

Legislation Text

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Public Hearing on Proposed Fiscal Year 2021 Operating Budget and Fiscal Years 2021-2025 Capital Investment Plan

Action:

Receive public comment on the City Manager's Proposed Budget.

Committee Chair:

Ed Driggs, Budget and Effectiveness Committee

Staff Resource(s):

Marcus Jones, City Manager's Office
Ryan Bergman, Strategy and Budget

Explanation

- On May 4, 2020, the City Manager presented the Proposed Fiscal Year (FY) 2021 Operating Budget and FY 2021-2025 Capital Investment Plan. The proposed budget represents the city's proposed operating and capital budgets for the fiscal year which begins July 1, 2020.
- 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 8, 2020.
- In light of the COVID-19 pandemic, Charlotte's Proposed FY 2021 Budget plan focuses on demonstrating our resilience as the city actively moves toward recovery and advancing Council's Strategic Priorities.

FY 2021 Operating and Capital Proposed Budgets Summary

- The City Manager's Proposed FY 2021 Operating Budget and FY 2021-2025 Capital Investment Plan were developed consistent with the City Council's Strategic Priorities. These priorities served as the foundational elements against which all FY 2021 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 in FY 2020.
- The proposed budget for the city consists of three major components supported by general tax revenues:
 - A General Fund budget of \$718.8 million for FY 2021, representing a decrease of 1.22 percent or \$8.8 million from FY 2020, to support initiatives that will continue to deliver exceptional government services to the community;
 - A \$147.9 million Municipal Debt Service Fund, decreasing 18.2 percent due to updates to the debt model and revenue losses due to COVID-19; and
 - A \$357.4 million five-year General Capital Investment Plan that invests in affordable housing, neighborhoods, streets, transportation, facilities, and technology.

FY 2021 Budget Highlights

- Closes a \$21.8 million General Fund budget gap created by COVID-19 by reducing discretionary expenses, eliminating vacant positions, and shifting revenue sources to the General Fund.
- No proposed tax increase, and no city staff are being furloughed or laid off.
- Supports the city's Strategic Energy Action Plan by spending \$2 million on city building

sustainability and by purchasing 20 electric vehicles (EV) and investing \$1 million in EV charging infrastructure at city-owned facilities.

Proposed Employee Compensation and Benefits

- Annualizes costs for FY 2020 employee salary actions.
- Keeps employee healthcare premiums flat.
- 1.5 percent market increase and step increase (2.5 to five percent) for eligible public safety plan employees.
- 1.5 percent merit budget and 1.5 percent market adjustment for non-exempt/hourly employees.
- Three percent merit budget for all exempt/salaried general employees.
- Enhances public safety employee compensation beyond a typical salary increase:
 - Increases the top pay for all Police Officers and Police Sergeants by 5 percent, and
 - Increases the top pay for Firefighter II by 2.5 percent, Fire Engineer by five percent, and Fire Captain by 3.75 percent.
- 1.2 percentage point increase in the employer contribution rate to the North Carolina Local Governmental Employees' Retirement System.
- 1.4 percentage point increase in the employer contribution rate to the Charlotte Firefighter's Retirement System.
- Continues to offer the CATS All-Access Transit Pass to employees.

Nongeneral Departments' Revenue Proposals

- Charlotte Water: The FY 2021 Water and Sewer Fee is proposed to increase by 1.9 percent. The typical homeowner would experience a \$1.24 per month increase. This is the lowest rate increase in more than 10 years.
- Storm Water Services: For a second consecutive year, Storm Water fees remain unchanged. It will remain at the current monthly average of \$5.85.
- Aviation: Select non-regulatory fees were adjusted to increase or decrease based on Aviation's cost-recovery model.
- Charlotte Area Transit System (CATS): In FY 2021, CATS' fares will remain the same as in FY 2020. FY 2021 User Fees include the creation of three new regulatory fees related to land development reviews, rezoning petitions, and right-of-way/property agreement reviews.

Proposed Financial Partners and Outside Agency Funding

- Due to financial considerations, no new financial partners were accepted in FY 2021.
- Other than minor inflationary increases, all existing financial partners are proposed to receive same level of funding as FY 2020.
- Agencies that receive partial or full funding from federal grants are budgeted to receive the full eligible federal allocation.
- Agencies that receive only Pay-As-You-Go (PAYGO) funding are proposed to maintain their FY 2020 funding levels.
- The total proposed annual Out of School Time Partner funding is \$852,000.

Proposed FY 2021-2025 Capital Investment Plan (CIP)

- The five-year total Proposed FY 2021-2025 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 \$357.4 million (this includes general obligation debt, other debt, and PAYGO funds).
- The nongeneral departments' five-year capital plans total \$4.6 billion and are summarized below:
 - Aviation totals \$2.0 billion, a 1.6 percent decrease,
 - CATS totals \$149.1 million, a 7.1 percent increase,
 - Charlotte Water totals \$1.9 billion, an 18.8 percent increase, and
 - Storm Water totals \$518.5 million, a 14.8 percent increase.

- The Proposed FY 2021-2025 General CIP includes:
 - Completing “The Big Ideas” with the final street, neighborhood, and housing bond referendum in November 2020 for a total of \$197.2 million,
 - Proposing the second consecutive \$50.0 million housing bond to create and preserve affordable housing throughout Charlotte,
 - Implementing a new Corridors of Opportunity program that dedicates \$24.5 million to revitalizing six corridors, and
 - Investing \$47.3 million in transportation and mobility to build and repair sidewalks, advance the bicycle network, and improve traffic flow and mitigate congestion.

Budget Process

- The following is the proposed remaining budget meeting schedule:
 - May 11 - Budget public hearing,
 - May 20 - Budget adjustments,
 - May 27 - Straw votes, and
 - June 8 - 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:
https://charlottenc.gov/budget/FY2021/FY2021Managers_Proposed_Budget-FinalA.pdf

Attachment(s)

City Manager’s Transmittal Letter
Executive Summary for the Proposed FY 2021 Budget