

## Legislation Text

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### **Public Hearing on the Proposed Fiscal Year 2023 Operating Budget and Fiscal Years 2023-2027 Capital Investment Plan**

#### **Action:**

**Conduct a public hearing on the City Manager's Proposed Fiscal Year 2023 Operating Budget and Fiscal Years 2023 - 2027 Capital Investment Plan.**

#### **Committee Chair:**

Ed Driggs, Budget and Governance Committee

#### **Staff Resource(s):**

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

#### **Explanation**

- On May 2, 2022, the City Manager presented the Proposed Fiscal Year (FY) 2023 Operating Budget and FY 2023-2027 Capital Investment Plan. The proposed budget represents the City's proposed operating and capital budgets for the fiscal year which begins July 1, 2022.
- 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 May 31, 2022.
- Charlotte's Proposed FY 2023 Budget was developed to lead the City of Charlotte toward addressing the most foundational and pressing needs of the city.

#### **Proposed FY 2023 Operating and Capital Budgets' Summary**

- The City Manager's Proposed FY 2023 Operating Budget and FY 2023-2027 Capital Investment Plan were developed consistent with the City Council's strategic priorities. These priorities served as the foundational elements against which all FY 2023 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 three adopted budgets.
- The proposed budget for the City consists of three major components supported by general tax revenues:
  - A General Fund budget of \$784.8 million for FY 2023, representing a 4.5 percent increase from FY 2022, to support initiatives that will continue to deliver exceptional government services to the community;
  - A \$161.3 million Municipal Debt Service Fund, increasing 3.1 percent from FY 2023; and
  - A \$1 billion five-year General Capital Investment Plan that invests in the Strategic Energy Action Plan, city-owned facilities, sidewalks and bikeways, and streets and intersections.

#### **Proposed FY 2023 Budget Highlights**

- Includes no proposed tax increase and protects current employees-no layoffs or furloughs.
- Invests \$10 million for the Corridors of Opportunity.
- Operationalizes the SAFE Charlotte Plan:
  - Adds two new Alternatives to Violence sites with \$1 million in federal funds,

- Launches Civilian Assistance: Respond, Engage Support (CARES), a team for mental health, substance abuse, and homelessness calls for service, and
  - Updates internal operations at the Charlotte-Mecklenburg Police Department by providing \$118,000 for a new Early Intervention System.
- Supports the City's Strategic Energy Action Plan by adding 55 fully electric vehicles to the City's fleet.
- Supports \$30 million from the American Rescue Plan Act Tranche 2 for affordable housing initiatives that support strategic partnerships, reduce displacement risk, and advance staying in place.

### **Proposed FY 2023 Employee Compensation and Benefits**

- Annualizes costs for FY 2022 employee salary actions.
- Provides an eight percent salary increase for all General Hourly Employees (four percent increases in both July and January).
- Raises minimum hourly pay to \$20 for 40-hour per week City employees by January 2023.
- Provides a four percent merit pool for salaried employees.
- Provides a three percent market adjustment (1.5 percent increase in both July and January) plus a 2.5 to five percent step increase for all eligible public safety pay plan employees.
- Creates a 2.5 percent salary incentive for job classifications that require a Commercial Driver's License.
- No increase to employee healthcare premiums.
- Supports a shift differential incentive of 2.5 percent beginning in January 2023, for employees in job assignments with multiple shifts, who are permanently assigned to either second or third shifts.
- Provides a one-time retention incentive equivalent to two percent of salary for all hourly and Public Safety Pay Plan employees; and salaried positions in grade 19 or below (Supported by the American Rescue Plan Act Fund).
- Continues to offer the Charlotte Area Transit System (CATS) All-Access Transit Pass to employees.

### **Proposed FY 2023 Nongeneral Departments' Revenue**

- Charlotte Water: The FY 2023 Water and Sewer Fee for the typical homeowner is proposed to increase by 3.54 percent. The typical homeowner would experience a \$2.49 per month increase.
- Storm Water Services: The FY 2023 Storm Water Fee for the typical homeowner is proposed to increase by 3.8 percent. The typical homeowner would experience a \$0.34 per month increase.
- Aviation: Select non-regulatory fees were adjusted to increase or decrease based on Aviation's cost-recovery model.
- CATS: In FY 2023, CATS' fares will remain the same as in FY 2022. FY 2023 user fees include the creation of a new fee for License Agreements.

### **Proposed FY 2023 Financial Partners and Outside Agency Funding**

- No new General Fund supported financial partners are being proposed for FY 2023.
- General Fund supported financial partners which were funded in FY 2022 are being recommended for the same funding levels in FY 2023, with the exception of UNC Charlotte Urban Institute/Institute for Social Capital, who previously requested one-time support, and the Charlotte Regional business Alliance which will receive a slight increase due to funding based on local population served.
- The FY 2023 recommended budgets for Charlotte Center City Partners, University City Partners, and SouthPark Community Partners Municipal Service Districts #1-6 support economic, cultural, and social development within designated districts. Their allocations are based on the valuation of properties in their respective districts.
- DreamKey Partners, formally Charlotte Mecklenburg Housing Partnership, which receives both PAYGO and federal grant funds, is proposed to receive level funding of \$1,690,000 for affordable housing and a \$2 million increase for the House Charlotte program. This increase for the House Charlotte program will be reserved for home ownership assistance for City of Charlotte employees.

- Agencies that receive only Pay-As-You-Go (PAYGO) funding are proposed to maintain their FY 2022 funding levels, except for Local Initiatives Support Corp (LISC) which will receive funding equal to FY 2021 actual funding levels.

### **Proposed FY 2023-2027 Capital Investment Plan (CIP)**

- The five-year total Proposed FY 2023-2027 CIP is \$6.2 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 \$1.0 billion (this includes general obligation bonds, other sources, reappropriation of prior authorization, and PAYGO funds).
- The nongeneral departments' five-year capital plans total \$5.2 billion and are summarized below:
  - Aviation totals \$1.9 billion, a 67.3 percent increase,
  - CATS totals \$144.1 million, a 1.2 percent decrease,
  - Charlotte Water totals \$2.6 billion, a 11.3 percent increase, and
  - Storm Water totals \$538.0 million, a 0.6 percent increase.
- The Proposed FY 2023-2027 General CIP includes:
  - Allocates \$48.8 million to construct three fire stations, one of which will be the City's first all-electric fire station,
  - Supports for the Strategic Energy Action Plan with \$4.0 million for the installation of sustainable infrastructure in City-owned facilities, including \$1.45 million for electric vehicle supply equipment locations,
  - Provides \$157.3 million towards new capital roads and intersection infrastructure projects over the next four bonds. FY 2023 includes:
    - \$12.7 million to improve Eastway Drive/Shamrock Drive Intersection, and
    - \$7.3 million to improve Rea Road.
  - Proposes the 2022 Bond, highlights include:
    - Provides third consecutive \$50 million allocation to create and preserve affordable housing,
    - More than triples the 2020 Bond funding for the Sidewalk Program, from \$15 million to \$50 million,
    - Doubles the 2020 Bond totals for the Bike Program, from \$4 million to \$8 million,
    - Provides \$17.1 million of funding for Vision Zero strategy:
      - \$12.6 million to enhance Transportation Safety, more than six times the previous bond funding of \$2 million in the 2018 and 2020 bonds,
      - \$4.5 million for street lighting to implement new street lighting projects along high-injury network streets or to enhance existing street lighting by converting existing lights to LED,
    - Invests \$10 million for the Corridors of Opportunity, and
    - Provides \$10 million for congestion mitigation improvements in the South Charlotte, Steele Creek, and University City areas.

### **Budget Process**

- The following is the Council-adopted remaining budget meeting schedule:
  - May 11 - Budget adjustments,
  - May 25 - Budget straw votes, and
  - May 31 - 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 2023 Budget Book - City Manager's Letter  
Proposed FY 2023 Budget Book - Executive Summary