**ADDITIONAL FOLLOW UP REQUESTED ON FY 2027 BUDGET ITEMS**:

- **Clarify the vote of 10% for Police and Fire vs the vote on 9% for both Fire and Police**

  At the June 1 Budget Straw Votes Meeting, Council Member Watlington made a motion to approve a seven percent pay increase for both Fire and Police. This was seconded by Council Member Mayfield. After discussion, Council Member Owens suggested an amendment to the motion to change the pay increase for Fire and Police to nine percent across the board. Council Member Mayfield withdrew her second for the motion after the amendment, but Council Member Mayo seconded the amended motion. The motion only received five votes and failed.

  Later, Council Member Anderson made a motion to increase Fire's Public Safety Pay Plan (PSPP) across the board pay increase to 10 percent to match the proposed 10 percent across the board pay increase for Police's PSPP employees, which passed 10-1. This action reallocated $4,425,678 of budget from the following sources as presented in the "May 18 Budget Adjustments Q&A" packet on page 6.

| Reallocation from the Proposed Budget (on-going) | Amount Reduced |
|---|---|
| Reduce Public Safety Technology Investments (FY 2027 Proposed for $2.95M) | $1,859,453 |
| Fire – reduce proposed increase to Overtime budget (FY 2027 Proposed increase of $4,150,389) | $2,200,000 |
| Fire - Field Technicians for the 3 Operations Division Chiefs | $366,225 |
| **Total Reallocation** | **$4,425,678** |

  Reference:
  9% vote began at 2:00:29/5:16:44 in the recording available here
  https://www.youtube.com/watch?v=RuZ1JWQdGXA, which failed 5-6.
  10% vote began at 2:12:315:16 44, in the recording available here
  https://www.youtube.com/watch?v=RuZ1JWQdGXA, which passed 10-1.

- **Uptown parking fees increase**
  The Proposed FY 2027 budget does not include a change for metered parking rates managed by the city. All metered parking spaces managed by the city cost $1.50/hour and have a two-hour limit. The current rate was last increased from $1.00/hour in 2022. In September 2024, the city extended paid parking hours in metered spaces from 7am-6pm to 7am-10pm as part of the city's Strategic Parking Plan. Concurrently, the city converted hundreds of unmanaged parking spaces in Uptown and South End to metered parking spaces. The purpose of these actions was to promote higher turnover in parking spaces along business corridors and activity centers, as a significant amount of parking was being occupied for overnight or long-term parking needs, which reduced the parking available to customers and visitors to these areas. A parking occupancy study conducted by CDOT prior to the extension of paid parking hours showed that weekends and weekday evenings had the highest parking occupancy (i.e., fewest number of available spaces) in both South End and Uptown. Extending paid parking hours into the evenings has helped to increase parking availability in these areas by

encouraging higher vehicle turnover in parking spaces, as vehicles can no longer be left overnight beginning at 6pm.

1. **Financial cost to add 35 cars to the police take home vehicle program.**

   Several years ago, the city created a take-home vehicle program for eligible Police Officers residing in Charlotte to improve community safety by creating a visible presence in neighborhoods and improving response times for call backs, while also providing an additional benefit to officers. Since its creation, the take-home vehicle program has been noted as a top contributing factor to promote officer recruitment and retention by the Police Chief and officers.

   There are currently ~100 take-home vehicles in service and there are an estimated 175-225 officers and sergeants currently eligible for the program, a gap of 75-125 vehicles. The FY 2027 Budget includes $2,450,000 in new recurring funding to "Purchase and Replace Police Take-Home Vehicles." This recurring funding is intended to purchase 35 vehicles per year. This is estimated to provide enough take-home vehicles for all eligible officers in FY 2028 or sooner if the city receives requested federal and state funding. Once there are enough take-home vehicles for all eligible officers, this recurring funding will begin replacing existing vehicles, some of which are already 5 to 6 years old.

   *See Page 285, 305 of the Proposed Budget Book*

2. **The addition of an International Relations Manager vs both positions expanding the actual outreach.**

   The Economic Development Department, along with the newly created Office of International Affairs within Community Relations, will actively collaborate to expand outreach efforts. In addition to supporting this expanded outreach, the International Affairs Manager will bring a higher level of expertise to develop and implement a long-term, cohesive strategy.

   The International Affairs Manager will lead the creation of a holistic international affairs strategy that connects the grassroots, community-focused work of the Community Relations Department with the business-focused, international-focused engagement efforts of the Economic Development Department. This strategic alignment will strengthen the city's relationship with international communities while advancing workforce development initiatives, improving language access, and supporting ongoing international business recruitment.

   In addition to the teams within Economic Development that work on international business recruitment/retention and the two fully dedicated staff currently in place, the FY 2027 Budget is planned to include the addition of a new International Relations Manager, a new staff position and $85,658 in operating funding.

3. **Clarification of Water and Sewer fee increases of 5.74 percent to residents costing an additional $4.41 per month as compared to data centers and corporation fees. How do pipe breaks, sink holes, and other issues contribute to water fees?**

   Water and Sewer rates are developed in accordance with a 10-year rolling financial plan and projections, that are reviewed with Council's Budget Committee each year. All rates, fees, and charges within Charlotte Water are calculated using a cost-of-service model approach allocating utility costs to the appropriate customer class or user so that no one class/user is subsidized. Changes in rates, fees, or charges are a direct result of changes in the cost to provide that service, and no subsidizing of any customer class or user is present.

   The uniform usage rate for non-residential customers (i.e. commercial, industrial, bulk, and governmental) captures service costs associated with any non-residential customers and has no cap on sewer charges. In contrast, residential and multi-family customers have a monthly sewer cap of 16 CCF (1 CCF = 748 US gallons), meaning they will not be billed more than 16 CCF for sewer services. In FY 2027, consistent with the 10-year plan, the non-residential volumetric charge is increasing by 6.4 percent. Residential and multi-family customers pay usage rates on an inclining four-tier schedule that keeps essential water use at the lowest cost tiers. The typical residential user's bill is increasing by 5.74 percent.

   The 5.74 percent increase is for the typical monthly water and sewer bill for residential customers, which represents an average increase based on various rate changes for water and sewer customers. Water and sewer bills are split between a couple of fixed fees and a volumetric rate fees that are different for residential and non-residential water customers and industrial and non-industrial sewer customers. The billing fee for all customers is increasing 2 percent. The availability fee for all customers is increasing 6.5 percent (differences in percentages in the fee schedule due to fees rounding to the nearest cent). The volumetric rate for all customers is increasing 6.5 percent except for industrial waste sewer customers, which is increasing 9.3 percent. *See page 429 of the Proposed Budget Book.*

   The U.S. Environmental Protection Agency's standard for residential water and wastewater affordability is 4.5 percent or below a household's income. For the Proposed FY 2027 Budget rates, Charlotte Water meets this standard even for households at 20 percent AMI ($23,480).

4. **The increase of the Solid Waste Fee for residential curbside service from $120.30 to $136.55.**

   In FY 2026, Council approved a plan to achieve a 50% cost recovery over the next 3 years. FY 2027 is year two of the plan. The FY 2027 Solid Waste Fee is increasing by approximately $1.35 per month ($16.25 annually) for residential curbside services. While not full cost recovery, this increase will help to cover some of the increasing operating costs of the Solid Waste Services Department, that also includes pay for workers and required contracts. The increase will bring the estimated cost recovery for curbside residential service to 42.1 percent with the goal to reach 50 percent cost recovery by FY 2029.

With the proposed fee increase, the solid waste fee in FY 2027 is expected to be the 3rd lowest among the largest cities in North Carolina that charge a solid waste fee.

- **<u>Overall Impact on Typical Fees</u>:**

The median assessed home value in Charlotte in 2026 is approximately $359,700. The following table reflects the FY 2027 city tax and fee impact for a home valued at the current median assessed value.

| City of Charlotte Taxes and Fees | Prior Year FY 2026 | FY 2027 Proposed | $ Change | % Change |
|---|---|---|---|---|
| Property Taxes | $985.39 | $1,053.92 | $68.53 | 6.95% |
| Solid Waste fee (Residential curbside) | $120.30 | $136.55 | $16.25 | 13.51% |
| Water and Sewer (Average user rate, 6 Ccf/mo.) | $921.60 | $974.52 | $52.92 | 5.74% |
| Storm Water (Average homeowner) | $129.84 | $135.60 | $5.76 | 4.44% |
| **Total Annual** | **$2,157.13** | **$2,300.59** | **$143.46** | **6.65%** |
| **Total Monthly** | **$179.76** | **$191.72** | **$11.96** | **6.65%** |

**5. Approving the Budget with the University Area MSD expansion then later in the meeting discussing the expansion of the same area at the June 22, 2026 meeting.**

University City Partners has requested both a millage rate increase and a boundary expansion as part of the FY 2027 budget process. City policy outlines the requirements for considering a millage rate increase, while N.C. G.S. §160A-538 (Extension of Service Districts) sets the legal process for establishing or expanding a Municipal Service District (MSD) boundary. These are two separate processes that have been conducted in tandem with each other during this budget cycle.

<u>Millage Rate Increase</u>

Millage rate requests are guided by the council adopted Municipal Service District: Property Owner Engagement Policy, and requires that:

1. The district administrator conduct a MSD rate payer engagement process, and results be compiled and shared with council,
2. Council evaluate the results of the engagement process conducted by the service district administrator, and
3. Provide direction to the City Manager regarding inclusion of the requested property tax rate increase in the coming fiscal year's budget no later than one week prior to the City Manager's budget presentation.

In alignment with the adopted policy, staff provided the compiled engagement report for council evaluation on April 16, 2026. Based on previous discussions, and absent objection from council, staff proceeded with including the requested millage rate increase as part of the FY 2027 Proposed Budget.

Boundary Expansion

N.C. G.S. §160A-538 outlines the process a city must follow to create or expand a Municipal Service District (MSD). The statute requires that any ordinance adding territory to an MSD must be approved by the city council at two separate meetings, each by a majority vote of the members present. Territory can only be added through such an ordinance.

The vote scheduled for June 8th would serve as the first of the two required approvals. The additional revenue that would be generated from the parcels included in the proposed boundary expansion is not part of the City Manager's recommended FY 2027 budget. Instead, that revenue will be incorporated through the city's annual "true-up" process with MSD partners, which compares actual revenues to projected revenues and adjusts funding accordingly.

6. **Explain the increase of the Mayor's pay from $72, 901 while Council pay is $64,251 all-in which currently is a difference of $8,650 and the new rate difference will increase to $80,237 for Mayor and $68,348 for Council all-in totaling an increase of $7,336 for the Mayor and $4,097 for Council**

   The proposed budget includes pay increases for Mayor and Council. The proposed pay increases are based on the FY 2026 pay rates for Mecklenburg County Commission plus an additional four percent to be consistent with the proposed FY 2027 pay increases for hourly and salaried employees. Mayor and Council also receive an annual auto allowance, technology allowance, and general expense allowance.

FY2026 Adopted Mayor and City Council

| | Salary | Expenses | Auto Allowance | Technology Allowance | Total Compensation |
|---|---|---|---|---|---|
| Mayor | $49,774 | $11,202 | $5,938 | $5,987 | **$72,901** |
| Council | $41,600 | $11,202 | $5,462 | $5,987 | **$64,251** |

FY 2026 County Commission

| | Salary | Expenses | Auto Allowance | Technology Allowance | Total Compensation |
|---|---|---|---|---|---|
| Chair | $54,860 | $11,229 | $5,952 | $6,002 | **$78,043** |
| Commissioners | $43,888 | $11,229 | $5,473 | $6,002 | **$66,592** |

FY2027 Proposed Mayor and City Council

| | Salary | Expenses | Auto Allowance | Technology Allowance | Total Compensation |
|---|---|---|---|---|---|
| Mayor | $57,054 | $11,229 | $5,952 | $6,002 | **$80,237** |
| Council | $45,644 | $11,229 | $5,473 | $6,002 | **$68,348** |