

Legislation Text

File #: 15-8239, Version: 1

Public Hearing on Proposed Fiscal Year 2019 Operating Budget and Fiscal Years 2019-2023 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
Phil Reiger, Strategy and Budget

Explanation

- On May 7, 2018, the City Manager presented the Proposed Fiscal Year (FY) 2019 Operating Budget and Fiscal Years 2019-2023 Community Investment Plan (CIP). The Proposed Budget represents the proposed City operating and capital budgets for the next fiscal year, beginning on July 1, 2018.
- State law requires the City to hold a public hearing following the presentation of the Manager's Proposed Budget (May 7, 2018) and prior to City Council adoption of the budget (currently scheduled for June 11, 2018).

Fiscal Year 2019 Operating and Capital Proposed Budgets Summary

- The City Manager's Proposed FY 2019 Operating Budget and FY 2019-2023 CIP were developed using four foundational elements: visioning the City you want, investing in great neighborhoods, building great neighborhoods through affordable housing, and progressing as a Smart City. All FY 2019 budget decisions were measured against these priorities.
- The Proposed Budget includes a recommendation for a property tax increase of 1.00¢, with 0.75¢ dedicated to the General Fund and 0.25¢ dedicated to the CIP. This increases the property tax rate from 47.87¢ to 48.87¢ per \$100 of assessed valuation.
- The Proposed Budget for the City consists of three major components supported by general tax revenues:
 - A General Fund budget of \$693.8 million for FY 2019, representing an increase of 3.7 percent above FY 2018, to address the Mayor and City Council's priorities and accommodate the resource needs of a dynamic, growing City,
 - A \$91.6 million Municipal Debt Service Fund, increasing 3.5 percent due to higher bond interest costs and debt issuance expense, supporting long-term capital investments as outlined in a revised General CIP, and
 - A \$823.0 million General CIP, increasing 9.5 percent over the FY 2018-2022 CIP, which invests in infrastructure for housing, neighborhoods, streets, and facilities.

General Fund Budget Highlights

- An additional \$4.2 million to fund sworn officers' Public Safety Pay Plan to reward existing

employees, increase retention, and attract qualified candidates.

- \$800,000 in Fire to fund Phase II of the FY 2018 adjustments to the Public Safety Pay Plan, creating additional step for Fire Engineers and associated market adjustments for Fire Captains.
- A set-aside of \$600,000 to fund a Defined Contribution Retiree Healthcare savings model for Sworn Police and Fire-Rescue employees.
- Funding of \$500,000 to partner with the Charlotte-Mecklenburg Library to support and welcome the international community.
- A General Fund contribution of \$334,484 to subsidize all-access transit passes for City employees.
- A grant matching contribution to Charlotte Center City Partners of \$125,000 for three years to support work in the Historic West End.
- Support of \$100,000 for micro grants to fund projects that focus on conflict resolution and mediation, crime fighting and prevention, and opportunities for youth and parents.
- Funding of \$100,000 to help grow the trade workforce pipeline in electrical, HVAC, carpentry, and plumbing.
- Seven General Fund positions to enhance development review services, fully funded by user fees.

Proposed Employee Compensation and Benefits

- 1.5 percent Public Safety market adjustment,
- 2.5 percent or 5 percent Public Safety step adjustment based on current step with revisions to Police Officer steps
- Three percent Broadband merit budget (for all exempt/salaried general employees),
- 1.5 percent merit budget and 1.5 percent market adjustment for Non-exempt/hourly employees,
- Healthcare premium holiday for the month of August 2018,
- No increase in employee healthcare premiums in 2019, and
- One additional week of paid military leave, for a total of two weeks paid leave.

Enterprise Funds Revenue Proposals

- Charlotte Water: The FY 2019 Water and Sewer Fee is proposed to increase by three percent for the typical household. The typical household would experience a \$1.89 per month increase.
- Storm Water: The FY 2019 Storm Water Services fee is proposed to increase by six percent. Ninety percent of the detached single-family parcels would see an increase of less than \$0.75 per month. A portion of the fee increase would fund the pilot cost-share program for existing low priority 'C' requests at \$5.0 million over two years. The Proposed FY 2019 Budget would fund 17 new positions to support Storm Drainage Improvement and Surface Water Quality Enhancement projects.
- Aviation: Slight changes were made to select fees, such as landing fees. Charlotte-Douglas International will continue to be the lowest cost, large hub airport in the United States.
- Charlotte Area Transit System: No increase to base fares. The 9.3 mile extension of the LYNX Blue Line will operate for its first full year, connecting Center City with the campus of UNC Charlotte. Ridership growth is projected to increase 25.0 percent in FY 2019.

Proposed Financial Partners and Outside Agency Funding

- General Fund Financial Partners to be held flat at their FY 2018 funding levels with the exception of Safe Alliance, Community Link, and Charlotte Regional Partnership.
 - Safe Alliance has a proposed increase of \$49,000. This increase will support the Domestic Violence Protective Order E-filing system.
 - Community Link did not submit a request for Financial Partner funding for FY 2019. Therefore, no funding is proposed for FY 2019.
 - Charlotte Regional Partnership has a proposed increase of \$3,139. This proposed increase is based on a population 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.
 - The two agencies providing services to the Municipal Service Districts #4 (Charlotte Center City Partners) and #5 (University City Partners) are budgeted at the revenue projection level provided by the County Tax Assessor's Office without any tax rate changes. Charlotte Center City Partners' FY 2019 recommended budget for Municipal Service Districts (MSD) #1-3 includes proposed tax rate increases. MSD #1 is proposed to increase from 1.68¢ to 2.08¢, MSD #2 from 2.33¢ to 2.93¢, and MSD #3 from 3.58¢ to 4.18¢ per \$100 assessed valuation. These increases are to support an Ambassador Program to provide more tools to connect people in crisis with services needed.
 - The CRVA budget increases by approximately two percent over the FY 2018 base funding level, due to increased revenue projections for the Occupancy Tax and Food & Beverage Tax.
- Housing and Neighborhood Services' Housing and Community Development partnerships are proposed to remain flat at their FY 2018 funding levels.
- Housing and Neighborhood Services' Crisis Assistance agencies are proposed to remain flat at their FY 2018 funding levels.
- FY 2019 represents the second year of the bi-annual funding process for Out of School Time Partners. The total proposed 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 funded by the Pay-As-You-Go (PAYGO) capital program.

Proposed Fiscal Years 2019-2023 Community Investment Plan

- The five-year total proposed Community Investment Plan is \$4.9 billion.
- The General Community Investment Plan totals \$823.0 million (debt-funded projects and PAYGO cash-funded projects) within the Fiscal Years 2019-2023 five-year planning period, including:
 - \$399.8 million in Street, Neighborhood, and Housing Bonds over the two General Obligation bond referenda in November of 2018 and 2020,
 - \$77.4 million in Certificates of Participation to construct new Police stations, an Infill Fire station, one vehicle equipment maintenance facility, and general City operations facilities,
 - \$188.2 million in General PAYGO funding to support facilities maintenance and renovation, technology infrastructure, and other one-time capital needs, and
 - \$157.6 million in Transit Investment PAYGO funding to support CATS Maintenance of Effort and the CityLYNX Gold Line.
- Enterprise Capital programs over five years:

- CATS totals \$133.8 million, a 71.2 percent decrease,
- Aviation totals \$2.0 billion, a 30.6 percent increase,
- Storm Water totals \$462.0 million, a 31.8 percent increase, and
- Water and Sewer totals \$1.5 billion, a 54.7 percent increase.

Budget Process

- On May 16, City Council will meet to discuss and consider amendments to the Manager's Proposed FY 2019 Budget. Proposed adjustments by City Council that receive five or more votes will move on to the May 30 Straw Votes meeting for consideration and final direction to the City Manager.
- Budget adoption is scheduled for June 11, 2018, at 6:30 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 at the City Clerk's Office or online at: <http://charlottenc.gov/budget/Pages/default.aspx>.

Attachment(s)

City Manager's Transmittal Letter
Executive Summary for the Proposed FY 2019 Budget
Proposed FY 2019 Property Tax Rates