    - Referred 11 employees to House Charlotte for homeownership assistance
  - Launched Employee Rental Assistance Program February 2025
    - 11 Employees in process of identifying housing
    - 3 employees have secured rental housing with help of program
  - Low-interest loan program for hardships (July 2025 Target Launch)

At least 3% for All Employees

- Hourly Employees: 4% (combination of market and merit adjustment)
- General Employees: 3% Merit Pool
- $24/hour minimum pay or $49,920/yr
  - 40-hour week, full-time employees

Committing to the Step Plan

- Step and 1.5% Market Adjustment
- 1.5% Bonus for Topped Out (NEW)
- Most in public safety pay plan will receive <u>at least</u> 6.5%
- No one will receive less than 3%

One-Time Resources Available in FY 2026

$20.2m

$13.9m
FY 2024 Surplus

$6.3m
ARPA Interest

$5.3m
ARPA Revenue Replacement

*$2.7m remaining in ARPA to support Workforce Development

One-Time Resource Uses

$20.2m

$13.9m
FY 2024 Surplus

$13.9m
FY 2026 PAYGO

$6.3m
ARPA Interest

$5.3m
ARPA Revenue Replacement

*$2.7m remaining in ARPA to support Workforce Development

FY 2026 PAYGO: $68.9m

Well-Managed Government

$41.6m

$24.9m to purchase vehicles

$6.1m to maintain city-owned facilities

$3.6m to finish ERP

Safe Communities

$6.5m

$3.0m to replace radios, $11.0m over five years

Great Neighborhoods

$2.1m

Transportation and Planning

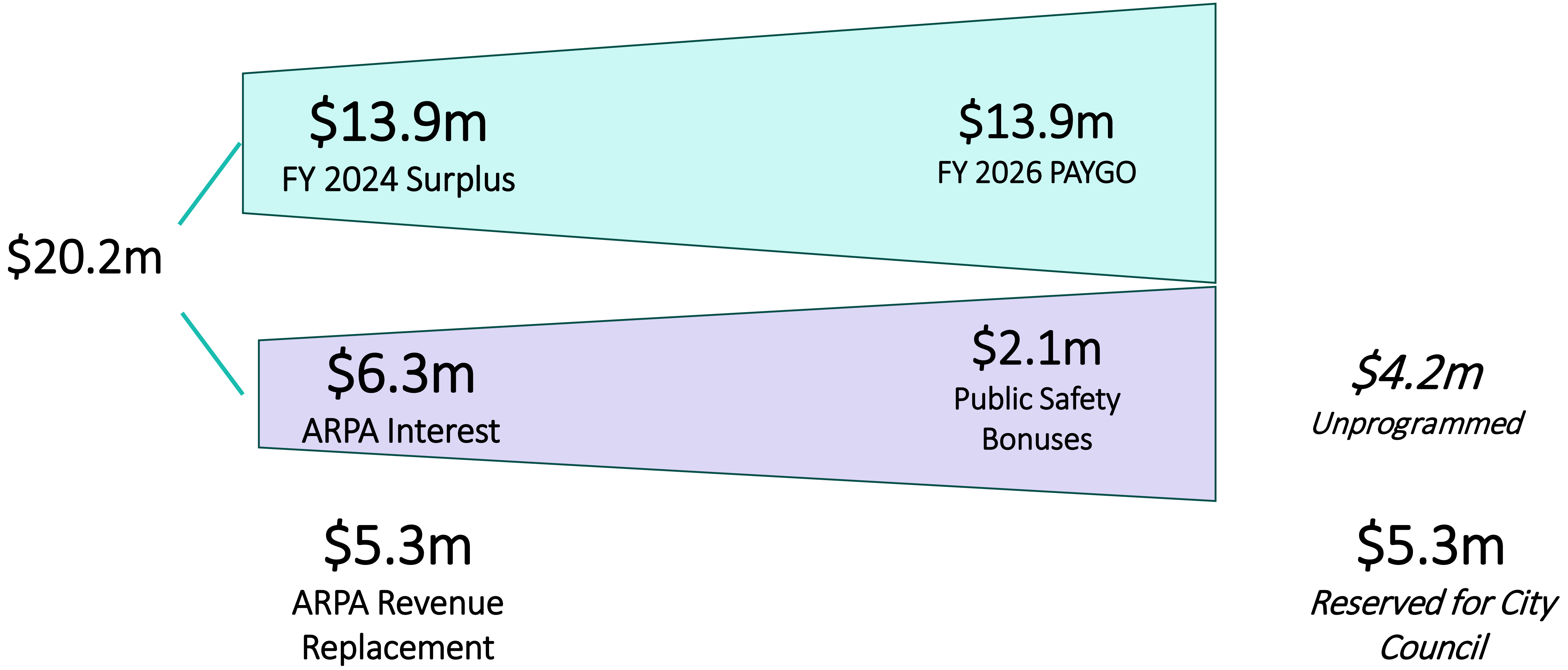
$1.7m

Workforce and Business Dev.

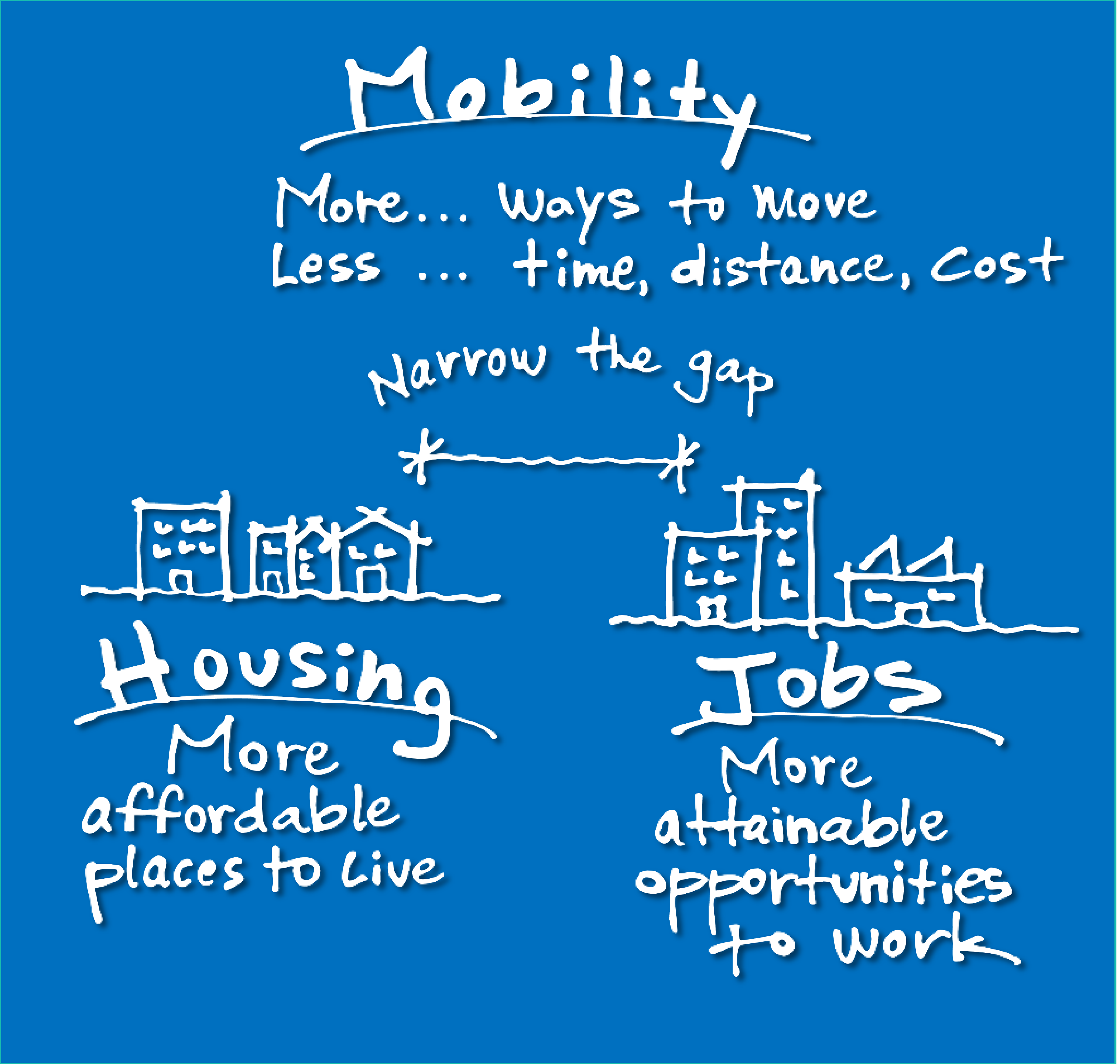
$17.0m

$14.6m for cultural facilities

One-Time Resource Uses



*$2.7m remaining in ARPA to support Workforce Development



Preparing for the Big Opportunity

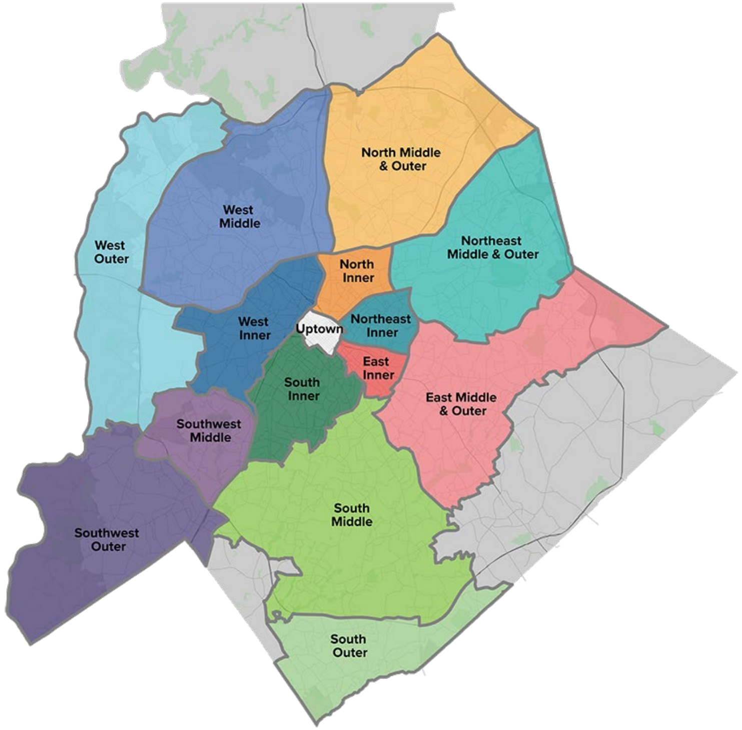
Building Charlotte with Our Residents –
Continuing FY 2025 $5m over Two Years

All Corridors in Implementation

Continue Investments with $5m from FY 2025

- Interior Upfit Matching Grant
- Support for Small-Scale Public-Private-Partnership
- Six Business Opportunity Hubs
- Workforce Development Support

Broadening the Scope



$1.0m to Launch the Community Benefits Fund

Building on 2025 Annual Strategy Meeting

- Mobility investment is more than infrastructure
- Generational opportunity for small business and workforce development investment and growth

Putting the Pieces Together

Project Delivery

Strategic Investment Areas:

- Refined project selection and delivery
- Maximize impact
- Reduce cost and time to completion

Small Business

+$1.5m to launch Small Business Readiness Fund

- Partner with organizations to develop industries needed to grow Charlotte
- Priority on mobility-related industries

+$450k to continue AmpUp and NXTCLT

$900k in existing Corridors to support small businesses

Workforce Development

$2.7m in remaining ARPA to:

- Implement Strategic Plan
- Focus on industries that support mobility investment

$800k in existing Corridors to for youth and workforce development

A Transportation **Investment** Strategy
to create a city where…

Everyone
has access to a
good paying job,
safe place to live and a
way to get there

Advancing **Safe** & **Equitable** Mobility

New Office to Double Down on the Future

Establish the Office of Youth Opportunities

Focus:
- Youth ages 13-24,
- Low-and moderate-income youth,
- Youth living in/attending schools w/in the Corridors, and
- Young people at-risk of violence or involvement with the justice system

Mission: Promote economic opportunity and positive youth development

New and existing programs including:
- Mayor's Youth Employment Program (HNS)
- Alternatives to Violence (HNS)
- Peer Mediation (CRC)
- Envision Academy (CMPD)
- Juvenile Diversion (CMPD)

We Will Keep Seeking Out Opportunities for Collaboration and Efficiency

Short-Term

MEDIC Contract
Solid Waste Cost Recovery

Medium-Term

2028 Solid Waste Contract

Permitting

Economic Development

Affordable Housing

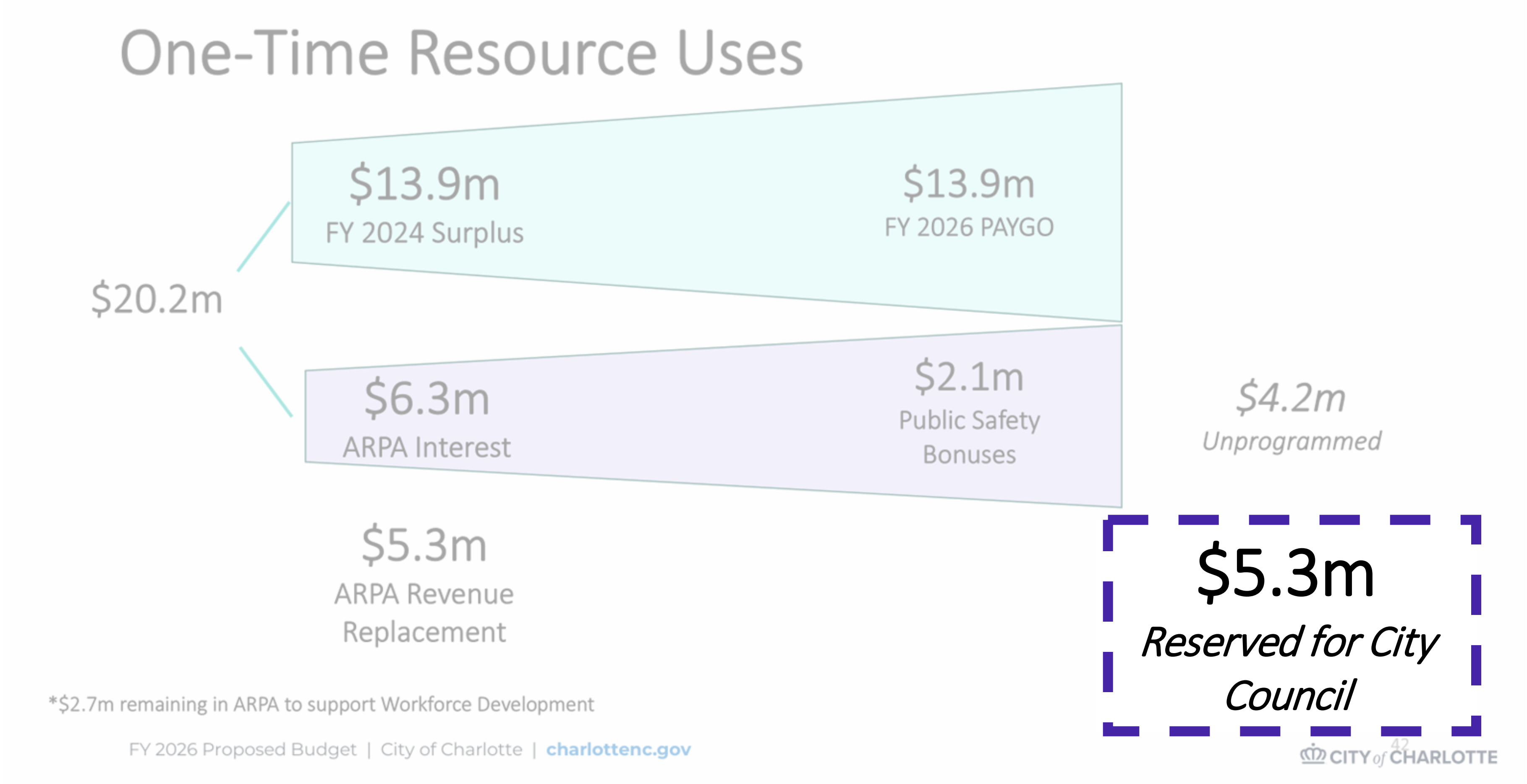
We Will Continue Serving Our Region

- **Aviation**
  - 5% of state's GDP
  - 6th busiest airport (airport operations)
  - 58.8m passengers (2024)
- **Charlotte Area Transit**
  - Manages the state's only light rail system
  - Serves a 5-county area
- **Water and Stormwater**
  - Serves 1.2m customers daily (Water)
  - 48,000+ ft of pipe installed or rehabbed (Storm Water)

Focusing on Cost Recovery

	Typical User Monthly Fee	Monthly Increase
Solid Waste	$10.03	$1.35
Water	$85.82	$5.47
Storm Water	$10.82	$0.67
Total	**$106.67**	**$7.49**

We Will Continue to Reserve Funds for the Future



$5.3m
Reserved for City Council

FY 2026 Proposed Total Budget - $3.6B

Proposed FY 2026 Budget (Net of Transfers)	
General Fund	943,500,000
Reimbursements + transfers to Other Funds	(74,044,669)
Sub-total General Fund	**869,455,331**
Aviation	991,738,515
Charlotte Area Transit System (CATS)	331,394,755
Charlotte Water	828,774,644
Storm Water	127,788,390
Sub-total Enterprise Funds	**2,279,696,304**
General Capital Investment Plan	81,148,945
General Capital Debt Service	74,770,993
Pay-As-You-Go Funds	28,257,064
Sub-Total Capital Investments	**184,177,002**
Special Revenue Funds	199,898,728
Debt Service - Special Revenue Funds	32,755,596
Sub-Total Special Revenue	**232,654,324**
Internal Service Funds	80,739,501
Total All Funds	**3,646,722,462**

Budget schedule

- May 12 – Public Hearing
- May 19 – Budget Adjustments
- May 29 – Straw Votes
- June 9 – Budget Adoption

Watch each meeting live on YouTube (@CharlotteGOVchannel) or download the GOV Channel Streaming App!