

Legislation Text

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Public Hearing on Proposed Fiscal Year 2020 Operating Budget and Fiscal Years 2020-2024 Capital 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
Phillip Reiger, Strategy and Budget

Explanation

- On May 6, 2019, the City Manager presented the Proposed Fiscal Year 2020 Operating Budget and Fiscal Years 2020-2024 Capital Investment Plan. The proposed budget represents the city's proposed operating and capital budgets for the next fiscal year (FY), beginning on July 1, 2019.
- State law requires the city to 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, 2019.

FY 2020 Operating and Capital Proposed Budgets Summary

- The City Manager's Proposed FY 2020 Operating Budget and FY 2020-2024 Capital Investment Plan were developed consistent with City Council priorities of Economic Development, Neighborhood Development, Transportation and Planning, and Well-Managed Government. These priorities served as the foundational elements against which all FY 2020 budget decisions were measured.
- The proposed budget includes a revenue neutral property tax rate of 34.81¢ 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 \$727.7 million for FY 2020, representing an increase of 4.8 percent above FY 2019, to address the Mayor and City Council's priorities and accommodate the resource needs of a dynamic, growing city;
 - A \$180.8 million Municipal Debt Service Fund, increasing 28.8 percent due to updates to the debt model assumptions and the use of cash to finance various capital project investments as outlined in the General Capital Investment Plan; and
 - A \$674.7 million five-year General Capital Investment Plan that invests in affordable housing, neighborhoods, streets, facilities, and technology.

FY 2020 Budget Highlights

- Establishes the Office of Equity, Mobility, and Immigration Integration to advance upward mobility, immigrant services, diversity, equity, and inclusion within our organization and throughout the community.

- Provides additional \$750,000 for the Aging in Place program.
- Invests \$500,000 in neighborhoods by expanding microgrants program.
- Provides approximately \$750,000 for two garbage collection crews and trucks to keep the city clean.
- Supports economic development initiatives for new business creation, innovation, and entrepreneurship with additional \$1.7 million.
- Enhances Minority Women Small Business Enterprise opportunities with an additional \$450,000.
- Assists with the preservation of naturally occurring affordable housing by providing additional \$6.4 million.

Proposed Employee Compensation and Benefits

- 1.5 percent Public Safety market adjustment,
- 2.5 percent or 5 percent Public Safety step adjustment based on rank and current step with revisions to Police Officer steps,
- Three percent merit budget (for all exempt/salaried general employees),
- 1.5 percent merit budget and 1.5 percent market adjustment for non-exempt/hourly employees,
- \$1 per hour minimum increase for all full-time general employees earning less than \$69,333 per year,
- Increases city minimum wage for all general positions to \$16 per hour,
- Invests additional \$2.0 million to support accelerated public safety training,
- Provides \$2.3 million to fund the Senior Police Officer Program, first approved in the FY 2019 budget. Police officers who pass program requirements and who have been in the top Police Officer step for at least one year will receive a five percent salary increase,
- Additional \$1.2 million to annualize funding provided in the FY 2019 budget for a Defined Contribution Retiree Healthcare savings model for Sworn Police and Fire-Rescue employees.
- An additional one percent to the city's 401k contribution for Firefighters beginning in January 2020.

Enterprise Funds Revenue Proposals

- Charlotte Water: The FY 2020 Water and Sewer Fee is proposed to increase by 3.42 percent. The typical homeowner would experience a \$2.21 per month increase.
- Storm Water: The proposed FY 2020 Storm Water Services fee will not increase. It will remain at the current monthly average of \$5.85.
- Aviation: Select non-regulatory fees were increased based on a cost recovery analysis. 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. In FY 2020, CATS continues to deliver innovative projects that will improve the transit landscape for our region's residents, and to respond to the transit needs of the community within its available resources.

Proposed Financial Partners and Outside Agency Funding

- General Fund Financial Partners proposed to receive same level of funding for FY 2020 except for Safe Alliance and Charlotte Regional Business Alliance (formerly Charlotte Regional Partnership).
 - Safe Alliance has a proposed increase of \$63,061 (this includes \$49,000 in one-time funding provided in FY 2019). This increase supports an additional attorney position that will provide legal services for domestic violence protective orders and filing for custody or divorce for victims of domestic violence and sexual assault in Mecklenburg County.
 - Charlotte Regional Business Alliance increase of \$3,276 based on 30¢ per-capita formula.
- 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 agencies providing services to the Municipal Service Districts (MSDs) are budgeted to receive projected revenue generated by a revenue neutral tax rate per \$100 of assessed valuation:
 - MSD #1 (Center City) decreased from 2.08¢ to 1.36¢,
 - MSD #2 (Center City) decreased from 2.93¢ to 1.83¢,
 - MSD #3 (Center City) decreased from 4.18¢ to 2.89¢
 - MSD #4 (South End) decreased from 6.68¢ to 3.90¢, and
 - MSD #5 (University City) decreased from 2.79¢ to 2.12¢.
- The CRVA budget increases by approximately three percent over the FY 2019 base funding level, due to increased revenue projections for the Occupancy Tax and Food & Beverage Tax.
- Carolinas Care Partnership is fully funded by federal grants and has an increase of \$352,475.
- Crisis Assistance Ministry is proposed to increase by \$45,000 from FY 2019 funding levels.
- FY 2020 represents the first 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 \$164,927 funded by the Innovative Housing Pay-As-You-Go (PAYGO) program.
- Remaining agencies have maintained same funding level in FY 2020 as in FY 2019.

Proposed FY 2020-2024 Capital Investment Plan (CIP)

- The five-year total Proposed FY 2020-2024 CIP is \$4.9 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 \$674.7 million (this includes general obligation debt, other debt, PAYGO, and cash).
- The nongeneral departments' five-year capital plans are summarized below:
 - Aviation totals \$2.0 billion, a 0.8 percent decrease,
 - CATS totals \$139.1 million, a 3.8 percent increase,
 - Charlotte Water totals \$1.6 billion, a 10.8 percent increase, and
 - Storm Water totals \$451.5 million, a 2.3 percent decrease.
- The Proposed FY 2020-2024 General CIP includes:
 - Completing the "Big Ideas" with the final street, neighborhood, and housing bond in 2020 for a total of \$197.2 million; this amount includes a \$25.0 million increase to the planned 2020 affordable housing bond from \$25.0 million to \$50.0 million,
 - Funding construction of all planned segments of the Cross Charlotte Trail using \$54.4 million of available funds without securing additional debt,
 - Implementing a \$20.0 million Advanced Planning Revolving Account to initiate earlier planning and design on high-priority projects, and
 - Planning for steady state debt affordability of \$223.0 million every-other-year into the future (\$190.0 million of voter-approved debt beginning with the 2022 bond and \$33.0 million of non-voter-approved debt).

Budget Process

- The following is the proposed remaining budget meeting schedule:
 - May 22 - Budget briefing
 - May 23 - Budget adjustments
 - May 29 - Budget adjustments and straw votes
 - 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 at the City Clerk's Office or online at:
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<https://charlottenc.gov/budget/FY2020%>

Attachment(s)

City Manager's Transmittal Letter

Executive Summary for the Proposed FY 2020 Budget