



Legislation Text

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Public Hearing on Proposed Fiscal Year 2018 Operating Budget and Fiscal Years 2018-2022 Community Investment Plan

Action:

Receive public comment on the City Manager’s Proposed Budget

Committee Chair:

Greg Phipps, Budget Committee

Staff Resource(s):

Marcus Jones, City Manager’s Office
Kim Eagle, City Manager’s Office

Explanation

- On May 1, 2017, the City Manager presented the Proposed Fiscal Year 2018 Operating Budget and Fiscal Years 2018-2022 Community Investment Plan. The May 1st recommendation represents the proposed City operating and capital budgets for next fiscal year, beginning on July 1, 2017.
- State law requires the City to hold a public hearing following presentation of the Manager’s Recommended Budget (May 1, 2017) and prior to the City Council adoption of the budget (currently scheduled for June 12, 2017).

Fiscal Year 2018 Operating and Capital Recommended Budgets Summary

- The City Manager’s proposed Fiscal Year 2018 Operating Budget and Fiscal Years 2018-2022 Community Investment Plan were developed using the lens of meeting the goals of the City Council’s letter to the community, the City Council’s five Focus Areas, and the 10 Traits of Winning Cities. These priorities served as the foundational elements against which all FY 2018 budget decisions were measured.
- The proposed budget does not include a recommendation for a property tax increase. The FY 2018 Proposed Budget maintains the current FY2017 tax rate of 47.87 cents.
- The proposed budget for the City next year consists of three major components supported by general tax revenues:
 - A General Fund budget of \$668.5 million for Fiscal Year 2018, representing an increase of 5.3% above Fiscal Year 2017, to address the Mayor and Council’s priorities and accommodate the resource needs of a dynamic, growing City;
 - A \$113.7 million Municipal Debt Service Fund, increasing 4.7% due to higher bond interest costs and debt issuance expense, supporting long-term capital investments as outlined in a revised General Community Investment Plan; and
 - A \$751.8 million General Community Investment Plan, decreasing 17.0% from the FY2017-2021 Community Investment Plan which invests in City of Charlotte infrastructure to meet

the needs of a growing community

- Enterprise Funds' combined operating and capital budgets total \$1.34 billion in Fiscal Year 2018 (net of transfers), a 6.2% increase above the prior year, primarily due to growth in the Aviation capital program.
- City-wide total budget is \$2.39 billion in Fiscal Year 2018, a 2.5% decrease below the prior year, which addresses the infrastructure and service needs of a dynamic, growing community.

General Fund Budget Highlights

- \$3.4 million to fund 91 positions in Police, including 62 sworn positions, 4 additional Airport Law Enforcement Officers, and 25 civilian positions to support the officers.
- \$0.9 million in Fire to fund Engine Company 65 to help address response time issues in the area surrounding Eastland Mall.
- 29 additional General Fund positions that are fully or partially funded by external funding sources, such as the Community Investment Plan, user fees, and Enterprise Funds.

Enterprise Funds Revenue Recommendations

- Charlotte Water: Changes in Residential and Non-Residential Water and Sewer Administrative charge and availability fees. The total water and sewer bill for a typical residential customer would increase 2.84%, or \$1.73 per month.
- Storm Water: No changes to the current Storm Water rate and rate structure. The rate structure adjustment from two tiers to four tiers approved in FY2016 continues to support Storm Water Services' multi-year plan to reduce the backlog of service requests.
- Aviation: Only slight changes to select fees (for example, landing fees). Charlotte-Douglas International will remain the lowest cost, large hub airport in the United States.
- Charlotte Area Transit System: No increase to base fares. The Blue Line Extension is scheduled to implement revenue operations to UNC-Charlotte during FY2018. Ridership growth is projected to increase 24.4%.

Recommended Employee Compensation and Benefits

- 2.0% Public Safety market adjustment,
- 2.5% or 5.0% Public Safety step adjustment based on rank and current step,
- 3.0% Broadband merit budget (for all exempt/salaried general employees),
- 1.5% merit budget and 1.5% market adjustment for Non-exempt/hourly employees, and
- Increase minimum pay to \$31,200 (equivalent to \$15.00 per hour).

Recommendations for Financial Partners & Outside Agencies

- General Fund Financial Partners remain flat at their FY 2017 funding levels with the exception of the Charlotte Regional Partnership.
 - Charlotte Regional Partnership includes a recommended \$3,230 increase in FY 2018, which is based on a per capita funding formula that is used to determine City and County funding levels for the agency.
- Funding for Dedicated Revenue Financial Partners, including the Charlotte Regional Visitors

Authority (CRVA) and the Municipal Service Districts is generally determined by revenue projections for the upcoming fiscal year.

- FY 2018 revenue projections for the CRVA include an additional \$3 million to assist with destination marketing programs to attract new convention and tourism business to the City.
- Housing and Neighborhood Services' Housing and Community Development Partnerships remain flat with the exception of a recommended \$100,000 reduction to the Charlotte-Mecklenburg Housing Partnership.
- Housing and Neighborhood Services' Crisis Assistance agencies are recommended to remain flat at FY 2017 levels.
- FY 2018 represents the first year of the FY 2018 - FY 2019 bi-annual process for Out of School Time Financial Partners. The total annual out of School Time Partner funding of \$979,934 maximizes the eligible Community Development Block Grant allocation of \$815,007, with the remaining \$164,924 being funded by the Pay-As-You-Go (PAYGO) capital program.

Recommended Fiscal Years 2018-2022 Community Investment Plan

- The five-year total recommended Community Investment Plan is \$4.1 billion.
- The General Community Investment Plan totals \$751.8 million (debt-funded projects and PAYGO cash-funded projects) within the Fiscal Years 2018-2022 five-year planning period, including:
 - \$290.8 million in Street, Neighborhood, and Housing Bonds over two General Obligation bond referenda in November of 2018 and 2020 to support three, core quality of life elements of Livability, Getting Around, and Job Growth.
 - \$105.7 million in Certificates of Participation to construct public safety and other City operations facilities.
 - \$203.3 million in General PAYGO funding to support facilities maintenance and renovation, technology infrastructure, and other one-time capital needs
 - \$152.0 million in Transit PAYGO funding to support CATS Maintenance of Effort and the CityLYNX Gold Line
- Enterprise Capital programs over five years:
 - CATS totals \$464.4 million, a 18.4% decrease
 - Aviation totals \$1.5 billion, a 5.0% decrease
 - Storm Water totals \$350.5 million, a 1.2% decrease
 - Water and Sewer totals \$944.0 million, a 44.1% increase

Budget Process

- On May 10, the City Council will meet to discuss and consider possible changes to the Manager's Proposed FY 2018 Budget. Proposed adjustments by the City Council that received five or more votes will move on to the May 24 Straw Votes meeting for consideration and final direction to the City Manager.
- Budget adoption is scheduled for June 12, 2016, at 7:00 p.m., during the City Council Business Meeting.
- 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:
<http://charlottenc.gov/budget/Pages/default.aspx>

Attachment(s)

City Manager's Transmittal Letter
Executive Summary for the Proposed FY 2018 Budget
Proposed FY 2018 Property Tax Rates