Legislation Details (With Text)

File #:	15-15629	**Version:**	1	**Name:**	
Type:	Public Hearing Item			**Status:**	Agenda Ready
File created:	4/15/2021			**In control:**	City Council Business Meeting
On agenda:	5/10/2021			**Final action:**	
Title:	Public Hearing on the Proposed Fiscal Year 2022 Operating Budget and Fiscal Years 2022-2026 Capital Investment Plan				
Attachments:	1. Proposed FY 2022 Budget Book - City Manager's Letter, 2. Proposed FY 2022 Budget Book - Executive Summary				

Date	Ver.	Action By	Action	Result
5/10/2021	1	City Council Business Meeting	Close the Public Hearing	Pass

Public Hearing on the Proposed Fiscal Year 2022 Operating Budget and Fiscal Years 2022-2026 Capital Investment Plan

Action:
Conduct a public hearing on the City Manager's Proposed Fiscal Year 2022 Operating Budget and Fiscal Years 2022 - 2026 Capital Investment Plan.

Committee Chair:
Ed Driggs, Budget and Effectiveness Committee

Staff Resource(s):
Marcus Jones, City Manager's Office
Ryan Bergman, Strategy and Budget
Kelly Flannery, Finance

Explanation

- On May 3, 2021, the City Manager presented the Proposed Fiscal Year (FY) 2022 Operating Budget and FY 2022-2026 Capital Investment Plan. The proposed budget represents the city's proposed operating and capital budgets for the fiscal year which begins July 1, 2021.
- 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 14, 2021.
- Charlotte's Proposed FY 2022 Budget was developed to lead the City of Charlotte toward addressing the most foundational and pressing needs of the city.
- In compliance with North Carolina General Statute 166A-19.24. Remote meetings during certain declarations of emergency, written comments on the public hearing topic will be accepted by the Clerk's Office through May 11, 2021, at 11:59 p.m. Any additional comments received will be provided to Council.

Proposed FY 2022 Operating and Capital Budgets' Summary

- The City Manager's Proposed FY 2022 Operating Budget and FY 2022-2026 Capital Investment Plan were developed consistent with the City Council's strategic priorities. These priorities served as the foundational elements against which all FY 2022 budget decisions were measured.
- The proposed budget includes a property tax rate of 34.81¢ per $100 of assessed valuation, which is the same as the past two adopted budgets.
- The proposed budget for the city consists of three major components supported by general tax

revenues:

- A General Fund budget of $750.7 million for FY 2022, representing a 4.4 percent increase from FY 2021, to support initiatives that will continue to deliver exceptional government services to the community;
- A $147.6 million Municipal Debt Service Fund, decreasing 3.1 percent from FY 2021; and
- A $648.4 million five-year General Capital Investment Plan that invests in Corridors of Opportunity, the Strategic Energy Action Plan, city-owned facilities, affordable housing, sidewalks and bikeways, streets and intersections, and economic development.

Proposed FY 2022 Budget Highlights

- Includes no proposed tax increase, and no city staff will be furloughed or laid off.
- Delivers a $14 million investment in Corridors of Opportunity to support housing and neighborhood stabilization and job and economic development initiatives.
- Supports the city's Strategic Energy Action Plan by purchasing 22 electric vehicles.
- Provides funding to reimagine policing and implement SAFE Charlotte recommendations:
  - Provides $1 million in new funding to Charlotte-based nonprofits addressing violence in the community,
  - Expands the Community Policing Crisis Response Team for service to mental health related calls for service, and
  - Supports the SAFE Charlotte recommendation to pilot alternative civilian response models.

Proposed FY 2022 Employee Compensation and Benefits

- Annualizes costs for FY 2021 employee salary actions.
- Provides at least a five percent reduction to employee medical plan premiums.
- Includes a 1.5 percent merit pool and 1.5 percent market adjustment for non-exempt/hourly employees. By the end of the FY, annualized minimum pay will be increased to $38,090.
- Provides a three percent merit pool for all exempt/salaried general employees.
- Includes a 1.5 percent market adjustment and merit step increase (2.5 to five percent) for eligible public safety pay plan employees.
- Enhances public safety employee compensation beyond a typical salary increase, effective November 13, 2021:
  - Adds a 2.5 percent step to top of Firefighter II,
  - Adds a 2.5 percent steps to top of Firefighter Engineer, and
  - Adjusts all Fire Captain steps by 3.75 percent.
- Provides a two-percentage point increase in the employer contribution rate to the Charlotte Firefighters' Retirement System.
- After a review by the Citizen Advisory Committee on Governance, the following Mayor and City Council compensation adjustments are proposed:
  - Increases the Mayor's annual base salary to $39,646 and expense allowance to $20,222, aligning the Mayor to the Chairperson of the Mecklenburg County Board of County Commissioners, and
  - Increases the City Council annual base salary to $32,638 and expense allowance to $19,806, aligning City Council to the Mecklenburg County Board of Commissioners.
- Continues to offer the Charlotte Area Transit System (CATS) All-Access Transit Pass to employees.

Proposed FY 2022 Nongeneral Departments' Revenue

- Charlotte Water: The FY 2022 Water and Sewer Fee for the typical homeowner is proposed to increase by 3.42 percent. The typical homeowner would experience a $2.33 per month increase.
- Storm Water Services: The FY 2022 Storm Water Fee for the typical homeowner is proposed to increase by 3.36 percent. The typical homeowner would experience a $0.29 per month increase.
- Aviation: Select non-regulatory fees were adjusted to increase or decrease based on Aviation's cost -recovery model.
- CATS: In FY 2022, CATS' fares will remain the same as in FY 2021. FY 2022 User Fees include the creation of three new regulatory fees related to land development reviews, rezoning petitions, and right-of-way/property agreement reviews.

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Proposed FY 2022 Financial Partners and Outside Agency Funding

- One new financial partner is proposed for funding in FY 2022.
- Two Out of School Time Partners and TreesCharlotte are proposed to be funded through the General Fund for FY 2022.
- Based on recommendations from the ad-hoc Arts and Culture City Council Committee, the city is proposing a $4 million arts and culture contribution from the General Fund, to be matched by $2 million in stimulus funds and $6 million in private funds for a total $12 million arts and culture allocation in FY 2022. This will replace funding that was previously allocated to the Arts and Science Council (ASC). ASC is anticipated to receive $800,000 indirectly from this allocation.
- The city funds one financial partner exclusively with federal grant funds (HOPWA Grant). The Proposed FY 2022 Funding level is based on the city's federal grant award minus eligible administrative costs.
- The FY 2022 recommended budget for Charlotte Center City Partners and University City Partners Municipal Service Districts 1 through 5 are based on the valuation of properties in their respective districts.
- The Charlotte Regional Visitors Authority budget reflects a three percent increase over FY 2021.
- DreamKey Partners, formally Charlotte Mecklenburg Housing Partnership, which receives both PAYGO and federal grant funds will be funded at a reduced level compared to FY 2021.
- Agencies that receive only Pay-As-You-Go (PAYGO) funding are proposed to maintain their FY 2021 funding levels.

Proposed FY 2022-2026 Capital Investment Plan (CIP)

- The five-year total Proposed FY 2022-2026 CIP is $4.8 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 General CIP totals $648.4 million (this includes general obligation bonds, other sources, reappropriation of prior authorization, and PAYGO funds).
- The nongeneral departments' five-year capital plans total $4.2 billion and are summarized below:
  - Aviation totals $1.1 billion, a 42.7 percent decrease,
  - CATS totals $142.4 million, a 4.5 percent decrease,
  - Charlotte Water totals $2.4 billion, a 22.2 percent increase, and
  - Storm Water totals $535.0 million, a 3.18 percent increase.
- The Proposed FY 2022-2026 General CIP includes:
  - Creation of a new, three-year program to construct Fire facilities, beginning with $2,7000,000 in FY 2022,
  - Support for the Strategic Energy Action Plan with $4,000,000 for the installation of sustainable infrastructure in city-owned facilities, in addition to $750,000 in PAYGO funding,
  - Funding for segments 10 and 11 of the Cross Charlotte Trail, beginning with $1,700,000 in FY 2022,
  - Upgrades to the existing Animal Care and Control facility with $5,000,000 for various improvements, with the largest portion being dedicated to additional heating, ventilation, and air conditioning units,
  - $7,800,000 to ensure well-maintained and efficient city-owned facilities, and
  - Planning for future bonds (none of which occur this year in FY 2022); the 2022 Bond, which will occur next year in FY 2023, includes:
    - The third consecutive $50,000,000 allocation to create and preserve affordable housing,
    - More than triple the 2020 Bond funding for the Sidewalk and Pedestrian Safety program, from $15,000,000 to $50,000,000,
    - Infrastructure improvements in the Corridors of Opportunity totaling $10,000,000,
    - Congestion mitigation funding totaling $10,000,000 for Steele Creek, University City, and South Charlotte, and
    - Double the 2020 Bond totals for the Bike Program, from $4,000,000 to $8,000,000, and the Transportation Safety (Vision Zero) program, from $2,000,000 to

$4,000,000.

Budget Process

- The following is the Council-adopted remaining budget meeting schedule:
  - May 19 - Budget adjustments,
  - May 26 - Budget straw votes, and
  - June 14 - 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 2022 Budget Book - City Manager's Letter
Proposed FY 2022 Budget Book - Executive Summary