

Legislation Text

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Public Hearing on the Proposed Fiscal Year 2025 Operating Budget and Fiscal Years 2025-2029 Capital Investment Plan

Action:

Conduct a public hearing on the City Manager’s Proposed Fiscal Year 2025 Operating Budget and Fiscal Years 2025 - 2029 Capital Investment Plan.

Committee Chair:

Dimple Ajmera, Budget, Governance and Intergovernmental Committee

Staff Resource(s):

Marcus Jones, City Manager’s Office
Ryan Bergman, Strategy and Budget
Teresa Smith, Finance

Explanation

- On May 6, 2024, the City Manager presented the Proposed Fiscal Year (FY) 2025 Operating Budget and FY 2025-2029 Capital Investment Plan. The proposed budget represents the city’s proposed operating and capital budgets for the fiscal year which begins July 1, 2024.
- State law requires the city hold a public hearing following the presentation of the Manager’s Proposed Budget and prior to the City Council adoption of the budget, currently scheduled for June 10, 2024.
- Charlotte’s Proposed FY 2025 Budget was developed to lead the City of Charlotte toward addressing the most foundational and pressing needs of the city.

Proposed FY 2025 Operating and Capital Budgets’ Summary

- The City Manager’s Proposed FY 2025 Operating Budget and FY 2025-2029 Capital Investment Plan were developed consistent with the City Council’s strategic priorities. These priorities served as the foundational elements against which all FY 2025 budget decisions were measured.
- The proposed budget includes a property tax rate of 27.54¢ per \$100 of assessed valuation, which is a 1.5¢ increase from FY 2024.
- The proposed budget for the city consists of three major components supported by general tax revenues:
 - A General Fund budget of \$898.2 million for FY 2025, representing a 7.7 percent increase from FY 2024, to support initiatives that will continue to deliver exceptional government services to the community;
 - A \$207.5 million Municipal Debt Service Fund; and
 - A \$524.3 million General Capital Investment Plan for FY 2025.

Proposed FY 2025 Budget Highlights

- Structurally Balanced Budget with a two-year lens.
- Proposes 1.5¢ - Property Tax increase:
 - 0.9¢ - Operating (primarily Public Safety)
 - 0.3¢ - Capital (primarily Mobility and Housing)
 - 0.3¢ - Arts and Culture
- The FY 2025 Solid Waste Fee is proposed to increase \$0.78 per month.

- Launches four new apprenticeship roles to citywide apprenticeship program.
- Supports Police telecommunications by providing funding for 15 telecommunications positions (this is in addition to \$9 million to support 911 Call Center renovations).
- Adds 72 Fire positions: including 12 additional fire investigators, 54 staff for three new ladder companies, three battalion chiefs to establish Battalion 9, and three administrative/technical staff.
- Supports a sustainable arts ecosystem: \$11 million for Arts and Culture.
- Provides \$500,000 for on-going Alternatives to Violence support at Beatties Ford Road and utilizes grant funds to continue Project BOOST with Atrium Health, and ATV at West Blvd and Nations Ford/Arrowood locations.
- Adds 10 new positions to Animal Care and Control, increasing animal care staffing by 29 percent.
- Expands partnership with the Center for Employment Opportunities allocating \$250,000 to reduce litter and help previously incarcerated individuals build work experience.
- Collaborates with Charlotte-Mecklenburg Schools (CMS) to hire 17 CMS high school graduates and offer starting pay at \$47,480.

Proposed FY 2025 Employee Compensation and Benefits

- Provides a five percent increase in FY 2025 for hourly employees: 2.5 percent in July and 2.5 percent in November.
- Boosts the minimum total increase for general hourly employees to \$3,280, providing more than a seven percent increase to the city's lowest paid employees.
- Provides a four percent merit pool for salaried employees.
- Continues pay incentives - 2.5 percent CDL; 2.5 percent 2nd and 3rd shift (includes Police); All-Access Transit Pass.
- Continues flexible work options for appropriate administrative positions.
- Provides 5-7.5 percent pay increases (including step) for most Police Pay Plan Employees.
- Supports Fire Pay Plan employees with pay increases up to 7.5 percent (including step).
- Increases the top pay for Police Officers by five percent resulting in a 16 percent increase over two years.
- Provides nearly 2.5x the planned increase in funding for the Firefighters' Retirement System (4.9 percentage points).
- Provides a Financial Support Coordinator for employees.
- Establishes employee Emergency Loan Program for hardships.
- Enhances home ownership opportunities within House Charlotte Plus.

Proposed FY 2025 Nongeneral Departments' Revenue

- Charlotte Water: The FY 2025 Water and Sewer Fee for the typical homeowner is proposed to increase by 5.75 percent. The typical homeowner would experience a \$4.37 per month increase.
- Storm Water: The FY 2025 Storm Water Services Fee is proposed to increase by 4.9 percent. The typical homeowner would experience a \$0.47 per month increase.
- Aviation: Select non-regulatory fees were adjusted to increase or decrease based on Aviation's cost-recovery model.
- CATS: In FY 2025, CATS' fares will remain the same as in FY 2024.

Proposed FY 2025 Financial Partners and Outside Agency Funding

- Two new Pay-As-You-Go (PAYGO) fund-supported financial partners, the Housing Collaborative and The United Way of Greater Charlotte, are being proposed for funding in FY 2025.
- General Fund-supported financial partners that were funded in FY 2024 are being recommended for the same funding levels in FY 2025, with the exception of the Charlotte Regional Business

- Alliance, which will receive a slight increase due to funding based on population served.
- The FY 2025 budgets for Charlotte Center City Partners, University City Partners, and SouthPark Community Partners Municipal Service Districts #1-6 support economic, cultural, and social development within designated districts. Their allocations are based on the valuation of properties in their respective districts.
- The Charlotte Regional Visitors Authority budget reflects a 6.9 percent increase over FY 2024.
- Crisis Assistance Ministries is to receive the same funding level in FY 2025 of \$550,000. The \$125,000 previous American Rescue Plan Act (ARPA) allocation from FY 2024 will be absorbed in the PAYGO fund.
- Financial partners that were funded with ARPA allocations in FY 2024 and reapplied are being funded through the PAYGO fund in FY 2025.
- DreamKey Partners, which receives both PAYGO and Federal Grant Funds, will receive the same funding level in FY 2025 for Affordable Housing.

Proposed FY 2025-2029 Capital Investment Plan (CIP)

- The five-year total Proposed FY 2025-2029 CIP is \$6.51 billion (this includes the total General CIP, as well as the five-year capital plan totals for nongeneral departments: Aviation, CATS, Charlotte Water, and Storm Water).
- The five-year General CIP totals \$1.17 billion (this includes general obligation bonds, other sources, reappropriation of prior authorization, and PAYGO funds).
- The Proposed FY 2025 General CIP includes:
 - Double the previous affordable housing investment with a \$100 million allocation to create and preserve affordable housing, the largest investment in program history,
 - A new, data-driven approach to project identification with \$55 million for Strategic Investment Areas,
 - \$25 million for infrastructure improvements in the Corridors of Opportunity, in addition to \$5 million in the PAYGO Fund,
 - Sidewalk funding of \$50 million, matching the largest investment in program history,
 - Vision Zero funding of \$20 million, the largest investment in program history,
 - \$3.5 million for future Council recommendations addressing youth violence,
 - Support for economic development partnerships with \$36.7 million,
 - Continued support of the multi-year, \$107 million program to construct and renovate Fire facilities with a \$14.5 million allocation in FY 2025,
 - Funds to expand the 911 Call Center at Charlotte-Mecklenburg Police Department Headquarters and the Police and Fire Training Academy with \$7 million in FY 2025 and another \$2 million planned in FY 2026, and
 - Support for the Strategic Energy Action Plan with \$3.5 million in the CIP for the installation of sustainable infrastructure in city-owned facilities, along with purchasing 70 electric vehicles.
- The nongeneral departments' five-year capital plans total \$4.98 billion and are summarized below:
 - Aviation totals \$1.9 billion, a 13.6 percent decrease,
 - CATS totals \$394 million, a 34.6 percent increase,
 - Charlotte Water totals \$2.25 billion, a 14.5 percent decrease, and
 - Storm Water totals \$436 million, a 7.2 percent decrease.

Budget Process

- The following is the Council-adopted remaining budget meeting schedule:
 - May 20 - Budget adjustments;
 - May 30 - Budget straw votes; and
 - June 10 - Budget adoption.
- State law requires local governments to adopt a budget by July 1 of each year.
- A complete copy of the proposed budget is available online at:
<https://charlottenc.gov/budget/Pages/default.aspx>

Attachment(s)

Proposed FY 2025 Budget Presentation

Proposed FY 2025 Budget in Brief