

Legislation Details (With Text)

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On agenda:	6/12/2023	Final action:	6/12/2023		
Title:	Fiscal Year 2024 Operating Budget and Fiscal Years 2024-2028 Capital Investment Plan				
Attachments:	1. FY2024 Annual Ordinance and Windup, 2. MTC CATS Budget Resolution, 3. CLTWATER Revenue Manual (July 2023 Revision), 4. FY 2024 Compensation and Benefits, 5. HOMES Resolution				

Date	Ver.	Action By	Action	Result
6/12/2023	1	City Council Business Meeting	Approve	Pass

Fiscal Year 2024 Operating Budget and Fiscal Years 2024-2028 Capital Investment Plan

Action:

Adopt the Fiscal Year (FY) 2024 Appropriations and Tax Levy Ordinance, the FY 2024 Compensation and Benefits Recommendations, and other items related to the Annual Budget Ordinance adoption:

- A. The FY 2024 Operating Appropriations and Tax Levy Ordinance,**
- B. The FY 2024 - 2028 Capital Investment Plan,**
- C. The FY 2024 General Solid Waste Fee,**
- D. The FY 2024 Storm Water Services Fees,**
- E. The FY 2024 Transit Operating Budget, FY 2024 Transit Debt Service Budget, and FY 2024 - 2028 Transit Capital Investment Plan which was approved by the Metropolitan Transit Commission on April 26, 2023,**
- F. The Charlotte Water Rate Methodology by approving revisions to the Revenue Manual,**
- G. The FY 2024 Charlotte Water Rates,**
- H. The FY 2024 Compensation and Benefits Plan and associated Human Resources contracts,**
- I. Outside Agency and Municipal Service District contracts,**
- J. American Rescue Plan Act Funding and Resolution, and**
- K. Other budget items.**

Committee Chair:

Dimple Ajmera, Budget, Governance and Intergovernmental Relations Committee

Staff Resource(s):

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Policy

- As required by Chapter 159 of the North Carolina General Statutes, the City of Charlotte adopts annual appropriations and a tax levy ordinance and considers related actions by July 1 of each fiscal year.
- The annual budget is an instrument that establishes policy. The budget identifies and summarizes programs and services provided by the city and how they are funded. It is the annual plan that coordinates the use of revenues and associated expenditures.

Background

- The annual budget ordinance is presented in accordance with the City Manager's Proposed FY 2024 Budget presented on May 1, 2023, and subsequent City Council budget adjustments.
- The FY 2024 Budget is structurally balanced and focuses on five City Council Strategic Priorities: Well-Managed Government, focused on Equity, Engagement, and the Environment; Great Neighborhoods; Safe Communities; Transportation and Planning; and Workforce and Business Development.
- The budget development process includes input from the community, city departments, and the Mayor and City Council. To facilitate input the city held three Budget, Governance, and Intergovernmental Relations Committee meetings on February 6, March 6, and April 3 and three Budget Workshops on February 9, March 9, and April 6. Public budget engagement occurred through two virtual budget listening sessions occurring on March 1, and March 30; an in-person listening session on March 14, 2023; and a budget public input survey that was available from February 7 through April 2, 2023. A Public Hearing on the Proposed Budget on May 8, 2023; a Budget Adjustments meeting on May 11; and a second Budget Adjustments Meeting on May 22, 2023.
- The Mayor and City Council met on May 11 and May 22, 2023, to discuss budget adjustments for consideration to the Proposed FY 2024 Budget. Four budget adjustments were approved by City Council for inclusion in the FY 2024 Budget. Additionally, City Council approved the use of \$605,000 in one-time funding from the American Rescue Plan Act to support five nonprofits.
- FY 2024 General Fund and FY 2024 General Capital Investment Plan (CIP):
 - Balances the budget without a property tax increase, making FY 2024 the fifth consecutive year with no property tax increase.
 - Maintains or enhances core services.
 - Maintains operating reserve levels with no use of one-time revenues such as the General Fund balance.
 - Protects current employees, there are no layoffs or furloughs.
 - Continues to invest in City of Charlotte employees by:
 - Providing the greater of \$3,600 or a six percent salary increase for all General Hourly Employees (greater of \$1,800 or three percent increases in both July and January),
 - Increasing minimum pay for all General Hourly Employees to \$46,200 by January,
 - Providing a four percent salary pool for salaried employees,
 - Providing at least an eight percent increase for all Police Officers and Sergeants,
 - Increasing both starting and top pay for Police Officers 10.5 percent by January,
 - Providing a 5.5 to 8.0 percent salary increase for all Public Safety Pay Plan Firefighters,
 - Increasing starting pay for Firefighters 10.5 percent by January,
 - Adding 29 apprenticeships,
 - Adding a Human Resources position dedicated to workforce development with career coaching,
 - Continuing flexible work options for feasible positions,
 - Adding 25 additional take home cars for veteran Police Officers,
 - Covering the majority of healthcare cost increases for employees, whose premiums will only go up \$3-\$5 per week, compared to an increase of \$20 per week for the

- city, and
 - Providing for an increase to the annual contribution to retiree health savings for sworn positions hired on or after July 1, 2009 by 25 percent to \$1,300/year beginning in January.
- Continues to be a leader in municipal sustainability led by the Strategic Energy Action Plan through:
 - Sustainable Infrastructure by purchasing 45 electric vehicles and expanding charging infrastructure, and
 - Exploring new opportunities by adding the first net zero carbon police station and the first electric refuse truck in Solid Waste.
- Recommends \$4.2 million in ARPA funds toward the HOMES program in partnership with the county to provide assistance that directly reduces the city tax bill by up to 25 percent for eligible applicants who are low- to moderate-income households within the city limits.
- Invests in Fire infrastructure by programming for five stations over five years within the CIP.
- Provides two additional fire companies and 42 fire staff.
- Supports Corridors of Opportunities with a \$5 million dollar investment for implementation of playbooks, continued engagement, and partnerships.
- Includes \$250,000 to continue partnership with Atrium for Hospital-Based Violence Prevention Program.
- Adds two new sites to the Alternatives to Violence, West Boulevard and Nations Ford/Arrowood areas and one position to monitor programs related to SAFE Charlotte.
- Continues Charlotte Business Inclusion support with \$1 million and three new positions to continue implementing programs and increase vendor outreach.
- Programs funding to continue AmpUP and NXTCLT small and minority business assistance programs.
- Creates a Special Assistant to the City Manager to work on workforce development initiatives.
- Supports closing the digital divide and Smart Cities work with two additional staff resources.
- Adds 37 positions to support the Unified Development Ordinance.
- Protects quality of life for residents by adding a four-person Rapid Response code enforcement team, and an additional litter crew from the Center for Employment Opportunities.
- Supports Animal Care and Control needs with two new positions.
- Provides at least level funding for all current Financial Partners.

Recommended Changes to the Proposed FY 2024 Budget from the May 22 City Council Budget Workshop

- During the May 22 Budget Adjustments Meeting, City Council approved the following adjustments:
 - Adjustments to maintain historical pay parity of five percent between Fire and Police,
 - Adjustments to ensure all full-time hourly employees receive at least a \$3,600 increase during FY 2024 and increase the minimum pay to \$46,200 by January 2024,
 - Funds to support on-call pay in Police, and
 - Adds a research/policy position to support City Council.
- These adjustments are being funded by undesignated balance in the General Fund plus increased sales tax revenue, and funds from the Pay-As-You-Go Fund which will utilize \$400,000 in ARPA funds for maintenance activities, to allow for the transfer.
- Additionally, the following non-profit organizations will be funded through one-time ARPA funds:
 - Block Love Charlotte (\$230,000),
 - For the Struggle (\$100,000),
 - The Males Place (\$100,000),
 - Carolina Metro Reds (\$50,000), and
 - Crisis Assistance Ministry will be funded an additional \$125,000 through ARPA, bringing their total funding amount to \$550,000.

A. Adopt the FY 2024 Operating Appropriations and Tax Levy Ordinance

- The total FY 2024 budget is \$3.33 billion net of transfers, with \$1.01 billion for personnel expenditures, \$859.4 million for operating expenditures, \$1.20 billion for capital expenditures (all funds), and \$263.8 million for debt service expenditures. The General Fund operating budget totals \$769.0 million.
- The total budget includes the following key revenues:
 - A property tax rate of 26.04¢ per \$100 of assessed valuation, which is an 8.77¢ decrease from FY 2023. The FY 2024 assessed value is estimated at \$214.8 billion, with an estimated collection rate of 99 percent.
 - The FY 2024 Water and Sewer Fee is proposed to increase by 4.25 percent for the typical homeowner, which is an average increase of \$3.10 per month.
 - The FY 2024 Storm Water Services Fee is proposed to increase by 4.6 percent. The typical homeowner would experience a \$0.43 per month increase.
 - Select Aviation non-regulatory fees were adjusted to increase or decrease based on Aviation's cost-recovery model.
 - Charlotte Area Transit System (CATS) base transit fare remains flat from FY 2023 to FY 2024.

B. Adopt the FY 2024 - 2028 Capital Investment Plan

General CIP

- The General CIP is supported by a portion of the 26.04¢ property tax as follows:
 - 5.06¢ for the Municipal Debt Service Fund, and
 - 0.37¢ for the Pay-As-You-Go (PAYGO) Fund.
- The FY 2024 - 2028 five-year General CIP totals \$757.9 million and includes General Obligation Bonds, other sources, Municipal Debt Service, reappropriation of prior authorization, and PAYGO funds.

Nongeneral CIPs

- Nongeneral programs are financially self-sustaining and do not rely on property tax support.
- The FY 2024 - 2028 five-year nongeneral CIPs include:
 - Aviation totals \$2,197.6 million and is funded by \$1,491.3 million in revenue bonds, \$108.8 million in Aviation PAYGO, \$253.8 million in passenger facility charges, \$263.6 million in federal grants, \$60.0 million in state grants, and \$20.0 million in customer facility charges.
 - CATS totals \$293.1 million and is funded by \$130.5 million in federal and state grants and \$162.6 million in other sources.
 - Charlotte Water totals \$2,631.6 million and is funded by \$936.0 million in Charlotte Water PAYGO and \$1,695.6 million in water and sewer revenue bonds.
 - Storm Water totals \$470.0 million and is funded by \$255.0 million in revenue bonds and \$215.0 million in Storm Water PAYGO and program income.

C. Amend the General Solid Waste Fee

- The annual Solid Waste Fee for residential customers changes from \$86.06 to \$94.64 in FY 2024 to help support the increased cost of services.
- These changes become effective on July 1, 2023.
 - The revised fee will be included in the tax bills that will be mailed to property owners by September 2023 and are due by December 31, 2023.

D. Approve the FY 2024 Storm Water Services Fee

- In accordance with the Interlocal Agreement on Storm Water Services, this action will inform Mecklenburg County of the amount to be charged for the city's portion of the fee.
- The FY 2024 Storm Water Services Fee changes include:
 - Detached single family homes with less than 2,000 square feet (sf) of impervious area changes from \$6.27 per month to \$6.56 per month in FY 2024,
 - Detached single family homes with 2,000 to less than 3,000 sf of impervious area changes from \$9.25 per month to \$9.68 per month in FY 2024,

- Detached single family homes with 3,000 to less than 5,000 sf of impervious area changes from \$13.67 per month to \$14.30 per month in FY 2024,
- Detached single family homes with 5,000 sf or more of impervious area changes from \$22.61 per month to \$23.65 per month in FY 2024, and
- Commercial and multi-family per acre of impervious area changes from \$163.20 per month to \$170.71 per month in FY 2024.

E. Adopt the FY 2024 Transit Operating Budget, FY 2024 Transit Debt Service Budget, and FY 2024-2028 Transit Capital Investment Plan which was approved by the Metropolitan Transit Commission on April 26, 2023

Policy

- The Transit Governance Interlocal Agreement calls for the Metropolitan Transit Commission (MTC) to annually approve a Transit Operating Program and a Transit Capital Program by April 30. Following the MTC's approval, the Transit Operating and Capital Programs are forwarded to City Council for approval. Upon approval, City Council shall fund the programs through its budget process and/or project ordinances.

Budget Overview

- The FY 2024 Transit Operating and Debt Service Budgets and the FY 2024 - 2028 Transit CIP have been developed in compliance with CATS Financial Policies, including an annual contribution to the Transit Revenue Reserve Fund, year-end fund balance, debt service coverage ratios, and the transfer of balances to the capital program.
- The FY 2024 Budget includes no proposed fare increases and no proposed new fees.
- The FY 2024 Budget for CATS represents three key ideas: safety and security of riders and operators, valuing CATS employees, and maintenance and preservation of CATS facilities, buses, and rail vehicles.

F. Amend the Charlotte Water Rate Methodology by approving Revisions to the Revenue Manual

- Charlotte Water rate methodology changes with the adoption of the Fiscal Year 2024 budget.
- The schedule of water and sewer rates, fees, and charges is calculated according to the rate methodology as codified in the revenue manual and Charlotte Water's approved budget and is published annually.
- The Revenue Manual revisions include:
 - Adding a fee to capture closed-circuit television video (CCTV) inspection for post-construction services,
 - Adding a fee for revision to approved plans (RTAP) when changes are required after plans have been approved with the signature and seal of a NC registered professional engineer, and
 - Changing the language for truck fees to clarify a two-year cycle for permit renewal and the manner in which volumetric usage is calculated for tanker, sweeper, and vacuum trucks.
- A Joint Public Hearing between the City Council and the Charlotte Water Advisory Committee was held on May 8, 2023. No comments from the public were received.

G. Adopt the FY 2024 Charlotte Water Rates

- Water and sewer fees are necessary to maintain current infrastructure, accommodate growth, and respond to changing regulatory requirements.
- FY 2024 rate changes include:
 - Typical resident water and sanitary sewer availability fees at \$10.44 per month, an increase of \$0.40 from Fiscal Year 2023,
 - Typical resident water and sanitary sewer fixed fees at \$11.04 per month, an increase of \$0.44 from Fiscal Year 2023,
 - The typical monthly total water and sanitary sewer bill for residential customers is estimated to be \$75.98 in Fiscal Year 2023, an increase of \$3.10 per month, and
 - The typical bill assumes 5,236 gallons, or seven Ccf, used each month. Based on the current rate structure, users consuming more than the typical level of consumption are

charged a higher rate to encourage conservation and responsible use of this resource.

H. Adopt the FY 2024 Compensation and Benefits Plan and Associated Human Resources Contracts

Compensation

- This action authorizes the City Manager to implement the recommendations from the FY 2024 Compensation and Benefits Recommendations and subsequent adjustments by Council at the May 22 Budget Adjustments meeting including, but not limited to the following items:
- In the Public Safety Pay Plan:
 - All merit steps of the FY 2024 Public Safety Pay Plan to be funded.
 - Two market adjustments to the pay steps, each funded at 1.5 percent. The first adjustment effective July 1, 2023. The second adjustment effective January 6, 2024.
 - Revisions to Police steps effective July 1, 2023:
 - Eliminate Police Officer steps one and two. In FY 2024, to maintain internal equity, the eligible step date for Officers at steps 1, 2 and 3 will be adjusted.
 - Merge Police Officer steps six and seven from two 5 percent steps to a 10 percent step (new step four).
 - Eliminate Police Sergeant step one and increase Police Sergeant step two an additional 2.5 percent.
 - Add a five percent step to the top of Police Sergeant.
 - Revisions to Police steps effective September 2, 2023:
 - Create Senior Police Officer III with a 5 percent step above Senior Police Officer II for eligible employees. Eligible Employees must be a Senior Police Officer II for at least one year.
 - Revisions to Police steps effective January 6, 2024:
 - Create Senior Police Officer IV with a 2.5 percent above Senior Police Officer III for eligible employees. Eligible employees must have been Senior Police Officers by June 30th 2020 to qualify for the new Senior Police Officer IV step.
 - Revisions to Fire steps effective November 11, 2023:
 - Eliminate Fire Fighter I step one and two. In FY 2024, to maintain internal equity, the eligible step date for steps one, two, and three of Fire Fighter I may be adjusted.
 - Add 5 percent step to the top of Firefighter I and Fire Fighter II.
 - Eliminate Firefighter II and Firefighter Engineer step one.
 - Merge Firefighter Engineer steps six and seven from two 2.5 percent steps to one 5 percent step (new step five).
 - Increase Firefighter Engineer step eight from 2.5 percent to 5 percent (new step six).
 - Eliminate Fire Captain step one and increase Fire Captain step two an additional 2.5 percent.
 - Add a 2.5 percent step to the top of Fire Captain and Firefighter Engineer.
- In the Salaried Pay Plan:
 - Merit increase pool funded at four percent, and
 - Adjust the pay ranges up three percent effective July 1, 2023.
- In the Hourly Pay Plan:
 - Two increases each equal to the greater of 3 percent or \$1,800 for hourly employees, effective July 1, 2023 and January 2024. Total increase the greater of 6 percent of \$3,600.
 - Establish a minimum pay rate of \$46,200 per year for full-time employees.
 - A three percent market adjustment to the Hourly Pay Plan ranges effective July 1, 2023.

Benefits

- Increase employee medical plan weekly premiums by \$3 or \$5 based on plan tier.
- Increase non-Medicare-eligible medical plan monthly premium for retirees with 20 years of service by \$13 or \$22 based on plan tier.
- Increase the weekly Retiree Health Reimbursement Plan employer contribution from \$20 to \$25 for all eligible sworn public safety employees, effective January 2024.
- Amend the vacation schedule to increase accrued vacation from ten to 15 days per year for

employees with three to five years of experience.

- Provide the City Manager the authority to make medical and prescription drug plan and wellness incentive changes within the overall health insurance budget.
- Provide the City Manager the authority to approve vendor, rate, plan options and plan design changes for the Medicare-eligible Retiree Health Plans.
- Provide the City Manager the authority to renegotiate the current contracts, or if the contracts are rebid, to select vendors, execute the contracts and future contract amendments and determine plan design within the selected vendors for Medical Coverage, Dental, Employee Assistance Program, Flexible Spending Accounts, Health Savings Accounts, Health Advocacy, Short-Term and Long-Term Disability, Family Medical Leave Administration, Vision, Stop Loss insurance, voluntary benefits, and wellness services.

I. Approve Outside Agency and Municipal Service District Contracts

- This action authorizes the City Manager to negotiate and execute contracts related to outside agencies and municipal service districts. The outside agency and Municipal Service District contracts are outlined below.

Arts and Culture Sector

- Foundation for The Carolinas will administer the city's FY 2024 allocation of arts and culture funding totaling \$6,000,000, which includes:
 - \$4,000,000 of General Fund funding, and
 - \$2,000,000 of American Rescue Plan Act funding.
- The city's \$6,000,000 of FY 2024 funding is anticipated to be matched by at least an additional \$6,000,000 from the private sector, which will also be administered by Foundation for the Carolinas.
- The \$12,000,000 of total arts and culture sector funding has been consistent since FY 2022, totaling \$36,000,000 over three fiscal years.

FY2024 General Fund Discretionary Financial Partners

- Alliance Center for Education (formerly Bethlehem Center) - Out of School Time Partner: \$90,000
- The Bengali Women's Forum Corp: \$10,000
- Charlotte Regional Business Alliance: \$168,341
- Community Building Initiative: \$50,000
- Greater Enrichment Program - Out of School Time Partner: \$200,000
- Race Matters for Juvenile Justice (New Financial Partner): \$51,468
- Safe Alliance: \$397,038
- Women's Business Center of Charlotte: \$50,000
- My Brother's Keeper Charlotte-Mecklenburg: \$50,000
- TreesCharlotte: \$250,000

FY2024 Dedicated Revenue Sources Financial Partners

- Municipal Service District (MSD) Contracts
 - Charlotte Center City Partners (\$6,796,745)
 - District 1: Center City
 - Tax Rate decreased, 1.28¢
 - FY 2024 Contract: \$1,863,667
 - District 2: Center City
 - Tax Rate decreased, 2.18¢
 - FY 2024 Contract: \$1,307,590
 - District 3: Center City
 - Tax Rate decreased, 3.32¢
 - FY 2024 Contract: \$2,047,288
 - District 4: South End
 - Tax Rate decreased, 2.80¢
 - FY 2024 Contract: \$1,578,200
 - University City Partners
 - District 5: University City
 - Tax Rate decreased, 2.62¢

- FY 2024 Contract: \$1,380,857
 - South Park Community Partners
 - District 6: South Park
 - Tax Rate decreased, 3.81¢
 - FY 2024 Contract: \$1,614,682
 - Charlotte Center City Partners: Additional support from Tourism Fund for special events (up to \$500,000)
 - Charlotte Regional Visitors Authority (CRVA): \$21,861,227
 - CRVA - Film Commission: \$150,000
- 100 Percent Federal Grant Funded Financial Partners
- Carolinas Care Partnership: \$3,598,683
- 100 Percent PAYGO Funded Financial Partners:
- Crisis Assistance Ministry: \$425,000
- PAYGO/Federal Share Funded Financial Partners
- DreamKey Partners (formerly Charlotte-Mecklenburg Housing Partnership, Inc.) - Affordable Housing: \$1,690,000
 - DreamKey Partners (formerly Charlotte-Mecklenburg Housing Partnership, Inc.) - House Charlotte: \$231,000
 - In FY 2023, \$2 million in funding was dedicated to home ownership assistance for City of Charlotte employees.

FY 2024 Public Art Work Plan

- The Arts & Science Council administers the Public Art Program, which is outlined in Chapter 15 Article IX of the Charlotte City Code.
- The FY 2024 CIP Public Art allocations include:
 - General Capital Investment Plan: \$165,600, and
 - Aviation Capital Investment Plan: \$1,182,724.

School Resource Officer Program for Charlotte-Mecklenburg Schools

- The Charlotte-Mecklenburg Police Department (CMPD), through the School Resource Officer (SRO) Program, has a security presence at Charlotte-Mecklenburg Schools (CMS) middle and high schools in their jurisdiction.
- The SROs provide police services to their respective school communities as their primary assignment.
- CMPD will provide approximately 51 Police Officers and 1 Sergeant to CMS for the 2023 - 2024 school year.
- This action authorizes the City Manager to negotiate and execute the FY 2024 contract with CMS for continued funding for these SRO positions.

J. Approve American Rescue Plan Act Funding and Adopt a Resolution Ratifying an Interlocal Agreement with Mecklenburg County

- The American Rescue Plan Act of 2021 (ARPA) provided the city with \$141,618,325 through the State and Local Fiscal Recovery Fund.
- This action authorizes the use of ARPA State and Local Fiscal Recovery Funding for the following purposes:
 - \$4.2 million to partner with Mecklenburg County in the HOMES Program to provide residential property tax assistance,
 - \$2 million for the Foundation for the Carolinas for administrative services for arts and culture funding,
 - \$605,000 for the following non-profit organizations:
 - Block Love Charlotte: \$230,000,
 - Crisis Assistance Ministry: \$125,000,
 - For the Struggle: \$100,000,
 - The Males Place: \$100,000,
 - Carolina Metro Reds: \$50,000, and
 - \$0.4 million for maintenance of city facilities and buildings from previously approved internal operations ARPA appropriation.

- This action ratifies an interlocal agreement with Mecklenburg County and authorizes the City Manager to negotiate and execute the interlocal agreement with Mecklenburg County to partner in the HOMES Program.

K. Approve Other Budget Items

- Various updates to the schedule of regulatory and non-regulatory user fees.
- The budget ordinance included is the city's annual budget operating ordinance. Sections 1 through 14 of this Ordinance reflect the items included in the FY 2024 Budget and all Council adjustments.
- The remainder of the Annual Ordinance (Sections 15 through 93) serves to make budgetary corrections to the current fiscal year for technical, accounting, and other adjustments necessary prior to the fiscal year's end.

Attachment(s)

Annual Budget Ordinance

Resolution by MTC

FY 2024 Charlotte Water Revenue Manual

FY 2024 Compensation and Benefits

Resolution to Ratifying an Interlocal Agreement with Mecklenburg County to Partner in the HOMES Program